

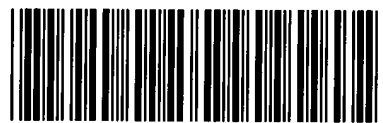
THE AIFM GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2016

Registration Number
08610397

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TH RE AIFM GROUP LIMITED

COMPANY INFORMATION

Directors	R Adderley M Griffiths M Neal M Sales C Throssell
Company secretary	TH RE Corporate Secretarial Services Limited
Registered number	08610397
Registered office	201 Bishopsgate London EC2M 3BN
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Bankers	The Royal Bank of Scotland Plc 2 1/2 Devonshire Square London EC2M 4XJ

TH RE AIFM GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDING 31 DECEMBER 2016

The Directors present their Strategic Report for TH RE AIFM Group Limited ("the Company") for the year ended 31 December 2016.

Business Review and Future Development

The Company is a wholly owned subsidiary of Nuveen Real Estate Limited ("the Group"), its immediate parent company, and forms part of the Group corporate holding structure. Its purpose is to act as a holding company for AIFM regulated entities within the Group and its only source of revenue will come from dividends arising from its investments in the underlying operating subsidiaries, as well as any gain from its sale of investments. The Directors do not envisage a change of activities in the foreseeable future.

The Company applies FRS 101 – Reduced Disclosure Framework and has taken advantage of certain exemptions allowed under this standard.

The year ending 31 December 2016 is the second full year of operation for the Company. The performance of the Company is satisfactory and in line with the Group's strategy.

	2016	2015	Change
Operating loss	(10,032)	(246,889)	-95.94%
Total Shareholders' Funds	38,884,339	36,456,597	6.66%

Principal Risks and Uncertainties

TH RE and its Group companies have a risk management framework in place to ensure the Group 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 it meeting its business objectives within its risk appetite and is subject to continuous review. Risks are discussed further in note 3 to these financial statements.

Key Performance Indicators

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


Cash Flow from Operations

Operating cash flows are monitored at a Group level as a key element in understanding the performance and position of the business.

Cash Flow from Operations of the Group was as follows:

	2016 £	2015 £
Cash generated from / (used in) operations	<u>16,513,078</u>	<u>4,859,173</u>

This report was approved by the Board of Directors on 20 April 2017 and signed on its behalf by:



C Throssell
Director

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDING 31 DECEMBER 2016**

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

Please refer to the Strategic Report on page 4 for the activities of the Company and a discussion of the principal risks and uncertainties.

Results and Dividends

The profit for the year ended 31 December 2016 amounted to £2,427,742 (2015 loss: £49,777,733). The Directors do not recommend the payment of a dividend.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

	<i>Appointment Date</i>	<i>Resignation Date</i>
R Adderley	29/02/2016	
M Griffiths	29/02/2016	
D Howie	21/08/2014	15/03/2016
M Neal	19/10/2016	
M Sales	01/04/2014	
C Throssell	29/02/2016	
M Wood	01/04/2014	17/06/2016

Directors' Declaration

Each of the persons who are Directors at the time when this report is approved have confirmed that:

- a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) each Director has taken all the steps that he ought to have taken as a Director, including making appropriate enquiries of his fellow Directors and of the Company's auditors for that purpose, in order to make him aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Directors' third party and pension scheme indemnity provisions

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

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

The Group 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDING 31 DECEMBER 2016**

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 and a resolution concerning their re-appointment will be proposed.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position and its financial risk management objectives are included in the Strategic Report. The Directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future. The Company has adopted the going concern basis of accounting in preparing its annual financial statements.

This report was approved by the board of directors on 20 April 2017 and signed on its behalf by:



C Throssell
Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDING 31 DECEMBER 2016**

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Company has decided to adopt Financial Reporting Standard 101 Reduced Disclosure Framework.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of TH RE AIFM Group Limited

Report on the financial statements

Our opinion

In our opinion TH RE AIFM Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Koziarski (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2017

TH RE AIFM GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 31 DECEMBER 2016**

	Note	31 Dec 2016 £	31 Dec 2015 £
Administrative expenses		(10,032)	(246,889)
Operating loss	5	(10,032)	(246,889)
Investment revenues	6	-	6,653,808
Loss on sale of investment in subsidiary	9	-	(907,435)
Reversal of impairment / (impairment) of investment in subsidiaries	9	2,438,030	(55,276,926)
Profit / (loss) on ordinary activities before interest and taxation		2,427,998	(49,777,442)
Finance costs	7	(256)	(291)
Finance costs - net		(256)	(291)
Profit / (loss) on ordinary activities before taxation		2,427,742	(49,777,733)
Income tax expense on ordinary activities	8	-	-
Profit / (loss) for the financial year and total comprehensive income / (expense) for the financial year		2,427,742	(49,777,733)

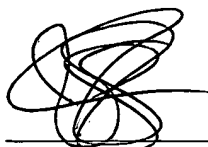
The notes on pages 13 to 24 are an integral part of these financial statements.

TH RE AIFM GROUP LIMITED
REGISTRATION NUMBER: 8610397
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	As at 31 Dec 2016 £	As at 31 Dec 2015 £
Fixed assets			
Investment in subsidiaries	9	33,869,306	31,431,276
		<u>33,869,306</u>	<u>31,431,276</u>
Current assets			
Trade and other receivables	10	4,880,647	4,890,800
Cash and cash equivalents	11	142,209	144,582
		<u>5,022,856</u>	<u>5,035,382</u>
Creditors – amounts falling due within one year			
Trade creditors	12	(7,823)	(10,061)
		<u>(7,823)</u>	<u>(10,061)</u>
Net current assets		<u>5,015,033</u>	<u>5,025,321</u>
Total assets less current liabilities		<u>38,884,339</u>	<u>36,456,597</u>
Net assets		<u>38,884,339</u>	<u>36,456,597</u>
Equity			
Called up share capital	13	2,000,200	2,000,200
Share premium account		84,352,181	84,352,181
Accumulated losses		(47,468,042)	(49,895,784)
Total shareholders' funds		<u>38,884,339</u>	<u>36,456,597</u>

The notes on pages 13 to 24 are an integral part of these financial statements.

The financial statements on pages 10 to 24 were approved by the Board of Directors on 20 April 2017 and signed on its behalf by:



C Throssell
Director

TH RE AIFM GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 31 DECEMBER 2016**

	Note	Called up Share Capital £	Share Premium Account £	Accumulated Losses £	Total Shareholders' Funds £
Balance as at 1 January 2015		200	84,352,181	(118,051)	84,234,330
Comprehensive expense					
Loss for the financial year		-	-	(49,777,733)	(49,777,733)
Total comprehensive expense for 2015		-	-	(49,777,733)	(49,777,733)
Transactions with owners					
Issue of share capital	13	2,000,000	-	-	2,000,000
Balance as at 31 December 2015		2,000,200	84,352,181	(49,895,784)	36,456,597
Comprehensive income					
Profit for the financial year		-	-	2,427,742	2,427,742
Total comprehensive income for 2016		-	-	2,427,742	2,427,742
Balance as at 31 December 2016		2,000,200	84,352,181	(47,468,042)	38,884,339

The notes on pages 13 to 24 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2016**

1 General Information

TH RE AIFM Group Limited (the "Company") is a private limited company which acts as a holding company.

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 (share capital);
 - (ii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures) if not a financial position
- IAS 7, 'Statement of cash flows', exemption from preparing statement of cash flows and related notes;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a Company; and
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2016**

2.1 Basis of preparation (continued)

Going concern

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

2.2 Consolidation

The Company is a wholly owned subsidiary of Nuveen Real Estate Limited ("NRE"). NRE is 99% owned by TIAA International Holdings 3 Limited. It is included in the consolidated financial statements of TIAA International Holdings 2 Limited which are publicly available.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

On the disposal of a foreign operation (that is, a disposal of the Company's entire interest in 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 the Statement of Comprehensive Income.

2.4 Financial instruments

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, or in the case of investments not at fair value, through profit or loss with directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

The Company's financial assets consist of loans and receivables.

Financial assets recognised in the Statement of Financial Position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2016**

(a) Financial assets (continued)

Cash and cash equivalents are also classified as loans and receivables. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in Statement of Comprehensive Income.

(b) Financial liabilities

Liabilities within the scope of IAS 39 'Financial Instruments; Recognition and Measurement' are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.5 Pre-payments

Pre-payments are carried at cost less any accumulated impairment losses.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.7 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2016**

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Current and deferred income tax

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

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

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

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

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

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

2.10 Provisions

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2016**

2.11 Interest income and expense

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

2.12 Other expenses

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

2.13 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out centrally under policies approved by the Board of Directors. Financial risks are identified and evaluated in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Key financial risk management reports are produced monthly on a Company level and provided to the key management personnel of the Company.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in (a) foreign currencies and (b) assets and liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be accepted, which are monitored on a monthly basis (see details below). However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2016**

(a) Market risk (continued)

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

(i) Foreign exchange risk

The Company holds investments in subsidiaries that operate internationally and is exposed to foreign exchange risk. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the Company.

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

Foreign currency risk is managed on a Group basis.

The functional currency of the Company is Pound Sterling; the functional currencies of the Company's principal subsidiaries are the Pound Sterling.

(ii) Cash flow and fair value interest rate risk

Changes in the market interest rate do not have any significant direct effect on the Company's income.

(b) Credit risk

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

No credit limits were exceeded during the reporting period, and management does not expect any losses from non performance by counterparties.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Company. Forecasts of the liquidity requirements are monitored to ensure the Company has sufficient cash to meet its operational needs. Given the ultimate Company structure the liquidity risk is seen as minimal for this Company.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

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

**NOTES TO THE FINANCIAL STATEMENTS
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3.3 Fair value estimation

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

4 Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Investment in subsidiaries

The transaction that occurred on 1 April 2014 resulted in entities being contributed down to TH RE AIFM Group Limited. The fair value placed on these investments in subsidiaries was calculated by taking the operating earnings EBITDA, normalising the EBITDA and then multiplying by an enterprise value multiplier. The carrying values of these investments in subsidiaries are tested for impairment in line with the policy described in note 2.4 to these financial statements.

(b) Impairment of trade and other receivables

Assets are tested for impairment in line with the policy described in note 2.4 to these financial statements. The Company makes an estimate of the recoverable value of trade and other debtors. 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.

(c) Income taxes

Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions. No deferred tax asset has been recognised as the Company is unsure if it will use the assessed tax loss in the future.

NOTES TO THE FINANCIAL STATEMENTS
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5 Operating loss

Operating loss is stated after charging:

	2016	2015
	£	£
Legal and Professional Fees	3,302	192,496
Fees payable to the Company's auditor for the audit of the Company's annual accounts	4,465	4,250
Subscriptions and papers	-	1,793
Other expenses	2,265	48,350
	<u>10,032</u>	<u>246,889</u>

All auditors' remuneration is for audit services so no split for non-audit services is necessary.

The emoluments of the Directors' are paid by TH RE Administration Limited which makes no recharge to the Company. The Directors' perform their services for various group entities and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Total emolument details are disclosed in the financial statements of TH RE Administration Limited.

6 Investment revenue

	2016	2015
	£	£
<u>Dividends received from:</u>		
Nuveen Property Management (Jersey) Limited	-	3,000,000
Nuveen Management Company (Luxembourg) No 1 Sàrl	-	1,335,569
Henderson European Retail Property Fund Management Sarl	-	1,135,233
Nuveen Fund Management (Jersey) Limited	-	700,000
Henderson Global Investors SGR S.p.A	-	306,156
Nuveen Fund (Europe) Management Sàrl	-	176,850
	<u>-</u>	<u>6,653,808</u>

7 Finance costs

	2016	2015
	£	£
Finance costs		
Bank charges	256	291
Finance costs - net	<u>256</u>	<u>291</u>

**NOTES TO THE FINANCIAL STATEMENTS
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8 Income tax

Factors affecting tax charge for the year

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

	2016	2015
	£	£
Profit / (loss) on ordinary activities before taxation	<u>2,427,742</u>	<u>(49,777,733)</u>
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 20% pro rata (2015: 20.25%)	485,548	(10,078,286)
Tax effect on :		
Group relief surrendered	2,058	-
Expenses not deductible for tax losses	(487,606)	11,229,664
Fixed asset differences	-	183,725
Income not taxable for tax purposes	-	(1,347,168)
Adjustments to tax charge in respect of previous periods - deferred tax	-	3,266
Adjust opening deferred tax to average rate of 20%	(492)	-
Adjust closing deferred tax to average rate of 20%	185	1,339
Deferred tax not recognised	307	7,460
Income tax charge in the financial year	<u>-</u>	<u>-</u>

At the year end, the Company had accumulated tax losses amounting to £24,611 (2015: £37,300), giving rise to a potential deferred tax asset of £4,184 (2015: £7,460) when calculated using the 2020 substantively enacted UK Corporation tax rate of 17% (2015: 20%), being the furthest point in time that has a substantively enacted tax rate.

There is no tax payable or receivable in the year (2015: £nil)

The net deferred tax asset has not been recognised in the financial statements (2015: £nil) due to the uncertainty regarding the timing and level of future profits.

9 Investments

	2016	2015
	£	£
Investment in subsidiaries	33,869,306	31,431,276
Total investments non-current	<u>33,869,306</u>	<u>31,431,276</u>
Cost	£	£
At beginning of financial year	86,708,202	85,885,335
Additions	-	2,000,000
Disposals	-	(1,177,133)
At end of financial year	<u>86,708,202</u>	<u>86,708,202</u>

TH RE AIFM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2016

9 Investments (continued)

	2016 £	2015 £
Provisions for impairment		
At beginning of financial year	(55,276,926)	-
Impairment during the year	-	(55,276,926)
Written back	2,438,030	-
At end of financial year	<u>(52,838,896)</u>	<u>(55,276,926)</u>
Net book value	<u>33,869,306</u>	<u>31,431,276</u>

The Group had the following related undertakings at 31 December 2016:

Name	Registered Address	Nature of business	Proportion shareholding %
Nuveen Management AIFM Limited	201 Bishopsgate, London, EC2M 3BN, United Kingdom	Asset management	100%
Nuveen Fund Management Vanquish (Jersey) Limited	201 Bishopsgate, London, EC2M 3BN, United Kingdom	Asset management	100%
Nuveen Fund Management Vanquish II (Jersey) Limited	201 Bishopsgate, London, EC2M 3BN, United Kingdom	Asset management	100%
Nuveen Fund Management (Jersey) Limited	201 Bishopsgate, London, EC2M 3BN, United Kingdom	Asset management	100%
Nuveen Property Management (Jersey) Limited	201 Bishopsgate, London, EC2M 3BN, United Kingdom	Asset management	100%
Nuveen Fund Management Sàrl	4a rue Henri M Schnadt, L-2530 Gasperich, Luxembourg	Asset management	100%
Nuveen Fund (Europe) Management Sàrl	4a rue Henri M Schnadt, L-2530 Gasperich, Luxembourg	Asset management	100%
Nuveen Management Company (Luxembourg) No 1 Sàrl	4a rue Henri M Schnadt, L-2530 Gasperich, Luxembourg	Asset management	94%
Henderson European Retail Property Fund Management Sàrl	4a rue Henri M Schnadt, L-2530 Gasperich, Luxembourg	Asset management	94.4%

10 Trade and other receivables

	2016 £	2015 £
Current assets		
Amounts owed by group undertakings	4,880,647	4,890,800
Due to Teachers Insurance and Annuity Association	-	-
	<u>4,880,647</u>	<u>4,890,800</u>

The fair value of trade and other receivables which are due within one year approximates to their carrying value at the reporting date.

11 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	142,209	144,582
	<u>142,209</u>	<u>144,582</u>

TH RE AIFM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2016

12 Creditors – amounts falling due within one year

	2016 £	2015 £
Amounts falling due within one year		
Amounts owed to group undertakings	-	1,845
Accruals	7,823	8,216
	<u>7,823</u>	<u>10,061</u>

The estimated fair values of the above financial liabilities are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

13 Share capital

	2016 £	2015 £
Ordinary shares of £1 each		
<u>Allotted and fully paid</u>		
At 1 January	2,000,200	200
Issued during the year	-	2,000,000
At 31 December	<u>2,000,200</u>	<u>2,000,200</u>

14 Related party transactions

The Company has taken advantage of the exemption in FRS 101 by not disclosing related party transactions entered into between two or more members of a group which are wholly owned subsidiaries.

The amounts listed below were outstanding at the balance sheet date:

	<u>Amounts owed by related parties</u>	
	2016 £	2015 £
TH RE Administration Limited	4,465,161	4,475,314
Nuveen Real Estate Limited	415,486	415,486
	<u>4,880,647</u>	<u>4,890,800</u>
	<u>Amounts owed to related parties</u>	
	2016 £	2015 £
Nuveen Real Estate Management Limited	-	1,845
	<u>-</u>	<u>1,845</u>

The above entities are related parties to the Company as they are part of the Group.

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.

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15 Post balance sheet events

As part of a process to rationalise intercompany balances within the Group, on 21st March 2017 the Directors approved the cancellation of £84,352,181 from the share premium account, with an equivalent increase in distributable reserves, and declared a dividend of £500,000.

As part of a process to rationalise intercompany balances within the Group, on 21st March 2017 the Directors approved the waiving of the intercompany receivable of £4,462,801 with THRE Administration Limited, with an equivalent decrease in distributable reserves.

16 Immediate parent company and ultimate controlling party

The Company's immediate parent company is Nuveen Real Estate Limited, a limited company incorporated in the United Kingdom. The ultimate parent undertaking and largest group to consolidate these financial statements is Teachers Insurance and Annuity Association, a company incorporated in the United States of America. Copies of the consolidated financial statements can be obtained from 730 Third Avenue, New York, NY 10017. TIAA International Holdings 2 Limited is the parent undertaking of the smallest group to consolidate these financial statements in the United Kingdom. The consolidated financial statements of TIAA International Holdings 2 Limited can be obtained from 150 Aldersgate Street, London, EC1A 4AB.