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**TESCO PROPERTY (NOMINEES) (NO 1) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 26 FEBRUARY 2007**

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## **DIRECTORS' REPORT**

### **Directors' Report for the year ended 26 February 2007**

The directors present their report and the audited financial statements of Tesco Property (Nominees) (No 1) Limited for the year ended 26 February 2007

### **Business review and principal activities**

The principal activity of the company is to act as a nominee company within the Tesco PLC group

### **Future Outlook**

The company performed in line with expectations during the year. The directors envisage that it will continue to perform satisfactorily

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integral with those of the Tesco PLC group of which it is a member, such risks are not managed separately within the company itself. These risks are discussed on page 16 of the Tesco PLC group annual report which does not form part of this report

### **Key performance indicators**

Given the straightforward nature of its 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

### **Research and development**

The company does not undertake any research and development activities

### **Employees**

The company had no employees during the year (2006 nil) and subsequently

### **Directors and their interests**

The following directors served during the year, and subsequently

SFM Directors Limited  
SFM Directors (No 2) Limited

None of the directors had any disclosable beneficial interests in the company

### **Company Secretary**

SFM Corporate Services Limited served as company secretary during the year, and subsequently

**DIRECTORS' REPORT (continued)**

**Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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). The financial statements are required by law to 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 those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, 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, in which case there will be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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.

**Disclosure of information to auditors**

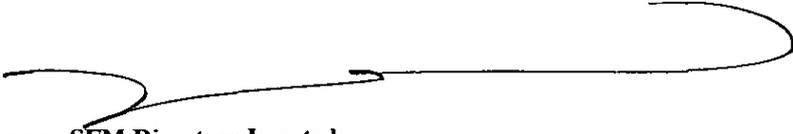
Each director who is a director at the date of approval of this report confirms that

- so far as the director is aware there is no relevant information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and
- to establish that the company's auditors are aware of that information

**Auditors**

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board on 24 August 2007



**per pro SFM Directors Limited**  
Director

Tesco Property (Nominees) (No 1) Limited  
Registered number 4966637

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO PROPERTY (NOMINEES) (No 1) LIMITED

We have audited the financial statements of Tesco Properties (Nominees) (No 1) Limited for the year ended 26 February 2007 which comprise the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 February 2007 and of its results for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
St Albans

29<sup>th</sup> August 2007

TESCO PROPERTY (NOMINEES) (NO 1) LIMITED

**BALANCE SHEET AS AT 26 FEBRUARY 2007**

	Note	2007 £	2006 £
<b>CURRENT ASSETS</b>			
Debtors	3	1	1
<b>NET CURRENT ASSETS</b>		1	1
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1	1
<b>NET ASSETS</b>		1	1
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	1	1
<b>EQUITY SHAREHOLDERS FUNDS</b>		1	1

The notes on pages 5 to 6 form part of these financial statements

The financial statements on pages 4 to 6 were approved by the directors on 24 August 2007 and were signed on its behalf by



per pro SFM Directors Limited  
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2007

**1. ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

The financial statements are prepared on the going concern basis in accordance with applicable United Kingdom accounting standards, under the historical cost convention, and in accordance with the Companies Act 1985

The Profit and Loss Statement has not been prepared because the company is non trading and therefore has incurred neither profit nor loss

**Changes in accounting policies**

During the year, the company adopted the FRS 20 "Share-based Payment" in the preparation of the financial statements. The adoption of this standard did not have any impact on the shareholders' funds of the company

**2. OPERATING PROFIT**

The directors received no emoluments in respect of their services to the company during the year

There were no employees of the company during the year

Auditors' remuneration for the year has been borne by another company

**3. DEBTORS**

	2007 £	2006 £
Amount owed by parent undertaking	1	1
	<hr/> 1	<hr/> 1

**4. CALLED UP SHARE CAPITAL**

	2007 £	2006 £
Authorised, called up and unpaid		
1 ordinary share of £1	1	1
	<hr/> 1	<hr/> 1

The £1 is reflected in the debtor figure

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2007  
(CONTINUED)**

**5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED  
26 FEBRUARY 2007**

	2007	2006
	£	£
Issue of ordinary share capital	-	1
Profit for the year	-	-
Opening shareholders funds	1	-
Closing shareholders funds	1	1

**6. ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is Tesco Property (Nominees) Limited incorporated in Great Britain and registered in England and Wales

The ultimate parent company is Tesco Property Partner (GP) Limited which is incorporated in Great Britain and registered in England and Wales. Tesco Property Partner (GP) Limited, is a joint venture owned by Tesco PLC and the Topland group. This is the parent undertaking of the smallest and largest group to consolidate these financial statements

The registered office of Tesco Property Partner (GP) Limited is Tesco House, Delamare Road Cheshunt Hertfordshire EN8 9SL

**7. RELATED PARTY TRANSACTIONS**

Tesco Property (Nominees) (No 1) Limited is part of the Tesco PLC group. No transactions impacting the Profit and Loss Statement were recorded with related parties during the year. There is an amount of £1 due from Tesco Property Partner (GP) Limited, which is repayable on demand.

**8. POST BALANCE SHEET EVENT**

A number of changes to the United Kingdom Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the Balance Sheet date and, therefore, are not included in these financial statements. This non-adjusting post Balance Sheet event has no material impact on the financial statements.