

TESCO PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020
REGISTERED NUMBER: 02353133



TESCO PROPERTY HOLDINGS LIMITED

STRATEGIC REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020

The Directors present their Strategic Report of Tesco Property Holdings Limited (the "Company") for the 53 weeks ended 29 February 2020 (prior period: 52 weeks ended 23 February 2019 ("2019")).

Business review and principal activity

The principal activity of the Company is to hold property and lease it out to earn rental income, as well as act as a holding company for Tesco PLC Group entities.

During the period, the Company made investment of £31,353k in Tesco Atrato Unit Trust (Jersey) Limited.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

Results and dividends

The results for the 53 weeks ended 29 February 2020 show a profit before tax of £26,372k (2019: £68,208k), profit after tax of £26,618k (2019: £68,229k) and turnover of £17,684k (2019: £17,351k).

The Directors do not recommend the payment of a dividend for the 53 weeks ended 29 February 2020 (2019: £nil).

The Company has net assets at the period end of £805,116k (2019: £778,498k) and net current assets at the period end of £255,843k (2019: £272,631k).

The retained earnings as at 29 February 2020 amounted to £738,586k (2019: £711,968k).

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the operations of the Tesco PLC Group (the "Group"), which includes the Company, is discussed on page 12 of the Tesco PLC Annual Report and Financial Statements 2020, which does not form a part of this Report.

Future developments

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

The Company's future developments form a part of the Group's long-term strategy, which is discussed on page 5 of the Tesco PLC Annual Report and Financial Statements 2020, which does not form a part of this Report.

Principal risk and uncertainties

From the perspective of the Company, the principal risks relate to the carrying value of investments that this Company holds. To manage this risk the Company periodically reviews the financial statements of the entities the Company has investments in.

The principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 13 to 18 of the Tesco PLC Annual Report and Financial Statements 2020, which do not form part of this Report.

Business risk

Uncertainty around the UK's future trading relationship with the EU and a failure to prepare for all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

TESCO PROPERTY HOLDINGS LIMITED

STRATEGIC REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

Principal risk and uncertainties (continued)

Business risk (continued)

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March. The nature of the Company's operations is such that COVID-19 does not have a material impact upon the business, because of the principal activity of the Company.

Financial risk management

The main risks associated with the Company's financial assets and liabilities are set out below:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities.

Both the amounts due to group undertakings falling due within one year and in greater than one year are interest bearing. The Directors consider the Company to have sufficient resources to meet the interest repayments. As such, the liquidity risk is determined to be low. For amounts owed to group undertakings falling due within one year which are repayable on demand, the Directors do not foresee that such amount will be called upon within the foreseeable future.

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. Debtors predominantly comprise amounts owed by Group undertakings, hence credit risk is determined to be low.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

In doing this section 172 requires directors to have regard to, amongst other matters, the:

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

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made.

Those factors for example include the interests and views of our members, of the Group and our relationship with our lenders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

We delegate authority for day-to-day management of the Company to senior management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company's activities and make decisions. As a part of those meetings the directors receive information in a range of different formats which includes information relevant to section 172 matters when making relevant decisions. For example, each year we make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends.

TESCO PROPERTY HOLDINGS LIMITED

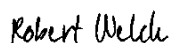
STRATEGIC REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

Section 172(1) statement (continued)

As the principal activity of the Company is to hold property and lease it out to earn rental income, as well as act as a holding company for Group entities, the Company has had no commercial business, and no employees, customers or suppliers other than other Group companies during the period and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors. The Company's key stakeholders are its leaseholders, shareholders and creditors.

In accordance with requirements this section 172(1) statement will be published on the Tesco PLC website at www.tescopl.com.

Approved by the Board of Directors on 28 August 2020 and signed on behalf of the Board by:



Robert Welch
Director
Tesco Property Holdings Limited
Registered Number: 02353133
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020

The Directors present their Report and the audited financial statements of Tesco Property Holdings Limited for the 53 weeks ended 29 February 2020 (prior period: 52 weeks ended 23 February 2019 ("2019")).

Results and dividends

This information is included in the Strategic Report on page 1.

Future developments

This information is included in the Strategic Report on page 1.

Going concern

The Directors consider that the Company has adequate resources, taking into the account the impact of COVID-19, to remain in operation for a period of at least twelve months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

Events after the reporting period

Details of events after the reporting period can be found in Note 23 to the financial statements.

Political donations

There were no political donations for the period (2019: £nil) and the Company did not incur any political expenditure (2019: £nil).

Research and development

The Company does not undertake any research and development activities (2019: £nil).

Financial risk management

This information is included in the Strategic Report on page 2.

Employees

The Company had no employees during the period (2019: none).

Directors

The following Directors served during the period and up to the date of signing the financial statements;

John Gibney
Steven Rigby
Amit Soni
Robert Welch

None of the Directors had any disclosable interests in the Company during this period.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the Tesco PLC Company Secretary (who is also a Director of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors and Officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

TESCO PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

Disclosure of information to auditor

Each Director who is a Director of the Company at the date of approval of these financial statements confirms that:

- so far as the Directors are aware, there is no relevant information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Cautionary statement regarding forward looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards including FRS101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for 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 auditor

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under Section 487(2) of the Companies Act 2006.

Approved by the Board of Directors on 28 August 2020 and signed on behalf of the Board by:

Robert Welch

Robert Welch

Director

Tesco Property Holding Limited

Registered Number: 02353133

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO PROPERTY HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tesco Property Holding Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 29 February 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO PROPERTY HOLDINGS LIMITED (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of Directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Simon Letts FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
St. Albans, United Kingdom
28 August 2020

TESCO PROPERTY HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**

		53 weeks ended 29 February 2020	52 weeks ended 23 February 2019
	Notes	£'000	£'000
Turnover		17,684	17,351
Cost of sales		(6,943)	(6,886)
Gross profit		10,741	10,465
Income from investments		14,372	7,194
Losses on disposal of investments	7	-	(180)
Gain on disposal of investment property		-	2,506
Impairment reversal/(charge) of investment properties	12	1,724	(112)
Impairment of investments	13	(6)	-
Impairment of intercompany loans		(2,101)	-
Loss on derivative financial instrument		(4,746)	-
Operating profit	4	19,984	19,873
Interest receivable and similar income	8	14,154	54,991
Interest payable and similar costs	9	(7,766)	(6,656)
Profit before tax		26,372	68,208
Tax credit on profit	10	246	21
Profit for the financial period		26,618	68,229

There is no other comprehensive income/(loss) in the periods presented; therefore no Statement of Comprehensive Income has been prepared. Total comprehensive income is equal to profit for the financial periods presented.

All operations are continuing for the current and prior financial period.

The notes on pages 11 to 27 are an integral part of these financial statements.

TESCO PROPERTY HOLDINGS LIMITED**BALANCE SHEET AS AT 29 FEBRUARY 2020**

		29 February 2020	23 February 2019
	Notes	£'000	£'000
Fixed assets			
Investment properties	12	318,731	323,951
Investments	13	301,980	270,633
Deferred tax asset	11	291	45
Debtors: amounts falling due after more than one year	14	337,121	337,725
		958,123	932,354
Current assets			
Cash at bank and in hand		27,997	31,283
Assets classified as held for sale	15	97	-
Debtors: amounts falling due within one year	16	390,450	403,591
		418,544	434,874
Current liabilities			
Creditors: amounts falling due within one year	17	(162,701)	(162,243)
Net current assets		255,843	272,631
Creditors: amounts falling due after more than one year	18	(408,850)	(426,487)
Net assets		805,116	778,498
Capital and reserves			
Called up share capital	19	66,530	66,530
Profit and loss account		738,586	711,968
Total shareholders' funds		805,116	778,498

The notes on pages 11 to 27 are an integral part of these financial statements.

The financial statements on pages 8 to 27 were approved by the Board of Directors and authorised for issue on 28 August 2020. They were signed on its behalf by:

Robert Welch

Robert Welch
 Director
 Tesco Property Holding Limited
 Registered Number: 02353133
 Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO PROPERTY HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020**

	Called up share capital*	Profit and loss account	Total
	£'000	£'000	£'000
Balance as at 24 February 2018	50,000	643,739	693,739
Proceeds from shares issued	16,530	-	16,530
Profit and total comprehensive income for the financial period	-	68,229	68,229
Balance as at 23 February 2019	66,530	711,968	778,498
Profit and total comprehensive income for the financial period	-	26,618	26,618
Balance as at 29 February 2020	66,530	738,586	805,116

*Refer Note 19 for breakdown of called up share capital.

The notes on pages 11 to 27 are an integral part of these financial statements.

TESCO PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Tesco Property Holdings Limited (the "Company") for the 53 weeks ended 29 February 2020 were approved by the Board of Directors on 28 August 2020 and the Balance Sheet was signed on the Board's behalf by Robert Welch. These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

The functional and presentation currency of the Company is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary of Tesco PLC.

The Company's financial statements are presented in Pound Sterling, except when otherwise indicated and all values are rounded to the nearest thousands (£'000), except when otherwise indicated.

2. General information

The Company is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Company's operations and its principal activity are set out in the Strategic Report on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

3. Accounting policies

a.) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council.

The Company is a qualifying entity for the purposes of FRS 101. Note 22 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a) (iv) of IAS 1;
- the requirements of paragraphs 10(d) and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with Customers;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

TESCO PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

3. Accounting policies (continued)

a.) Basis of preparation (continued)

New and revised IFRS applied with material effect on the financial statements

The IFRS 16 'Leases' was adopted in the current period, and there is no impact on the financial statements upon its adoption.

Other changes to standards, interpretations and amendments effective in the current period had no material impact on the Company financial statements.

b.) Going concern

The Directors consider that the Company has adequate resources, taking into the account the impact of COVID-19, to remain in operation for a period of at least twelve months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

c.) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty

The following key sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements:

Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the Profit and Loss Account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been carried, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior periods. A reversal of impairment loss is recognised immediately in the Profit and Loss Account.

TESCO PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

3. Accounting policies (continued)

d.) Significant accounting policies

Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Investment properties

Investment properties are carried at cost less accumulated depreciation and any recognised impairment in value. Depreciation is provided on all investment property, other than land, on a straight-line basis over its expected useful life as follows:

Buildings - over 20 to 50 years

The carrying values of investment property are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the Profit and Loss Account in the period of de-recognition.

Interest payable and similar charges

Intercompany interest-bearing loans are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Profit and Loss Account over the period of the borrowings on an effective interest basis.

Interest receivable and similar income

Interest income is recognised in the period to which it relates using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Financial assets

The Company's financial assets include debtors and other receivables. Debtors (including intercompany balances) are non-interest bearing recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment calculated using the expected credit losses (ECL) model.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are recorded at amortised cost. Creditors (including intercompany balances) are non-interest bearing and are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest rate method.

TESCO PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

3. Accounting policies (continued)

d.) Significant accounting policies (continued)

Financial instruments (continued)

Loans and borrowings

Loans and borrowings are financial liabilities with fixed or determinable payments. Such liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method (EIR). Amortised cost is calculated by taking into account transaction costs that are an integral part of the EIR. The EIR amortisation is included in interest payable and similar charges in the Profit and Loss Account. Loans are classified within 'Creditors: amounts falling due after more than one year' and 'Creditors: amounts falling due within one year'.

Cash at bank and in hand

Cash at bank and in hand in the Balance Sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are disclosed as current liabilities on the balance sheet.

Dividend income

Income from shares in group undertakings is recognised in the Profit and Loss Account when the shareholder's right to payment is established, that is on declaration of the dividend by the subsidiary.

Income taxes

Current tax, including United Kingdom (UK) corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Company will be required to settle that tax. Measurement is dependent on subjective judgements as to the outcome of decisions by tax authorities in the various tax jurisdictions in which the Company operates. This is assessed on a case by case basis using in-house tax experts, professional firms and previous experience.

Group relief on taxation

The Company may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

TESCO PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020 (continued)

3. Accounting policies (continued)

d.) Significant accounting policies (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the Profit and Loss Account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discount, rebates, value added tax and other sales taxes.

Leases - Company as a lessor

Assets leased out under operating leases are included in investment property and depreciated over their estimated useful lives. The company has received rental income in advance relating to the full lease periods. The amounts received in advance have been recognised as deferred revenue and will be released on a straight line basis over the life of the lease. As at the reporting period end there are seventeen leases in place with the start date and end dates ranging from 2015-2018 to 2030-2033 respectively.

The Company operates within one business segment being that of the leasing of its investment properties with business principally transacted in the United Kingdom (UK).

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****4. Operating profit**

Operating profit is stated after charging:

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Depreciation of investment property	6,828	6,879

5. Staff costs and Directors' remuneration

The Directors received no emoluments for their services to the Company (2019: £nil).

The Company had no employees during the period (2019: nil).

6. Auditor's remuneration

The auditor's remuneration of £14,911 for the current period and prior period was borne by the Tesco Stores Limited. The non-audit fees for the period is £nil (2019: £nil).

7. Losses on disposal of investments

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Dividend from Tesco Kirkby (Unitholder 1) Limited and Tesco Kirkby (Unitholder 2) Limited	-	(257)
Loss on investment write-off of Tesco Kirkby (Unitholder 1) Limited and Tesco Kirkby (Unitholder 2) Limited	-	434
Dividend from Verulam Properties Limited	-	(13,893)
Loss on investment write-off of Verulam Properties Limited	-	13,896
	-	180

In the prior period, losses on disposal of investments are net of any related distribution incomes from such underlying investments.

8. Interest receivable and similar income

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Interest receivable on loans to Group undertakings	14,154	54,991
	14,154	54,991

Refer Note 14 and 16 for details.

TESCO PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)

9. Interest payable and similar cost

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Interest payable on loans from Group undertakings	7,766	6,656
	7,766	6,656

Refer Note 17 for details.

10. Tax credit on profit

(a) Factors that have affected the tax credit

The standard rate of corporation tax in the UK at the balance sheet date is 19% from 1 April 2017, and 17% from 1 April 2020. This gives a corporation tax rate for the Company for the full period of 19% (2019: 19%). Post the balance sheet date, legislation has been substantively enacted to repeal the reduction of the main corporation tax rate, thereby maintaining the current rate at 19%. These financial statements do not reflect the impact of this change as it was not substantively enacted by the balance sheet date.

(b) Tax credited in the Profit and Loss Account

The analysis of the credit for the period is as follows:

	53 weeks ended 29 February 2020 £'000	52 weeks ended 23 February 2019 £'000
Current income tax:		
UK corporation tax on profit for financial period	-	-
Total current income tax credit/(charge)	-	-
Deferred tax:		
Current period	275	22
Adjustments in respect of prior periods	-	1
Impact of rate change adjustment	(29)	(2)
Total deferred tax credit	246	21
Tax credit in the Profit and Loss Account	246	21

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****10. Tax credit on profit (continued)****(c) Reconciliation of the tax credit**

The differences between the total credit shown above and the amount calculated by applying the blended rate of the UK corporation tax rate to profit is as follows:

	53 weeks ended 29 February 2020	52 weeks ended 23 February 2019
	£'000	£'000
Profit before tax	26,372	68,208
Tax charge at standard UK corporation tax rate of 19% (2019: 19%)	(5,010)	(12,959)
Effects of:		
Expenses not deductible for tax purposes	(2,943)	(4,523)
Other non-deductible items	-	(48)
Non-taxable income	3,058	4,510
Group relief claimed without payment	6,665	14,443
Allowable share of commutation payments	73	-
Adjustments in respect of prior periods	-	1
Taxable share of partnership income	(1,568)	(1,401)
Impact of rate change adjustment	(29)	(2)
Overall tax credit	246	21

11. Deferred tax assets

The following are the deferred tax assets recognised by the Company and movements thereon during the current and prior financial periods measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date:

	Accelerated capital allowances	Short-term timing difference	Total
	£'000	£'000	£'000
At 23 February 2019	(5)	50	45
Origination and reversal of temporary differences			
- In respect of the current period	-	275	275
Change in tax rate	-	(29)	(29)
At 29 February 2020	(5)	296	291

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****11. Deferred tax assets (continued)**

	Accelerated capital allowances	Short-term timing difference	Total
	£'000	£'000	£'000
At 24 February 2018	(4)	28	24
Origination and reversal of temporary differences			
- In respect of the current period	(1)	23	22
- In respect of the prior period	-	1	1
Change in tax rate	-	(2)	(2)
At 23 February 2019	(5)	50	45

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where assets and liabilities relate to income taxes levied by the same taxation authority.

12. Investment properties

	Investment properties £'000
Cost	
At 23 February 2019	368,036
Reclassification	(97)
Disposals	(24)
At 29 February 2020	367,915
Accumulated depreciation and impairment losses	
At 23 February 2019	(44,085)
Charge for the period	(6,828)
Impairment reversal	1,724
Disposals	5
At 29 February 2020	(49,184)
Net book value	
At 29 February 2020	318,731
At 23 February 2019	323,951

The estimated fair value of the Company's investment property as at 29 February 2020 is £390m. This fair value has been determined by management by applying an appropriate rental yield to the rentals earned by the investment properties. A valuation has not been performed by an independent valuer.

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****13. Investments**

	23 February 2020	23 February 2019
	£'000	£'000
Investments in subsidiaries	301,980	270,633
Total investments - non current	301,980	270,633

(a) Investments in subsidiaries

	23 February 2020	23 February 2019
	£'000	£'000
As at the beginning of the period	270,633	268,434
Additions	31,353	16,530
Impairment	(6)	-
Disposals	-	(14,331)
As at the end of the period	301,980	270,633

During the period, the Company made investment of £31,353 in Tesco Atrato Unit Trust (Jersey) Limited.

(b) Details of Group undertakings

A full list of related undertakings and the percentage of each share class owned as at 29 February 2020 are disclosed on pages 20 to 24.

Subsidiary undertakings as at 29 February 2020

Name of Company	Nature of business	Registered Office	Place of incorporation	Share class	% held by Company and subsidiaries	Direct/ Indirect holding
Acklam Management Company Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	-	100	Direct
Berry Lane Management Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	-	100	Direct
Canterbury Road Management Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	-	100	Direct
Highams Green Management Company Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	-	100	Direct

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****13. Investments (continued)****Subsidiary undertakings as at 29 February 2020 (continued)**

Name of Company	Nature of business	Registered Office	Place of Incorporation	Share class	% held by Company and subsidiaries	Direct/ Indirect holding
Orpington (Station Road) Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Station House Welling Management Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	-	100	Direct
Teesport Limited Partnership	Property investment partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.9	Indirect
Teesport Unit Trust	Holding Company	47 Esplanade, St. Helier, Jersey, JE1 OBD	England and Wales	Units	49.95	Indirect
Tesco Aqua (3LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Aqua Unit Trust	Holding Company	47 Esplanade, St. Helier, Jersey, JE1 OBD	England and Wales	Units	80	Direct
Tesco Atrato (1LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Blue (3LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Dorney (1LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Fuchsia (3LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Kirkby (LP) Limited (dissolved on 11/06/2020)	Holding Company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Kirkby (Unitholder1) Limited (Dissolved on 11/06/2020)	Holding Company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Direct

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****13. Investments (continued)****Subsidiary undertakings as at 29 February 2020 (continued)**

Name of Company	Nature of business	Registered Office	Place of Incorporation	Share class	% held by Company and subsidiaries	Direct/ Indirect holding
Tesco Kirkby (Unitholder2) Limited (In Liquidation 22/02/2019)	Holding Company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Lagoon GP Limited	Holding Company	C/O Morton Fraser LLP 5th Floor, Quarter mile Two 2 Lister Square, Edinburgh, Scotland, EH3 9GL Tesco	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Navona (1LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Passaic (1LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Property (Nominees) (No.3) Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	50	Indirect
Tesco Property (Nominees) (No.4) Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	50	Indirect
Tesco Property (Sparta Nominees) Limited	Nominee Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	50	Indirect
Tesco Property Partner (GP No.2) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 A Ordinary Shares	50	Direct
Tesco Red (3LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****13. Investments (continued)****Subsidiary undertakings as at 29 February 2020 (continued)**

Name of Company	Nature of business	Registered Office	Place of Incorporation	Share class	% held by Company and subsidiaries	Direct/in direct holding
Tesco Sarum (1LP) Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco TLB Barnstaple Limited (Dissolved 11/06/2020)	Holding Company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Indirect
Tesco TLB Finance Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 Ordinary shares	100	Indirect
Tesco TLB Nottingham Limited (Dissolved 11/06/2020)	Holding Company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Indirect
Tesco TLB Pontypridd Limited (Dissolved 11/06/2020)	Holding Company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Indirect
Tesco TLB Properties Limited	Holding Company	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	£1.00 A Ordinary shares	100	Direct
				£1.00 B Ordinary shares		
The Tesco Aqua Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	89.820	Indirect
Verulam Properties Limited (Dissolved 11/06/2020)	Investment Property company	1 More London Place, London, SE1 2AF	England and Wales	£1.00 Ordinary shares	100	Direct
Tesco Atrato Unit Trust	Holding Company	47 Esplanade, St Helier, JE1 OBD, Jersey	Units	9,999	99	Direct

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****13. Investments (continued)****Subsidiary undertakings as at 29 February 2020 (continued)**

Name of Company	Nature of business	Registered Office	Place of incorporation	Share class	% held by Company and subsidiaries	Direct/indirect holding
The Tesco Dorney Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.95	Indirect
The Tesco Navona Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.95	Indirect
The Tesco Passaic Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.975	Indirect
The Tesco Red Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	50.39	Indirect
The Tesco Sarum Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.95	Indirect
The Tesco Atrato Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	99.40	Indirect
The Tesco Blue Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.95	Indirect
The Tesco Coral Limited Partnership	Property Investment Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	England and Wales	Limited Partnership	49.95	Indirect

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****14. Debtors: amounts falling due after more than one year**

	29 February 2020	23 February 2019
	£'000	£'000
Amounts owed by Group undertakings	337,121	337,725
	337,121	337,725

Included within amounts owed by Group undertakings is £249,396k (2019: £250,000k) unsecured loan to Tesco Corporate Treasury Services PLC carrying an interest rate of 2.473% and repayable on 15 January 2022 and £87,725k (2019: £87,725k) unsecured loan to Tesco TLB Properties Limited respectively carrying an interest of 2.423% and are repayable on 23 February 2022.

15. Non-current assets classified as held for sale

The following non-current assets are classified as held for sale and included within net assets:

	29 February 2020	23 February 2019
	£m	£m
Non-current assets classified as held for sale	97	-
	97	-

The non-current assets classified as held for sale consist of properties in the UK.

16. Debtors: amounts falling due within one year

	29 February 2020	23 February 2019
	£'000	£'000
Amount owed by joint ventures and associates	108,510	109,662
Amounts owed by Group undertakings	281,940	293,929
	390,450	403,591

In prior period, amounts owed by Group undertakings included £18,487k unsecured loan to Tesco Stores Limited on which interest was charged at 1 year LIBOR (London Interbank Offered Rate) plus 1.0% repayable on demand. The amount was received during the period. Amounts owed by group undertakings also includes £274,593k (£274,249k net of impairment) (2019: £274,594k) unsecured loan to Tesco Corporate Treasury Services PLC at an interest of 1.339% repayable on 18 February 2021. All other amounts are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

17. Creditors: amounts falling due within one year

	29 February 2020	23 February 2019
	£'000	£'000
Deferred revenue	17,303	17,351
Other creditors	-	208
Amounts owed to Group undertakings	145,398	144,684
	162,701	162,243

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****17. Creditors: amounts falling due within one year (continued)**

In prior period, included within amounts owed to Group undertakings was is unsecured, interest free loan from Dorney (1LP) Limited of £6,945 which was repaid during the period. Amounts owed to Group undertakings also includes loan from Tesco Capital No.1 Limited of £121,611k (2019: £119,155k) which is unsecured, on which interest is charged at 1.34% (2019: 2.076%) and repayable on demand. All other amounts are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

18. Creditors: amounts falling due after more than one year

	29 February 2020 £'000	23 February 2019 £'000
Deferred revenue	193,850	211,487
Amounts owed to Group undertakings	215,000	215,000
	408,850	426,487

Included within amounts owed to Group undertaking is an amount of £215,000k (2019: £215,000k) due to Tesco Capital No.1 Limited on which interest is charged at 2.04% (2019: 2.423%) repayable on 23 February 2022.

19. Called up share capital

	29 February 2020 £'000	23 February 2019 £'000
Allotted, called up and fully paid:		
66,529,675 Ordinary shares of £1 each (2019: 66,529,675 Ordinary shares of £1 each)	-	-
Opening balance	66,530	50,000
Issued during the period	-	16,530
Closing balance	66,530	66,530

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights and confer rights of redemption.

On 24 January 2019 and 19 February 2019, the Company issued 150,000 and 16,379,675 ordinary shares for £150,000 and £16,379,675 to its holding company, Tesco Holdings Limited (after deducting expenses of £nil).

TESCO PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
29 FEBRUARY 2020 (continued)****20. Receivables under operating lease**

Total future minimum lease receivables under non-cancellable operating leases are as follows:

	29 February 2020	23 February 2019
	£'000	£'000
Within 1 year	17,303	17,351
2 to 5 years	69,212	69,403
After 5 years	124,637	142,083
	211,152	228,837

21. Related party transactions

During the period the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group. Transactions entered into with other related parties in the group which are not wholly owned subsidiaries, are as follows:

Entity	Relationship	Transactions and balances
The Tesco Coral Limited Partnership	JV with Universities Superannuation Scheme	Amount receivable from The Tesco Coral Limited Partnership as at the period end is £108,510k (2019: £109,662k).

22. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Tesco Holdings Limited.

The Company's ultimate parent company and controlling party is Tesco PLC, which is registered in England and Wales. The results of the Company are included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC Annual Report and Financial Statements 2020 can be obtained from the Company Secretary at the registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

23. Events after the reporting period

In light of the COVID-19 pandemic, the Company has considered whether any adjustments are required to reported amounts in the financial statements. As at the balance sheet date, no global pandemic had been declared, the UK was still in the 'containment' phase, large global share price falls had not yet occurred, and larger-scale outbreaks had not occurred in countries where the company operates. The full ramifications of COVID-19, and the extent of Government interventions in response, were not apparent.

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March, the UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The first large falls in stock markets occurred in early March, and Tesco introduced a '3 items only' limit on purchases on 19 March in response to customer demand. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events.

Subsequent to the year end, on 15 May the Company agreed to transfer the title of a property to Tesco Stores Limited for expected consideration of £49m and approximate profit of £26m. This represents a non-adjusting post-balance sheet event.