

Registration number: 08698172

# TIAA International Holdings 2 Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

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## **TIAA International Holdings 2 Limited**

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## **TIAA International Holdings 2 Limited**

### **Company Information**

<b>Directors</b>	D. D. Morton
	M. J. L. Sales
	O. Salami
<b>Company secretary</b>	Nuveen Corporate Secretarial Services Limited
<b>Registered office</b>	201 Bishopsgate London, England EC2M 3BN
<b>Bankers</b>	National Westminster Bank Plc Western Avenue, Waterside Court Chatham Maritime, Chatham ME4 4RT
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

## **TIAA International Holdings 2 Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The Directors present their strategic report on TIAA International Holdings 2 Limited ("TIH 2" or the "Company") for the year ended 31 December 2021.

#### **Business Review**

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

TIH 2 was incorporated in the United Kingdom on 19 September 2013 by Teachers Insurance and Annuity Association ("TIAA"), the ultimate controlling party of the Company as at the Statement of Financial Position date, to act as a holding company for TIAA's investment in Nuveen Investment Management Holdings Limited ("NIMHL"), formally Nuveen Real Estate Limited, a dedicated real estate investment management business.

On 9 March 2021 the Group acquired 99% of the issued share capital of Clean Energy Partners Holdco LLP and its affiliated entities thereof (collectively, "Glennmont") to increase its clean energy infrastructure platform. TIAA International Holdings 1 Limited, another group entity acquired the additional 1% holding of Glennmont and the non-controlling interest will be remeasured at each reporting period.

The Group made an initial cash payment of £72,899,000 (£84,879,000) and additional fixed and variable deferred earn out consideration's totalling £31,953,000 (£37,300,000). These deferred considerations meet the definition of consideration for the business and are payable in three years if revenue retention and growth targets are achieved. The earn out consideration is currently estimated to be £26,900,000, contingent on future fund performance. The fixed deferred consideration is valued at £10,733,000 as at 31 December 2021.

At the time of the acquisition the Group agreed to make these future payments to the partners of Glennmont contingent on their continuing employment and future fund performance, payable in 3 years. Deferred payments linked to the continuing employment of the sellers will be recognised through the Consolidated Statement of Profit or Loss over the period of the earn out.

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

The Group's consolidated revenue is primarily derived from investment management activities from the underlying subsidiaries in addition to the asset management of infrastructure following the acquisition of Glennmont and its affiliates.

At 31 December 2021 the Group's Assets Under Management ("AUM") was £27.9bn (2020: £27.8bn).

During the year the Company terminated the secretarial services of Cornhill Secretaries Limited and transferred to Nuveen Corporate Secretarial Services Limited

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

The Group has a risk management framework in place to ensure that it meets its objectives within acceptable risk parameters. This framework is reviewed regularly so that new and emerging risks are identified early on. The Group's culture embeds the management of risk at all levels within the organisation. The framework under which it operates also ensures that the business is capable of meeting its business objectives within its risk appetite and is subject to continuous review. The main risks the Group faces are market risk, liquidity risk, foreign exchange risk and credit risk, which are discussed further in note 4 to the financial statements. The risk of COVID-19 has continued to impact all of the principal risks above facing our business.

## **TIAA International Holdings 2 Limited**

### **Strategic Report for the Year Ended 31 December 2021**

#### **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 uncertainty about its future impact. The Group's priorities during this period have been to ensure the health and safety of its employees and to continue to focus on delivering value for its stakeholders. While this crisis is unprecedented in recent memory, the Group's business model and culture have meant that it has responded effectively to the challenges and maintained its operational, investment and support activities as close to normal as possible.

#### **Operational impact**

Although the nature and impact of the COVID-19 pandemic was not predicted, the Group's Business Continuity Plan was deployed swiftly and delivered an effective response in the context of the rapid development of government guidance, policies and legislation in each of the countries in which the Group operates. Over a two-week period in mid-March 2020, the Group successfully transitioned from full-time office-based roles to working remotely. This was efficiently carried out due to the Group's global operating model and robust IT infrastructure, as well as the commitment and dedication of all employees at a time of significant uncertainty. The integrity of the Group's remote access environment enables effective management of cyber security risks in the remote working period which has continued throughout 2021.

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

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

#### **Communications**

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

#### **Conclusion**

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

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

#### **Russia-Ukraine war**

The Russian invasion of Ukraine has created significant uncertainty in the global financial markets and economies. The duration and extent of this uncertainty and the related impact over the long-term cannot be reasonably estimated at this time. While not currently expected to be material, Nuveen will continue to monitor the impact on the Company's business, results of operations, investments, and cash flows.

## **TIAA International Holdings 2 Limited**

### **Strategic Report for the Year Ended 31 December 2021**

#### **Directors' duties**

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

The Director must have regard to:

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

#### **Key Performance Indicators**

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

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

During 2021, the Group continued to undertake the asset management for certain real estate investments of the affiliates of the Company located in Europe and Asia. AUM increased in the year due to the acquisition of Glenmont and the asset management of infrastructure.

At 31 December 2021 AUM is £27.9bn versus a Plan of £29.1bn (2020: £27.8bn versus a Plan of £29.1bn). The unfavourable variance is driven by adverse foreign currency movements and lower market activity.


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

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

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

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

Approved by the Board of Directors on 13 April 2022 and signed on its behalf by:

DocuSigned by  
  
6B9B59AC59DB4C0  
D. D. Morton  
Director

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The Directors present their report and the audited Group and Company financial statements for the year ended 31 December 2021 which have been prepared under and comply with UK-adopted international accounting standards.

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

#### **Principal activities**

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

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

#### **Results and Dividends**

The profit for the year ended 31 December 2021 amounted to £4,544,000 (2020: £656,000). The Directors do not recommend the payment of a dividend (2020: £nil).

#### **Financial instruments**

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

#### **Directors**

The Directors, who held office during the year ended 31 December 2021 and up to the date of signing the financial statements were as follows:

D. D. Morton

M. J. L. Sales

O. Salami

#### **Directors' third party indemnity provisions**

Nuveen Investment Management Holdings Limited ("NIMHL") on behalf of the Company has made qualifying third party indemnity provisions within the meaning given to the term by s.234 of the Companies Act 2006 for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of the approval of these financial statements.

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

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

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2021**

#### **Directors' duties**

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

The Director must have regard to:

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

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

#### **Employees**

The Group is committed to its employees ensuring it attracts, retains and develops its people. The Group promotes a collaborative and inclusive work environment that encourages diversity, growth and development and rewards individual and team achievements. These attributes are embedded in the employee's values which helps guide behaviour and achieve strategic goals. Applicants with disabilities are given equal consideration in our application process, and disabled colleagues have equipment and working practices modified for them as far as possible and where it is safe to do so.

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

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



## TIAA International Holdings 2 Limited

### Streamlined Energy and Carbon Reporting (SECR) disclosure 2021

Impact area	Units of measurement	Sustainability Performance Measures			Absolute measures
					2021
Energy	kWh	3.1	Electricity	for landlord shared services	436,638
				(sub)metered exclusively to tenants	
				Total consumption procured by TIAA International Holdings 2	436,638
		3.2	District thermals	for landlord shared services	
				(sub)metered exclusively to tenants	
				Total consumption procured by TIAA International Holdings 2	
		3.3	Fuels	for landlord shared services	121,099
				(sub)metered exclusively to tenants	
				Total consumption procured by TIAA International Holdings 2	121,099
No of applicable properties			Energy and associated GHG disclosure coverage	3	
%			Proportion of energy and associated GHG estimated	3.8%	
Greenhouse gas emissions	tonnes CO <sub>2</sub> e	3.5	Direct	Scope 1	24
		3.6	Indirect	Scope 2	93
			Total	Scopes 1 + 2 (only)	117
Renewable Energy	kWh		Energy	Total landlord-obtained renewable energy	0
	No of applicable properties			Renewable energy disclosure coverage	0

#### Intensity metrics

Impact area	Units of measurement	Sustainability Performance Measures		Intensity measures
				Office
				2021
Energy	kWh / Full Time Employees / year	Energy	Building energy intensity	1,344.9
Greenhouse gas emissions	kgCO <sub>2</sub> e / Full Time Employees / year	Greenhouse gas emissions	Greenhouse gas intensity	302.24
	Full Time Employees		Energy and associated GHG disclosure coverage	386
	Number of applicable properties		Energy and associated GHG disclosure coverage	3

#### Data qualifying notes

This environmental performance summary covers 01/01/21 - 31/12/21 and focuses on TIAA International Holdings 2's UK corporate activities. This includes the energy consumption for which TIAA International Holdings 2 is responsible under the SECR guidelines.

The calculations in this report have been carried out in accordance with the GHG Protocol and the carbon footprint combines Scope 1 and 2 emissions. Data has been collected from the entity via utility bills and mileage expense claims. Estimations have been carried out based on data received in the same period in the previous year where necessary. Data was collected in kWh where possible. Mileage data was collected as pass, miles travelled, and then converted into kWh using DEFRA published conversion factors.

## **TIAA International Holdings 2 Limited**

### **Streamlined Energy and Carbon Reporting (SECR) disclosure 2021**

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

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

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

**Emissions factors:** Carbon emission factors from DEFRA 2021 have been used to produce this report.

#### **Energy Efficiency Initiatives**

##### **2021**

**Air Conditioning (Temperature Control):** During periods of near zero occupancy the temperature in the main office has been controlled to a much wider dead band. This results in lower heating demand in cold weather and lower chilling demand in warm weather. It is very difficult to measure the exact savings therefore the figure is an approximation.

Whole Year Saving: 18,500 kWh

**Air Conditioning:** High efficiency low friction bearings have been installed to all FCU's. FCU's have high running hours so small energy saving can amount to significant savings.

Whole Year Saving: 18,720 kWh

**ZIP Taps:** Zip taps store hot and cold water and therefore use energy even when not in use. Nuveen Zip taps have been shutdown during WFH periods to conserve energy.

Whole Year Saving: 360 kWh

##### **2020**

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

Whole Year Saving: 19,938 kWh

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

Whole Year Saving: 48,600 kWh

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

Whole Year Saving: 1,296 kWh

## **TIAA International Holdings 2 Limited**

### **Streamlined Energy and Carbon Reporting (SECR) disclosure 2021**

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

Whole Year Saving: 10,368 kWh

#### **Verification statement for SECR**

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

- ISO 14064-3
- ISO 50002
- ISO 19011

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

Mark Challis

Operations Director

Verco Advisory Services

## **TIAA International Holdings 2 Limited**

### **Directors' Report for the Year Ended 31 December 2021**

#### **Clients**

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

#### **Ultimate Parent**

TIH 2 is part of a wider group, therefore not only do the Directors have to act in good faith for the Company but also the wider group. All of TIH 2's Directors ensure that they promote the success of the whole group and educate Directors across the whole organisation.

#### **Risk Management**

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

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

#### **Going concern**

Given the significant impact of COVID-19 on the macro-economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2021. The Group's going concern assessment considers the Group's principal risks (see note 4) and is dependent on a number of factors, including financial performance.

Based on the above, together with available market information and the Directors' knowledge and experience of the Group's business and markets, the Directors continue to adopt the going concern basis in preparing the annual financial statements for the year ended 31 December 2021.

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

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

## **TIAA International Holdings 2 Limited**

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

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

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

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

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

#### **Directors' Confirmations**

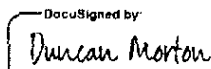
In the case of each Director in office at the date the Directors' Report is approved:

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

#### **Independent Auditors**

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

The Financial Statements on pages 16 to 69 were approved by the Board of Directors on 13 April 2022 and signed on its behalf by:

DocuSigned by:  
  
8B9B59A059D84C0  
D. D. Morton  
Director

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit, the company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2021, the Consolidated Statement of Profit or Loss, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

## **Reporting on other information**

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

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

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

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

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present more favourable financial results. Audit procedures performed by the engagement team included:

- Enquiries with management and compliance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud,
- Reviewing relevant meeting minutes, including those of the Board,
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts, and
- Obtaining management information and market data to validate and assess the inputs into the calculation of management's impairment assessment over goodwill, intangibles, and investment in subsidiaries and challenging assumptions made, where appropriate

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

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

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.





Thomas Norrie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 April 2022

## TIAA International Holdings 2 Limited

### Consolidated Statement of Profit or Loss for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	5	105,166	92,902
Administrative expenses	6	(147,055)	(116,978)
Other operating income	10	50,798	28,055
Operating profit		8,909	3,979
Finance income	11	3	31
Finance costs	12	(744)	(637)
Net finance cost		(741)	(606)
Share of loss of associates and joint ventures accounted for using the equity method	18	-	(6)
Profit before tax		8,168	3,367
Income tax expense	13	(3,624)	(2,711)
Profit for the year		4,544	656
<b>Profit attributable to:</b>			
Owners of the company		4,461	567
Non-controlling interests		83	89
		4,544	656

The above results were derived from continuing operations.

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

The notes on pages 26 to 69 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021**

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Profit for the year	4,544	656
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	(1,902)	1,005
Total comprehensive income for the year	<u>2,642</u>	<u>1,661</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	2,603	1,548
Non-controlling interests	<u>39</u>	<u>113</u>
	<u>2,642</u>	<u>1,661</u>

The notes on pages 26 to 69 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited**

**Company Statement of Comprehensive Income for the Year Ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Revenue	5	20,315	-
Administrative expenses		<u>(112)</u>	<u>(240)</u>
Operating profit/(loss)	6	20,203	(240)
Finance costs		<u>-</u>	<u>(1)</u>
Profit/(loss) before tax		<u>20,203</u>	<u>(241)</u>
Profit/(loss) and total comprehensive income (expense) for the year		<u>20,203</u>	<u>(241)</u>

The above results were derived from continuing operations

The notes on pages 26 to 69 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited****(Registration number: 08698172)****Consolidated Statement of Financial Position as at 31 December 2021**

	Note	31 December 2021 £ 000	31 December 2020 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	2,107	2,512
Right-of-use assets	16	16,362	19,534
Intangible assets	17	225,370	134,863
Investments in associates	18	6	79
Other investments	20	757	655
		<u>244,602</u>	<u>157,643</u>
<b>Current assets</b>			
Trade and other receivables	21	70,066	48,862
Current tax asset		1,719	1,685
Cash and cash equivalents	23	93,398	98,501
		<u>165,183</u>	<u>149,048</u>
Total assets		<u>409,785</u>	<u>306,691</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	24	1	1
Share premium	25	202,163	202,163
Capital contribution		55,833	-
Retained earnings		28,027	25,424
Total equity attributable to owners of the company		286,024	227,588
Non-controlling interests	27	(643)	(411)
Total equity		<u>285,381</u>	<u>227,177</u>
<b>Non-current liabilities</b>			
Lease liabilities	16	14,922	18,019
Trade and other payables	28	43,949	10,985
Deferred tax liabilities	13	1,065	-
		<u>59,936</u>	<u>29,004</u>
<b>Current liabilities</b>			
Trade and other payables	28	60,904	44,943
Lease liabilities	16	3,500	3,318
Current tax liability		-	2,231
Provisions	29	64	18
		<u>64,468</u>	<u>50,510</u>

The notes on pages 26 to 69 form an integral part of these financial statements.

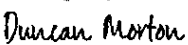
**TIAA International Holdings 2 Limited**

**(Registration number: 08698172)**

**Consolidated Statement of Financial Position as at 31 December 2021**

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Total liabilities		124,404	79,514
Total equity and liabilities		409,785	306,691

The financial statements on pages 16 to 69 are approved by the Board of Directors on 13 April 2022 and signed on its behalf by:

DocuSigned by  
  
859859A059D84C0  
D. D. Morton  
Director

The notes on pages 26 to 69 form an integral part of these financial statements.

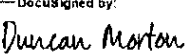
## TIAA International Holdings 2 Limited

(Registration number: 08698172)

## Company Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	18	309,588	202,163
<b>Total non-current assets</b>		<u>309,588</u>	<u>202,163</u>
<b>Current assets</b>			
Trade and other receivables	21	1,657	75
Cash and cash equivalents	23	1,189	675
<b>Total current assets</b>		<u>2,846</u>	<u>750</u>
<b>Total assets</b>		<u>312,434</u>	<u>202,913</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	24	1	1
Share premium	25	202,163	202,163
Capital contribution		55,833	-
Retained earnings		20,749	546
<b>Total equity</b>		<u>278,746</u>	<u>202,710</u>
<b>Non-current liabilities</b>			
Trade and other payables	28	31,277	-
<b>Current liabilities</b>			
Trade and other payables	28	1,941	203
Provisions	29	470	-
<b>Total current liabilities</b>		<u>2,411</u>	<u>203</u>
<b>Total liabilities</b>		<u>33,688</u>	<u>203</u>
<b>Total equity and liabilities</b>		<u>312,434</u>	<u>202,913</u>

The financial statements on pages 16 to 69 are approved by the Board of Directors on 13 April 2022 and signed on its behalf by:

DocuSigned by:  
  
 889659AD59084C0  
 D. D. Morton  
 Director

The notes on pages 26 to 69 form an integral part of these financial statements.

## TLAA International Holdings 2 Limited

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained earnings £ 000	Total equity attributable to owners of the company £ 000	Non- controlling interests £ 000	Total equity £ 000
<b>Balance at 1 January 2020</b>	1	202,163	-	23,876	226,040	(524)	225,516
Profit for the year	-	-	-	567	567	89	656
Other comprehensive income	-	-	-	981	981	24	1,005
Total comprehensive income for 2020	-	-	-	1,548	1,548	113	1,661
<b>Balance as at 31 December 2020</b>	1	202,163	-	25,424	227,588	(411)	227,177
Profit for the year	-	-	-	4,461	4,461	83	4,544
Other comprehensive expense	-	-	-	(1,858)	(1,858)	(44)	(1,902)
Total comprehensive income	-	-	-	2,603	2,603	39	2,642
Dividends paid	-	-	-	-	-	(271)	(271)
Capital contribution	-	-	55,833	-	55,833	-	55,833
<b>Balance as at 31 December 2021</b>	1	202,163	55,833	28,027	286,024	(643)	285,381

The notes on pages 26 to 69 form an integral part of these financial statements.



**TIAA International Holdings 2 Limited**

**Company Statement of Changes in Equity for the Year Ended 31 December 2021**

	Called up share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained earnings £ 000	Total equity £ 000
<b>Balance at 1 January 2020</b>	1	202,163	-	787	202,951
Loss for the year	-	-	-	(241)	(241)
Total comprehensive expense	-	-	-	(241)	(241)
<b>Balance as at 31 December 2020</b>	1	202,163	-	546	202,710
Profit for the year	-	-	-	20,203	20,203
Total comprehensive income	-	-	-	20,203	20,203
Other capital redemption reserve movements	-	-	55,833	-	55,833
<b>Balance as at 31 December 2021</b>	1	202,163	55,833	20,749	278,746

The notes on pages 26 to 69 form an integral part of these financial statements.

## TIAA International Holdings 2 Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note(s)	2021 £ 000	2020 £ 000
<b>Cash flows from operating activities</b>			
Profit before tax		8,168	3,367
<b>Adjustments for:</b>			
Depreciation and amortisation	6	11,933	7,772
Profit on disposal of property plant and equipment	6	(27)	(9)
Foreign exchange loss (gain)		604	(10)
Net finance cost	11, 12	741	606
Share of loss of associates accounted for using the equity method		-	6
		<u>21,419</u>	<u>11,732</u>
<b>Change in operating assets and liabilities:</b>			
(Increase) decrease in trade and other receivables	21	(22,934)	5,877
Increase in trade and other payables	28	17,648	8,020
Increase (decrease) in provisions	29	46	(4)
		<u>16,179</u>	<u>25,625</u>
<b>Cash generated from operations</b>			
Income taxes paid		(4,526)	(2,599)
Interest paid		(400)	(242)
		<u>11,253</u>	<u>22,784</u>
<b>Net cash inflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received	11	3	31
Purchases of property, plant and equipment	15	(741)	(1,137)
Proceeds from sale of property plant and equipment		58	17
Proceeds from sale of other investments		-	59
Purchases of other investments	18	(57)	(9)
Acquisition of subsidiaries		(64,550)	-
Contribution of capital from parent		55,833	-
		<u>(9,454)</u>	<u>(1,039)</u>
<b>Net cash outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Lease liability payments		(3,568)	(4,000)
Dividends paid		(271)	-
		<u>(3,839)</u>	<u>(4,000)</u>
<b>Net cash outflow from financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		(2,040)	17,745
Cash and cash equivalents at 1 January		98,501	79,969
Effect of exchange rate fluctuations on cash held		(3,063)	787
		<u>93,398</u>	<u>98,501</u>
<b>Cash and cash equivalents at 31 December</b>			
	23	<u>93,398</u>	<u>98,501</u>

The notes on pages 26 to 69 form an integral part of these financial statements.

**TIAA International Holdings 2 Limited****Company Statement of Cash Flows for the Year Ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		20,203	(241)
Adjustments to cash flows from non-cash items			
Foreign exchange gain		(634)	-
		19,569	(241)
Increase in trade and other receivables	21	(1,582)	(77)
Increase in trade and other payables	28	1,698	59
Increase in provisions	29	470	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>20,155</b>	<b>(259)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries	18	(76,108)	-
Revaluation on investments held at cost		634	-
Contribution of capital from parent		55,833	-
<b>Net cash outflow from investing activities</b>		<b>(19,641)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>514</b>	<b>(259)</b>
Cash and cash equivalents at 1 January		675	934
<b>Cash and cash equivalents at 31 December</b>		<b>1,189</b>	<b>675</b>

The notes on pages 26 to 69 form an integral part of these financial statements.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

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

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

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

The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is:  
9th Floor  
201 Bishopsgate  
London, England  
EC2M 3BN

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

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

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

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

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

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

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

##### **Going concern**

Given the significant impact of COVID-19 on the macro-economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2021. The Group's going concern assessment considers the Group's principal risks (see note 4) and is dependent on a number of factors, including financial performance.

Based on the above, together with available market information and the Directors' knowledge and experience of the Group's business and markets, the Directors continue to adopt the going concern basis in preparing the annual financial statements for the year ended 31 December 2021.

##### **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.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

There are no amendments to accounting standards, or IFRS Interpretations Committee interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Group's financial statements.

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

The accounting policies set out in these financial statements have been applied consistently to all years presented. A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021, but do not have a material effect on these financial statements.

#### **Consolidation**

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

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

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

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

#### **Business combination**

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

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

#### **Foreign currencies**

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

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

##### **• Transactions and balances**

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

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

##### **• Group companies**

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

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

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

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

#### **Revenue recognition**

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

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

• *Fee income*

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

• *Other operating income*

Income from transfer pricing is recognised on a cost plus allocation to other TIAA affiliated entities.

#### **Investments in associates**

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

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

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

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

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

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

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

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Property, plant and equipment

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

#### Depreciation

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

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

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

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

#### Intangible assets

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

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

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

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

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



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Amortisation

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

#### Impairment of intangible assets

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

#### Financial Instruments

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

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

##### • *Financial assets*

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

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **• Financial liabilities**

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

#### **• Derecognition**

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

#### **• Provisions**

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

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

#### **Other investments**

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

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

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

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

#### **Trade receivables**

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

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

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

#### **Prepayments**

Prepayments are carried at cost less any accumulated impairment losses.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Share capital**

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

#### **Members' remuneration**

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

#### **Members' capital**

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

#### **Taxation**

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

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

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

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

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

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

#### **Employee benefits**

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

- *Defined contribution pension obligation*

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

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

• *Long term incentive plan*

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

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

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

**Other expenses**

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

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Leases**

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

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

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

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

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

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

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

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

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

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

The lease payments are discounted at the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

#### **Dividend income**

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

#### **Dividend distributions**

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

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **3 Critical accounting estimates and judgements**

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

##### **Critical accounting estimates and assumptions**

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

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

The depreciation charge for property, plant and equipment and the amortisation charge for investment management contracts are sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually in line with the property, plant and equipment and intangible assets accounting policy. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Investment management contracts are amended where necessary to reflect the current circumstances of the underlying contracts.

##### **Deferred compensation scheme**

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

##### **Development fees**

Development fees are recognised throughout the period in which development management services are provided, on the basis of the amount of work completed in the period. This requires reasonable estimates and judgements to be made. Should any over or under-estimate be made, fees in future periods would be adjusted to reflect this. Total development and development performance fees recognised during the year amounted to £4,982,000 (2020: £5,034,000).

##### **Investments in subsidiaries**

As noted in the accounting policies above, investments in subsidiaries are held at cost. Management reviews the investment at each period end for any signs of impairment.

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

Intangible assets are tested for impairment in line with the policy described in note 2 to these financial statements. When assessing impairment of intangibles, management considers factors including the long term growth rate and discount rates applied, and historical experience. Any goodwill impairment is recognised immediately as an expense and is not subsequently reversed.

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

The Group makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

**TIAA International Holdings 2 Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

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

Contingent consideration is measured on future fund performance and is subsequently remeasured at each reporting date. Refer to accounting policy, "Business combination" on pages 27-28 of these financial statements for further detail.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

##### **Group and Company**

##### *Management of capital*

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

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

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

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



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

	31 December 2021 £000	31 December 2020 £000
<b>Group</b>		
Called up share capital	1	1
Share premium	202,163	202,163
Capital contribution	55,833	-
Retained earnings	28,027	25,424
Non-controlling interests	(643)	(411)
	<u>285,381</u>	<u>227,177</u>
<b>Company</b>		
Called up share capital	1	1
Share premium	202,163	202,163
Capital contribution	55,833	-
Retained earnings	20,749	546
	<u>278,746</u>	<u>202,710</u>

#### *Financial risk management*

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

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

#### **Liquidity risk**

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

At 31 December 2021:

	Due in under 3 months £ 000	Due between 3 months and 1 year £ 000	Due between 1 and 2 years £000	Due between 2 and 5 years £000	Total £000
<b>Non derivative financial liabilities</b>					
Trade and other payables	55,687	23,406	-	44,182	123,275
Deferred tax liabilities	-	-	-	1,065	1,065
Provisions	64	-	-	-	64
	<u>55,751</u>	<u>23,406</u>	<u>-</u>	<u>45,247</u>	<u>124,404</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

At 31 December 2020:

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

#### Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from (a) a significant reduction in income and valuation to a financial asset or liability and (b) a significant decline in the value of AUM. The Group is able to mitigate risk (to a certain extent) via natural hedging within the Group, being the natural offset of assets and liabilities of the same currency. It is important to note, the use of this approach does not prevent losses outside these limits in the event of more significant market movements.

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

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

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

Brexit has caused implications distributing products from the UK into the EU and the access to the EU and UK markets depends on the regulation of the investment manager. Management proposed a number of Brexit plans in 2019, all of which have been implemented and are operating effectively.

Both the COVID-19 pandemic, Brexit and the Ukraine-Russia war are recent world events that could have an impact on the business, asset valuation and revenue. This is managed via a mixture of a diversity of clients, distribution channels, products and regions so there is not a concentration in one particular part of the market and seeking fees that are not solely related to market value.

#### Foreign exchange risk

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

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

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

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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

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

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

The Group's exposure to foreign currencies held on the balance sheet could affect the Group's profit or loss. At 31 December 2021 if GBP had strengthened by 10% against the above currencies and all other variables were held constant, pre-tax profit for the year would have been reduced by £2,547,000 (2020: £4,594,000). This sensitivity analysis is considered to be representative of the Group's position throughout the year.

#### **Credit risk management**

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

No (2020: no) credit limits were exceeded during the reporting year, and management does not expect any losses for non-performance by counterparties.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 5 Revenue

##### Group

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

	2021 £ 000	2020 £ 000
Management Fees	88,718	79,556
Development Fees	4,982	5,034
Transaction Fees	4,400	5,252
Performance Fees	7,066	3,060
	<u>105,166</u>	<u>92,902</u>

##### Company

During the year the Company received a dividend from TIAA International Holdings 3 Limited for £20,315,000 (2020: £Nil).

#### 6 Administrative expenses

##### Group

Operating profit is arrived at after charging (crediting):

	2021 £ 000	2020 £ 000
Staff costs	107,918	88,308
Depreciation on right-of-use assets	3,446	3,580
Depreciation on property, plant and equipment	1,342	1,202
Amortisation expense	7,145	2,990
Foreign exchange (gains) losses	604	(10)
Profit on disposal of property, plant and equipment	(27)	(9)
Other administrative expenses	26,627	20,917
	<u>147,055</u>	<u>116,978</u>

#### 7 Auditors' remuneration

##### Group

	2021 £ 000	2020 £ 000
Audit of the Company and subsidiary financial statements	738	645
<b>Other fees to auditors</b>		
Non-audit services	<u>2</u>	<u>(2)</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Company

	2021 £ 000	2020 £ 000
*Audit of the Company financial statements	188	134
	<u>188</u>	<u>134</u>

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

#### 8 Directors' remuneration

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

#### Group

	2021 £000	2020 £000
Wages and salaries	1,619	4,646
Other pension costs	58	62
	<u>1,677</u>	<u>4,708</u>

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

	2021 £ 000	2020 £ 000
Wages and salaries	1,444	4,252
Other pension costs	46	46
	<u>1,490</u>	<u>4,298</u>

#### Company

The emoluments of D. D. Morton and M. J. L. Sales are paid by Nuveen Administration Limited which makes no recharge to the Company (2020: £nil). The emoluments of O. Salami are paid by the ultimate parent, TIAA with no recharge being made to the Company. The Directors are directors of a number of fellow subsidiaries and their total emoluments are included in the aggregate of directors emoluments disclosed in those financial statements.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 9 Employee information

##### Group

The aggregate staff costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	89,605	59,885
Social security costs	4,941	4,163
Pension costs, defined contribution scheme	4,436	3,638
Redundancy	1,610	15,971
Other employee expense	7,326	4,651
	<u>107,918</u>	<u>88,308</u>

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

	2021 No.	2020 No.
Support & administration	225	215
Investment professionals	172	141
Business development & marketing	57	52
	<u>454</u>	<u>408</u>

##### Company

The Company has no employees (2020: nil)

#### 10 Other operating income

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

	2021 £ 000	2020 £ 000
Transfer pricing - related parties	48,810	26,687
Miscellaneous other operating income	1,988	1,368
	<u>50,798</u>	<u>28,055</u>

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

**TIAA International Holdings 2 Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**11 Finance income**

**Group**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Finance income</b>		
Other interest receivable	<u>3</u>	<u>31</u>
Total finance income	<u><u>3</u></u>	<u><u>31</u></u>

**12 Finance costs**

**Group**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Finance costs</b>		
Other interest expense	<u>744</u>	<u>637</u>
Total finance costs	<u><u>744</u></u>	<u><u>637</u></u>

**13 Income tax expense**

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

**Group**

Tax charged in the Statement of Profit or Loss

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	2,559	2,434
<b>Deferred taxation</b>		
Current year deferred tax (credit)/charge	<u>1,065</u>	<u>277</u>
Tax expense in the Statement of Profit or Loss	<u><u>3,624</u></u>	<u><u>2,711</u></u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### b) Factors affecting the tax charge for the year

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

	2021 £ 000	2020 £ 000
Profit before tax	<u>8,168</u>	<u>3,367</u>
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2020: 19%)	1,354	640
<b>Tax effect of:</b>		
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	1,358	756
Increase (decrease) from effect of foreign tax rates	(408)	808
Deferred tax expense (credit) relating to changes in tax rates or laws	1,065	277
Short term timing differences	<u>255</u>	<u>230</u>
Total tax charge	<u>3,624</u>	<u>2,711</u>

#### Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and reflected in these financial statements.

#### 14 Financial instruments

##### Group

##### Financial assets

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

	Carrying value		Fair value	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
Other investments	<u>757</u>	<u>655</u>	<u>757</u>	<u>655</u>



**TIAA International Holdings 2 Limited****Notes to the Financial Statements for the Year Ended 31 December 2021****Financial assets at amortised cost**

	Carrying value		Fair value	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
Cash and cash equivalents	93,398	98,501	93,398	98,501
Trade and other receivables	70,066	48,862	70,066	48,862
	<u>163,464</u>	<u>147,363</u>	<u>163,464</u>	<u>147,363</u>

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

	Carrying value		Fair value	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
Trade and other payables	<u>104,853</u>	<u>55,789</u>	<u>104,853</u>	<u>55,789</u>

## TIAA International Holdings 2 Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

## 15 Property, plant and equipment

Group	Leasehold improvements £ 000	Office Equipment £ 000	Computer software £ 000	Furniture and fixtures £ 000	Computer hardware £ 000	Total £ 000
<b>Cost</b>						
At 1 January 2021	1,171	2,891	6,097	479	1,557	12,195
Acquisition of subsidiary	285	250	-	110	-	645
Additions	72	138	125	35	371	741
Disposals	-	(56)	(10)	(68)	(16)	(150)
Translations	(9)	(33)	-	(13)	(3)	(58)
At 31 December 2021	1,519	3,190	6,212	543	1,909	13,373
<b>Accumulated Depreciation</b>						
At 1 January 2021	309	2,641	5,224	372	1,137	9,683
Acquisition of subsidiary	133	199	-	68	-	400
Charge for the year	277	137	603	53	272	1,342
Eliminated on disposal	-	(55)	-	(62)	(2)	(119)
Translations	(3)	(20)	(4)	(10)	(3)	(40)
At 31 December 2021	716	2,902	5,823	421	1,404	11,266
<b>Net Book Value</b>						
As at 31 December 2021	803	288	389	122	505	2,107
As at 31 December 2020	862	250	873	107	420	2,512

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 16 Leases

##### Group

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

	31 December 2021 £ 000	31 December 2020 £ 000
<b>Right-of-use assets</b>		
Buildings	16,238	19,406
Vehicles	124	128
	<u>16,362</u>	<u>19,534</u>
<b>Lease liabilities</b>		
Current	3,500	3,318
Non-current	14,922	18,019
	<u>18,422</u>	<u>21,337</u>

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

	2021 £ 000	2020 £ 000
<b>Depreciation charge on right-of-use assets</b>		
Buildings	3,356	3,501
Vehicles	90	79
	<u>3,446</u>	<u>3,580</u>
Interest expense (included in finance cost)	344	395

The total cash outflow for leases in 2021 was £3,568.000 (2020: £4,000.000).

#### 17 Intangible assets

##### Group

	Goodwill £ 000	Investment management contracts £ 000	Total £ 000
<b>Cost:</b>			
At 1 January 2021	124,610	41,144	165,754
Additions	50,449	47,203	97,652
At 31 December 2021	<u>175,059</u>	<u>88,347</u>	<u>263,406</u>
<b>Accumulated Amortisation:</b>			
At 1 January 2021	-	30,891	30,891
Amortisation charge	-	7,145	7,145
At 31 December 2021	<u>-</u>	<u>38,036</u>	<u>38,036</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

	Goodwill £ 000	Investment management contracts £ 000	Total £ 000
<b>Net Book Value</b>			
As at 31 December 2021	<u>175,059</u>	<u>50,311</u>	<u>225,370</u>
As at 31 December 2020	<u>124,610</u>	<u>10,253</u>	<u>134,863</u>

On 9 March 2021 the Group acquired 99% of the issued shared capital of Glenmont. For details of the acquisition refer to note 19 - Business combination.

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

The IMC's are amortised between 1 - 15 years. The remaining amortisation period of the IMCs are between 1 - 9 years.

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

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

The Group considers itself to have a single cash generating unit to which goodwill is allocated. The recoverable value of goodwill for the Company at year end has been determined by a value in use calculation, using cash flows based on the Group's 1 year operating plan approved by the board, and a terminal value for the period thereafter. The key assumptions applied to the Group's 5 year operating plan are market performance and net fund flows.

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

A risk adjusted discount rate of 12.5% (2020: 14.8%) has been applied. The resulting value in use has been compared with the carrying value of the Group's intangible assets to determine if an impairment is required.

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

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

	Current inclusion for impairment review	Cut-off for impairment at each change in inputs
Weighted Average Cost of Capital	12%	13%
Achievement of Operating Plan	100%	89%
Growth in Perpetuity	3%	2%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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

#### 18 Investments

##### Group subsidiaries

All subsidiary undertakings of the Group as listed below have share capital consisting solely of ordinary shares. The proportion of shares held by the Group equates to the proportion of voting rights. All subsidiary undertakings have been included in these consolidated financial statements. Details of the group subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
TIAA International Holdings 3 Limited	Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	100%	100%
Nuveen Investment Management Limited	Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Limited	IF-CACO Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Holdings Limited	Europe Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Holdings Limited	Group Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Administration Limited	Administration company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen Management International Limited	Investment Operating company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Nuveen AIFM Limited	Management Operating company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Henderson European Retail Property Fund Management S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	93.4%	93.4%
Nuveen Management Company (Luxembourg) No1 S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	93.4%	93.4%
Nuveen Management Limited	Property (Jersey) Operating company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH United Kingdom	99%	99%
Nuveen Management Limited	Fund (Jersey) Operating company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH United Kingdom	99%	99%
Nuveen Private Limited	Singapore Operating company	50 Raffles Place, #06-00 Singapore, Land Tower, 048623 Singapore	99%	99%
Nuveen (France) SAS	Operating company	7, rue Scribe 75009 Paris France	99%	99%
CLOF II (No1 GP) Limited	Related to CLOF fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
CLOF II (No1 Nominee) Limited	Related to CLOF fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
CLOF II (No2 GP) Limited	Related to CLOF fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
CLOF II (No3 GP) Limited	Related to CLOF fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
CLOF II (GP) Limited	Related to CLOF fund	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%
Matador LP Partner Limited	General Dormant	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Nuveen Secretarial Limited	Corporate Services	Dormant 201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
Nuveen Limited	Operations	Dormant 201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
Nuveen (Australia) Limited	Real Estate Operating company	44 Martin Place, Sydney, NSW 2000 Australia	99%	99%
OMP (GP) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
UK OM (LP1) Limited	(GP) Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
UK OM (LP1) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
UK OM (LP2) Limited	(GP) Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
UK OM (LP2) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
UK OM (LP3) Limited	(GP) Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
UK OM (LP3) Limited	Related to OMP fund	201 Bishopsgate, EC2M 3BN United Kingdom	London, 99%	99%
TIAA-CRFF Luxembourg S.à.r.l	Operating company	4a rue Henri M. Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Italy S.r.l.	Operating company	Piazza Pio XI, 1, 20123 Milan Italy	99%	99%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Islazul General Partner S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Anglo-Sino Henderson Investment Consultancy (Beijing) Co Ltd	Operating company	Unit 22 23B, 36 F, China World Tower, No.1 Jianguomenwai Avenue, Chaoyang District, 100004 Beijing China	99%	99%
Nuveen (Shanghai) Co Ltd	Operating company	Suite 955 to Suite 965, 9/F, Eco City, No.1788, Nanjing West Road, Jing 'An District, Shanghai China	99%	99%
Nuveen Real Estate Debt Partners (GP) S.à.r.l	Operating company	8 rue Lou Hemmer, L-174 Luxembourg	99%	99%
T-C Lux Investments GP S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Enhanced Debt Carry (GP) S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
European Cities Partnership (GP) S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Management Austria GmbH	Operating company	Falkestraße 1, A-1010 Vienna Austria	99%	99%
Nuveen Management Finland Oy	Operating company	Mannerheimintie 20, 00100 Helsinki Finland	99%	99%
ERES APAC II (GP) S.à.r.l	Operating company	8 rue Lou Hemmer, L-174 Luxembourg	99%	99%
Nuveen Real Estate Debt Partners II (GP) S.à.r.l	Operating company	8 rue Lou Hemmer, L-174, Luxembourg	99%	99%
CLOF II Vanquish Limited	Related to CLOF fund	11-15 Seaton Place, St Helier, Jersey, JE4 0QH United Kingdom	99%	99%



## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Tokyo Multifamily GP Pte Ltd	Related to Tokyo Multifamily Fund	8 Robinson Road #14-00 ASO Building Singapore	99%	99%
Nuveen Alternatives Europe S.à.r.l	Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Management S.à.r.l	Asset Europe Operating company	4a rue Henri M Schnadt, L-2530 Gasperich Luxembourg	99%	99%
Nuveen Real Estate Services (Austria)	Operating company GmbH	Falkestraße 1, A-1010 Vienna Austria	99%	99%
ERES Europe II S.à.r.l	(GP) Operating company	4A, rue Henri Schnadt, L-2530 Luxembourg Luxembourg	99%	99%
Nuveen Real Estate Debt Partners III S.à.r.l	(GP) Operating company	8 rue Loue Hemmer, L-1748 Senningerberg Luxembourg	99%	99%
Clean Energy Partners Holdco LLP	Holding company	4th Floor, Reading Bridge House, George Street, Reading RG1 8LS United Kingdom	99%	0%
Glennmont Management Ltd	Asset Operating company	4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS United Kingdom	99%	0%
Clean Energy Partners LLP	Operating company	4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS United Kingdom	99%	0%
Glennmont Europe S.à r.l.	REBS Related to Glennmont REBS Europe Fund	412F, route d'Esch, L-2086 Luxembourg	99%	0%
Glennmont Partners III S.à r.l.	Related to Glennmont Clean Energy Fund	412F, route d'Esch, L-2086 Luxembourg	99%	0%
Glennmont Partners IV S.à r.l.	Related to Glennmont Clean Energy Fund	412F, route d'Esch, L-2086 Luxembourg	99%	0%

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Clean Energy Partners CEP Services Ltd	Administration company	4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS United Kingdom	99%	0%
Clean Energy Partners CLP2012 Limited	Holding company	4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS United Kingdom	99%	0%
Glennmont Partners I Limited	Related to Glennmont Clean Energy Fund	4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS United Kingdom	99%	0%
NR1 Storage Portfolio Limited	Holding company	201 Bishopsgate, London, EC2M 3BN United Kingdom	99%	0%
Nugreen Services AB	Operating company	Bolagsratt Sundsvall AB, Box 270, 851 04 Sundsvall, Stockholm Sweden	82%	0%
European Core-Plus Logistics Fund (GP) S.à r.l	Related to European Logistics Fund	4a rue Henri M. Schnadt, L-2530 Gasperich, Luxembourg	99%	0%
Japan Alternatives Living GP Pte. Ltd	Holding company	1 George Street, #14-05 One George Street, Singapore (049145)	99%	0%

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

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

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

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

#### **For financial year ending 31/03/2022**

OMP (GP) Limited - SC344934

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

UK OMP (LP2) (GP) Limited - 06605594

UK OM (LP3) (GP) Limited - 06605608

#### **For financial year ending 30/09/2022**

CLOF II (GP) Limited - SC376961

#### **For financial year ending 31/12/2022**

Clean Energy Partners CEP2012 Limited - 08224625

Clean Energy Partners CEP Services Ltd - 08209483

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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

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

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

#### For financial year ending 31/12/2021

Matador LP General Partner Limited - SC286874

Nuveen Corporate Secretarial Services Limited - 08938611

Nuveen Operations Limited - 09084229

#### For financial year ending 31/03/2022

UK OM (LP1) Limited - 06605586

UK OM (LP2) Limited - 06605579

UK OM (LP3) Limited - 06605583

Company Subsidiaries	£ 000
<b>Cost:</b>	
At 1 January 2021	202,163
Additions - acquisition of Glennmont	107,425
At 31 December 2021	<u>309,588</u>
<b>Net Book Value</b>	
At 31 December 2021	<u>309,588</u>
At 31 December 2020	<u>202,163</u>

On 9 March 2021 the Group acquired 99% of the issued share capital of Clean Energy Partners Holdco 1 LP and its affiliated entities thereof (collectively, "Glennmont").

The Group made an initial cash payment of GBP 72,899,000 (EUR 84,879,000). Fixed deferred consideration totalled GBP 31,953,000 (EUR 37,300,000) and the earn out consideration which meets the definition of consideration for the business, payable in three years if revenue retention and growth targets are achieved. For a breakdown of consideration, including details of the significant estimate surrounding the contingent consideration, please refer to note 19 to the consolidated financial statements.

## **TIAA International Holdings 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

Management tests investments held for impairment annually. An impairment is recognised in the Statement of Comprehensive Income immediately when the carrying value of the investment is greater than the enterprise value. The enterprise value is determined by multiplying earnings before interest, taxation, depreciation and amortisation by 8.6, plus the net assets. The Group takes the approach that so long as the principal activity of the Company has not changed, the carrying value transfers to other similar investments held on the Statement of Financial Position as long as the other similar investments' enterprise value supports the transfer and the transfer does not take any individual investment's carrying value above its cost. At 31 December 2021 it has been determined that the carrying value of each investment is less than the enterprise value and therefore no impairment is required.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Group associates

Details of the Group associates as at 31 December 2021 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Nuveen Immobilien GmbH (formally IIG1 Immobilien GmbH)	Investment management company	Germany	0%	50% / 50%

Interests in associates are measured using the equity method.

On 31 December 2021 Nuveen Immobilien GmbH was sold and all Directors' responsibilities transferred to the liquidator.

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

Movement on interests in associates can be summarised as follows:

	2021 £000	2020 £000
Opening balance	79	132
Investment in associated entity	-	1
Share of loss for the year	-	(6)
Disposals	(73)	(48)
	<u>6</u>	<u>79</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 19 Business combination

##### Acquisition of Clean Energy Partners Holdco LLP

On 9 March 2021 the Group acquired 99% of the issued share capital of Clean Energy Partners Holdco LLP and its affiliated entities thereof (collectively, "Glennmont") to increase its clean energy infrastructure platform. TIAA International Holdings 1 Limited, another group entity acquired the additional 1% holding of Glennmont and the non-controlling interest will be remeasured at each reporting period. TIH 2's parent, Nuveen Real Estate Global LLC funded additional capital during the year with the sole intention for the acquisition of the Glennmont.

The Group made an initial cash payment of £72,899,000 (£84,879,000) and additional fixed and variable deferred earn out consideration's totalling £31,953,000 (£37,300,000). These deferred considerations meet the definition of consideration for the business and are payable in three years if revenue retention and growth targets are achieved. The earn out consideration is currently estimated to be £23,044,000 (£26,900,000), contingent on future fund performance. The fixed deferred consideration is valued at £8,909,000 (£10,733,000) as at 31 December 2021.

At the time of the acquisition, the Group agreed to make these future payments to the partners of Glennmont contingent on their continuing employment and future fund performance, payable in 3 years. Deferred payments linked to the continuing employment of the sellers will be recognised through the Consolidated Statement of Profit or Loss over the period of the earn out.

The 100% consideration for the acquisition is stated below:

	£ £ 000
Cash paid	72,713
Fixed deferred consideration at acquisition date	8,909
Variable earn out consideration at fair value	23,044
Total purchase consideration	<u>104,666</u>
<b>Less:</b>	
Cash acquired	(11,342)
Trade receivables	(1,648)
Right-of-use asset	(1,622)
Accrued expenses	1,827
Deferred income	1,166
Other assets/liabilities recognised in completion Statement of Financial Position	1,988
	<u>(9,631)</u>
Goodwill recognised	47,833
Additional amount attributable to goodwill	2,616
Total goodwill	<u>50,449</u>
Amount attributable to non-controlling interest at acquisition	504

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

Goodwill of £50,449,000 was recognised as part of the acquisition, which results from Nuveen's desire to invest and grow the infrastructure platform. There were minimal cost synergies expected from combining the support function operations of Glenmont with the Group's operations.

The additional amount attributable to Goodwill relates to additional payments determined in the SPA agreement.

To ensure accuracy of the intangible assets, management assessed the significant inputs to the valuation models and challenged these assumptions by:

- Comparing AUM performance;
- Considering the launch of future funds;
- Considering client attrition rate; and
- Comparing net inflows/outflows

Non-controlling interest at acquisition is measured at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. See note 2 for further information regarding TIH2's business combination accounting policy.

Glenmont contributed to income and profit after tax of £23,000 (£27,000) from the acquisition date. If the acquisition occurred on 1 January 2021, the total expense and loss after tax attributable to the Glenmont group for the year ended 31 December 2021 amounted to £5,000 (£6,000).

There were no acquisitions during the year ended 31 December 2020.

#### 20 Other investments

	31 December 2021 £000	31 December 2020 £000
<i>Unquoted</i>		
Debt securities	757	655
	<u>757</u>	<u>655</u>

The investment in debt securities classified for sale relates to investments in Asia Pacific Cities Fund - £718,000 (2020: £640,000), Glenmont - £26,000 (2020: £Nil), LOOP IV - £7,000 (2020: £7,000) and China Outlet Mall Fund - £6,000 (2020: £8,000).

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

	31 December 2021 £000	31 December 2020 £000
Australian Dollars	640	583
United States Dollars	117	72
	<u>757</u>	<u>655</u>

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



# **TIAA International Holdings 2 Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Opening balance	655	760
Additions	57	8
Disposals	-	(64)
Net fair value movements through profit or loss	104	(81)
Translations	(59)	32
	<u>757</u>	<u>655</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 21 Trade and other receivables

	Group		Company	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
<i>Current</i>				
Trade receivables	10,687	19,968	-	-
Amounts owed by related parties	3,683	1,454	1,228	75
Accrued income	52,077	26,054	429	-
Prepayments	587	598	-	-
Other receivables	3,032	788	-	-
	<u>70,066</u>	<u>48,862</u>	<u>1,657</u>	<u>75</u>

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

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

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

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

#### 22 Deferred tax liability

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

##### Group - Deferred tax

	31 December 2021 £ 000	31 December 2020 £ 000
Provision at start of year	-	277
Deferred tax expensed in the Consolidated Statement of Profit or Loss	<u>(1,065)</u>	<u>(277)</u>
Provision at end of year	<u>(1,065)</u>	<u>-</u>

The deferred tax liability of £1,065,000 (2020: £nil) has arisen as a result of the origination of temporary differences in relation to tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 23 Cash and cash equivalents

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	£ 000	£ 000	£ 000	£ 000
Cash at bank	<u>93,398</u>	<u>98,501</u>	<u>1,189</u>	<u>675</u>

#### 24 Called up share capital

##### Group and company

##### Authorised

	31 December 2021		31 December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>

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

	31 December 2021		31 December 2020	
	No.	£	No.	£
Issued, called up and fully paid share capital of £1 each	500	500	500	500
Issued, called up and unpaid share capital of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>

#### 25 Share Premium

##### Share premium

##### Group and company

	31 December 2021	31 December 2020
	£	£
Share premium account	<u>202,163</u>	<u>202,163</u>
	<u>202,163</u>	<u>202,163</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 26 Parent and ultimate parent undertaking

The company's immediate parent is Nuveen Real Estate Global LLC. These financial statements are available upon request from:  
730 Third Avenue  
New York  
NY 10017

The ultimate controlling party is Teachers Insurance and Annuity Association.

#### Relationship between entity and parents

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

The address of Teachers Insurance and Annuity Association is:

730 Third Avenue  
New York  
NY 10017

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

The address of IHI Real Estate Global, LLC is:

730 Third Avenue  
New York  
NY 10017

#### 27 Non-controlling interests

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

	<b>Nuveen Real Estate Limited</b>	
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Non-current assets	210,284	210,184
Current assets	459	17,300
	<u>210,743</u>	<u>227,484</u>
Current liabilities	<u>1</u>	<u>4</u>
Net assets	<u>210,742</u>	<u>227,480</u>
Profit before tax	<u>1,765</u>	<u>9,368</u>
Accumulated non-controlling interest	<u>310</u>	<u>492</u>

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

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

	2021 £000	2020 £000
Opening balance	(411)	(524)
Non-controlling share of comprehensive profit for the year	39	113
Dividends paid to non-controlling interests during the year	(271)	-
<b>Closing balance</b>	<b>(643)</b>	<b>(411)</b>

#### 28 Trade and other payables

	Group		Company	
	31 December 2021 £ 000	31 December 2020 £ 000	31 December 2021 £ 000	31 December 2020 £ 000
<b>Current</b>				
Accrued expenses	58,006	42,108	104	203
Other payables	2,898	2,835	-	-
Amounts due to related parties	-	-	1,837	-
	<u>60,904</u>	<u>44,943</u>	<u>1,941</u>	<u>203</u>
<b>Non-current</b>				
Accruals and deferred income	656	15	-	-
Deferred consideration	43,293	10,970	31,277	-
	<u>43,949</u>	<u>10,985</u>	<u>31,277</u>	<u>-</u>

Deferred consideration includes £31,277,000 relating to THH 2's purchase of Glenmont. The remaining portion relates to the Group's employee long term performance plan.

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

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

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

#### 29 Provisions

##### Group

	2021 £ 000
At 1 January 2021	18
Additional provisions	46
At 31 December 2021	64
Current liabilities	<u>64</u>

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Company

	2021 £ 000
Additions - provision for Glennmont Partners II loss allocation	470
At 31 December 2021	470
Current liabilities	470

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

#### 30 Related party transactions

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

The following amounts were payable at year end.

	31 December 2021 £000	31 December 2020 £000
<i>Amounts receivable from/(payable to) other related parties:</i>		
Nuveen Alternative Advisors LLC	21,882	9,109
Teachers Insurance and Annuity Association	3,354	732
TIAA International Holdings I Limited	989	276
Gresham Investment Management London LLC	159	156
Nuveen Hong Kong Limited	22	43
Nuveen Japan Limited	420	26
Westchester	82	-
Nuveen UK Limited	-	24
Nuveen Alternative Advisors LLC	(19)	(7)
Nuveen Japan Co Limited	(765)	(543)
Nuveen Hong Kong Limited	(1,018)	(961)
	<u>25,106</u>	<u>8,855</u>

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

## TIAA International Holdings 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 31 Commitments

##### Group

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

#### 32 Leases

##### Group

##### Non-cancellable operating leases

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

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

	31 December 2021 £ 000	31 December 2020 £ 000
Not later than one year	132	125
Later than one year but not more than five years	16	82
	<u>148</u>	<u>207</u>

#### 33 Events after the reporting period

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

## TIAA International Holdings 2 Limited

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

The consolidated financial statements of the Group and Company are prepared in accordance with UK-adopted international accounting standards which differs in certain respects from accounting principles generally accepted in the United States of America ("US GAAP"). The unaudited tables below summarise the results under UK-adopted international accounting standards and the historical cost basis of accounting of US GAAP for year ended 31 December 2021.

	UK-adopted international accounting standards		U.S. GAAP	
	2021 £ 000	2020 £ 000	2021 £000	2020 £000
Non-current assets	244,602	157,643	244,602	157,643
Current assets	164,053	149,048	164,053	149,048
Total assets	408,655	306,691	408,655	306,691
Non-current liabilities	59,936	29,004	59,936	29,004
Current liabilities	64,468	50,510	64,468	50,510
Total liabilities	124,404	79,514	124,404	79,514
Net assets	284,251	227,177	284,251	227,177
Profit before tax	7,038	3,367	7,038	3,367