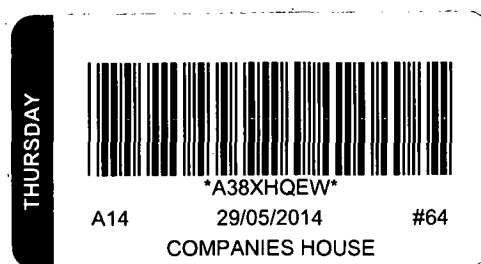

TBL (Bromley) Limited

Annual Report and Accounts

Year ended 31 December 2013



Company number: 3840206

TBL (Bromley) Limited

STRATEGIC REPORT for the year ended 31 December 2013

Principal activities

The company is a wholly owned subsidiary of Tesco BL Properties Limited which operates as a constituent of the Tesco BL Holdings Limited Group of companies ("the Group"). Tesco BL Holdings Limited operates as a joint venture between Tesco PLC and British Land (Joint Ventures) Limited, a subsidiary of The British Land PLC. The company's principal activity is property investment in the United Kingdom (UK).

Business review

As shown in the company's profit and loss account on page 5, the company's turnover has remained consistent with the prior year and profit before tax has remained consistent with the prior year.

Dividends of £584,598 (2012: £592,075) were paid in the year.

The value of the investment properties held as at 31 December 2013 has remained consistent with the prior year, due to no revaluation movement in the year.

The balance sheet on page 6 shows that the company's financial position at the year end is, in net asset terms, consistent with the prior year.

Risk management

This company is part of a large property investment Group. As such, the fundamental underlying risks for this company are those of the property Group as discussed below.

The company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation;
- engagement of development contractors with strong covenants; and
- environmental and health and safety policies.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The company's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

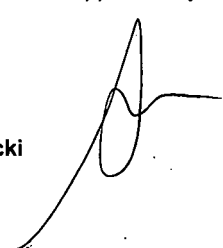
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In order to manage this risk, management regularly monitors all amounts that are owed to the Group.

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the company has enough resources to repay all future amounts outstanding.

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements.

This report was approved by the Board on 28 May 2014

S Barzycki
Director



**REPORT OF THE DIRECTORS
for the year ended 31 December 2013**

The directors submit their report and financial statements for the year ended 31 December 2013.

Directors

The directors who served throughout the year were:

S M Barzycki
A E Clark
J A Hartley
B Lewis
J M Lloyd
H E Lu
C S A Maudsley
T A Roberts

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 year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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.

TBL (Bromley) Limited

**REPORT OF THE DIRECTORS
for the year ended 31 December 2013**

Disclosure of information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

Details of significant events since the balance sheet date, if any, are set out in note 13.

Auditor

Deloitte LLP was the auditor of the company for the year ended 31 December 2013. Subsequent to the year end PricewaterhouseCoopers LLP was appointed auditor for the year ending 31 December 2014.

This report was approved by the Board on 28 May 2014



N Ekpo
Secretary

TBL (Bromley) Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TBL (Bromley) Limited
for the year ended 31 December 2013**

We have audited the financial statements of TBL (Bromley) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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).

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.

Respective responsibilities of directors and auditor

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. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its 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.

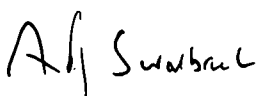
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Andrew Swarbrick BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK

28 May 2014

TBL (Bromley) Limited

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013**

	Note	2013 £	2012 £
Turnover			
Rental income		1,361,189	1,361,480
Total turnover		<u>1,361,189</u>	<u>1,361,480</u>
Cost of sales		(6,668)	(3,135)
Gross profit		<u>1,354,521</u>	<u>1,358,345</u>
Operating profit		<u>1,354,521</u>	<u>1,358,345</u>
Profit on ordinary activities before interest		<u>1,354,521</u>	<u>1,358,345</u>
Interest receivable			
External - other		-	9,533
Interest payable			
Group		(776,354)	(773,172)
Profit on ordinary activities before taxation	2	<u>578,167</u>	<u>594,706</u>
Taxation	4	(67,202)	(57,766)
Profit for the financial year	9	<u><u>510,965</u></u>	<u><u>536,940</u></u>

Turnover and results are derived from continuing operations within the United Kingdom. The company has only one significant class of business, that of property investment in the United Kingdom.

There were no recognised gains and losses for the current financial year or the preceeding financial year other than as shown in the profit and loss account. Accordingly no statement of total recognised gains and losses has been prepared.

TBL (Bromley) Limited**BALANCE SHEET
as at 31 December 2013**

	Note	2013 £	£	2012 £	£
Fixed assets					
Investment properties	5	26,500,000		26,500,000	
		<u>26,500,000</u>		<u>26,500,000</u>	
Current assets					
Debtors - due within one year	6	409,852		-	
		<u>409,852</u>		<u>-</u>	
Creditors due within one year	7	(14,702,460)		(14,218,975)	
		<u>(14,702,460)</u>		<u>(14,218,975)</u>	
Net current liabilities		(14,292,608)		(14,218,975)	
Total assets less current liabilities		<u>12,207,392</u>		<u>12,281,025</u>	
Net assets		<u>12,207,392</u>		<u>12,281,025</u>	
Capital and reserves					
Called up share capital	8	1		1	
Revaluation reserve	9	11,875,633		11,875,633	
Profit and loss account	9	331,758		405,391	
Shareholders' funds	9	<u>12,207,392</u>		<u>12,281,025</u>	

The financial statements of TBL (Bromley) Limited, company number 3840206, were approved by the Board of Directors on *28 May* 2014 and signed on its behalf by:

S Barzycki
Director

TBL (Bromley) Limited

Notes to the accounts for the year ended 31 December 2013

1. Accounting policies

The principal accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current and previous year.

Accounting basis

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments.

Basis of preparation

The Group, of which this company is a subsidiary, funds its activities in part by external bank debt; the current loan facility was refinanced in the year to December 2009, for a further five years. The company is financed by a loan from its immediate parent company, Tesco BL Properties Limited.

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Cash flow statement

The company is exempt under FRS 1 (Revised) from preparing a cash flow statement.

Properties

Properties are externally valued on an open market basis at the balance sheet date. Investment and development properties are recorded at valuation. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. Disposals are recognised on completion: profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment property. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. A property ceases to be treated as a development on practical completion.

In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

TBL (Bromley) Limited

Notes to the accounts for the year ended 31 December 2013

1. Accounting policies (continued)

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are not taxable (or tax deductible). In particular the Group (including this company) issued a notice on 28 February 2008 for a REIT (Joint Venture Groups) election which essentially came into force with retrospective effect from 1 January 2007. The REIT election allows for 50% of specified income and gains on qualifying assets to be exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Net rental income

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the shorter period of the lease term or until the next rent review date. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date.

Where a lease incentive payment, including surrender premiums paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned is immediately reflected in income.

TBL (Bromley) Limited

**Notes to the accounts
for the year ended 31 December 2013**

2. Profit on ordinary activities before taxation

Auditor's remuneration

A notional charge of £2,000 (2012: £2,000) per company is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid by Tesco BL Properties Limited.

No non-audit fees (2012 : £nil) were paid to Deloitte LLP.

3. Staff costs

No director received any remuneration for services to the company in either year.

Average number of employees, excluding directors, of the company during the year was nil (2012 - nil).

4. Taxation	2013	2012
	£	£
Current tax		
UK corporation tax	67,202	74,011
Adjustments in respect of prior years		(16,245)
Total current taxation charge	67,202	57,766
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax credit	-	-
Total taxation charge	67,202	57,766
Tax reconciliation		
Profit on ordinary activities before taxation	578,167	594,706
Tax on profit on ordinary activities at UK corporation tax rate of 23.25% (2012: 24.5%)	134,404	145,687
Effects of:		
REIT exempt income and gains	(67,202)	(71,676)
Adjustments in respect of prior years		(16,245)
Current tax charge	67,202	57,766

Where the company currently owns properties, further taxation that might become payable if the properties were sold at open market value is estimated at £0.5m (2012: £0.6m).

This unprovided taxation could be reduced by tax losses, the amount and availability of which is currently uncertain.

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

TBL (Bromley) Limited

**Notes to the accounts
for the year ended 31 December 2013**

5. Investment properties

**Total
£**

At valuation

1 January 2013

26,500,000

31 December 2013

26,500,000

Analysis of cost and valuation

31 December 2013

Cost

14,624,367

Revaluation

11,875,633

Net book value

26,500,000

1 January 2013

Cost

14,624,367

Revaluation

11,875,633

Net book value

26,500,000

Properties were valued as at 31 December 2013 by CB Richard Ellis Limited on the basis of Market Value, in accordance with the RICS Valuation – Professional Standards 2012, Eighth Edition, published by The Royal Institution of Chartered Surveyors.

Properties valued at £26,500,000 (2012 : £26,500,000) were charged to secure the borrowings of the immediate holding company, Tesco BL Properties Limited.

TBL (Bromley) Limited

**Notes to the accounts
for the year ended 31 December 2013**

6. Debtors

2013
£

2012
£

Current debtors receivable within one year

Trade debtors

408,357

-

Prepayments and accrued income

1,495

-

409,852

-

7. Creditors due within one year

2013
£

2012
£

Amounts owed to Group companies - current accounts

14,320,643

13,837,251

Other taxation and social security

67,986

67,895

Accruals and deferred income

313,831

313,830

14,702,460

14,218,976

TBL (Bromley) Limited

Notes to the accounts
for the year ended 31 December 2013

8. Share capital

2013	2012
£	£

Issued share capital - allotted, called up and fully paid

Ordinary Shares of £1.00 each

Balance as at 1 January and as at 31 December : 1 share

<u>1</u>	<u>1</u>
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TBL (Bromley) Limited

**Notes to the accounts
for the year ended 31 December 2013**

9. Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	1	11,875,633	405,391	12,281,025
Profit for the financial year	-	-	510,965	510,965
Dividends	-	-	(584,598)	(584,598)
Closing shareholders' funds	<u>1</u>	<u>11,875,633</u>	<u>331,758</u>	<u>12,207,392</u>

TBL (Bromley) Limited

**Notes to the accounts
for the year ended 31 December 2013**

10. Capital commitments

The company had capital commitments contracted as at 31 December 2013 of £nil (2012 : £nil).

11. Contingent liabilities

The company is jointly and severally liable with Tesco BL Properties Limited and the fellow subsidiaries of this company for all monies falling due under the group VAT registration.

12. Related parties

Related party disclosures noted below are in respect of transactions between the company and its related parties as defined by Financial Reporting Standard 8.

Rental income of £1.4 (2012 1.4m) included in the profit and loss account (see page 5) represents rent received from Tesco Stores Limited. Tesco Stores Limited is a wholly owned subsidiary of Tesco PLC. Both Tesco PLC and British Land (Joint Ventures) Limited, a subsidiary of The British Land Company PLC, are joint venture partners of Tesco BL Holdings Limited. The company is a wholly owned subsidiary of Tesco BL Holdings Limited.

13. Subsequent events

There have been no significant events since the year end.

14. Immediate parent and ultimate holding company

The immediate parent company is Tesco BL Properties Limited.

The ultimate holding company is Tesco BL Holdings Limited, a joint venture between British Land (Joint Ventures) Limited, a subsidiary of The British Land Company PLC and Tesco PLC. Tesco BL Holdings Limited is incorporated in England and Wales.

Tesco BL Properties Limited is the smallest Group and Tesco BL Holdings Limited is the largest Group for which Group accounts are available and which include the company. The accounts of Tesco BL Properties Limited and Tesco BL Holdings Limited can be obtained from The British Land Company PLC, York House, 45 Seymour Street, London W1H 7LX.