

BLT BARNSTAPLE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Registered number: 04967623

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BLT BARNSTAPLE LIMITED

DIRECTORS' REPORT

Directors' Report for the year ended 31 December 2007

The directors present their report and audited financial statements of BLT Barnstaple Limited ("the company") for the year ended 31 December 2007

Business review and principal activities

The principal activity of the company is that of property investment

The results for the year show a pre-tax loss of £273,000 (2006 £10,000) The directors do not recommend the payment of a dividend (2006 £nil)

The investment property portfolio of the company was valued at £25,650,000 on an open market basis by Knight Frank, Chartered Surveyors as at 31 December 2007

Key performance indicators

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

Research and development

The company does not undertake any research and development activities

Employees

The company had no employees during the year (2006 none)

Directors and their interests

The following directors served during the year

| | |
|------------|---|
| S Barzycki | (appointed as alternate to M Stirling 31 December 2007) |
| R Bowden | (resigned 31 December 2007) |
| A Clark | (alternate to N Maurant) |
| N Earp | |
| A Jones | (alternate to T Roberts) |
| N Maurant | |
| M Stirling | (appointed 31 December 2007) |
| J Rennie | (resigned 30 November 2007) |
| T Roberts | |
| M Witham | (appointed as alternate to N Earp 30 November 2007) |

None of the directors had any interest in the share capital of the company during the year

BLT BARNSTAPLE LIMITED

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 year. 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 year.

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, and
- 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

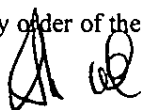
Each director who is a director at the date of approval of this Annual Report confirms that

- 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



Director
BLT Barnstaple Limited
Registered Number 04967623



29 May

2008

BLT BARNSTAPLE LIMITED



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLT BARNSTAPLE LIMITED

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 845039

We have audited the financial statements of BLT Barnstaple Limited for the year ended 31 December 2007 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders Funds 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 judgements 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 31 December 2007 and of its loss 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

29 May 2008

BLT BARNSTAPLE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

| | Notes | 2007 £'000 | 2006 £'000 |
|--|-------|---------------|---------------|
| Rental income | | 1,368 | 1,104 |
| Operating profit | 2 | 1,368 | 1,104 |
| Interest payable and similar charges | 3 | (1,095) | (1,094) |
| Profit on ordinary activities before taxation | | 273 | 10 |
| Tax on profit on ordinary activities | 4 | (314) | (3) |
| (Loss)/profit for the financial year | | (41) | 7 |
| (Loss)/retained profit for the financial year | | (41) | 7 |

The notes on pages 7 to 10 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

| | 2007 £'000 | 2006 £'000 |
|---|----------------|---------------|
| (Loss)/Profit for the financial year | (41) | 7 |
| Unrealised (loss)/surplus on revaluation of properties | (1,650) | 3,350 |
| Total recognised (losses)/gains since the last Annual Report | (1,691) | 3,357 |

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 31 DECEMBER 2007

| | 2007 £'000 | 2006 £'000 |
|--|----------------|---------------|
| Opening shareholder's funds | 8,422 | 5,065 |
| (Loss)/profit for the financial year | (41) | 7 |
| Revaluation of properties | (1,650) | 3,350 |
| Net (reduction)/addition to shareholder's funds | (1,691) | 3,357 |
| Closing shareholder's funds | 6,731 | 8,422 |

The notes on pages 7 to 10 form part of these financial statements

BLT BARNSTAPLE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

| | Notes | 2007 £'000 | 2006 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible fixed assets | 5 | 25,650 | 27,300 |
| Current assets | | | |
| Debtors | 6 | 5,096 | 3,684 |
| | | 5,096 | 3,684 |
| Creditors - amounts falling due within one year | 7 | (24,015) | (22,562) |
| Net current liabilities | | (18,919) | (18,878) |
| Total assets less current liabilities | | 6,731 | 8,422 |
| Net assets | | 6,731 | 8,422 |
| Capital and reserves | | | |
| Called up share capital | 8 | - | - |
| Profit and loss reserve | 9 | (59) | (18) |
| Revaluation reserve | 9 | 6,790 | 8,440 |
| Equity shareholder's funds | | 6,731 | 8,422 |

The notes on pages 7 to 10 form part of these financial statements

The financial statements on pages 5 to 10 were approved by the board of directors on 29 Mar 2008 and were signed on its behalf by


Director



BLT BARNSTAPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the going concern basis in accordance with applicable accounting standards and the Companies Act 1985, under the historical cost convention, with the exception of investment properties, which are stated at open market valuation, in accordance with the Statement of Standard Accounting Practice 19. The principal accounting policies are set out below.

In accordance with FRS1 (Revised), the company being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself.

Investment properties

Investment properties are independently valued each year on an open market basis. Any surplus or deficit arising is taken to the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

In accordance with SSAP 19, no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the directors, necessary to show a true and fair view. The financial effect of this departure cannot be reasonably quantified, as amortisation or 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.

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis.

Taxation

The amount included in the Profit and Loss account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date and which could give rise to an obligation to pay more or less taxation in the future. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is 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. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws substantively enacted at the Balance Sheet date.

BLT BARNSTAPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

2. OPERATING PROFIT

The directors received no emoluments for their services to the company (2006 £nil)

The company had no employees during the year (2006 none)

The auditors' remuneration for the current and prior year was borne by another group company

3. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2007 £'000 | 2006 £'000 |
|---------------------|---------------|---------------|
| Interest payable on | | |
| Intra group loan | 1,095 | 1,094 |
| | 1,095 | 1,094 |

4. TAXATION

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| Current Tax | | |
| Corporation tax at 30% | 314 | 3 |
| Taxation on profit on ordinary activities | 314 | 3 |

| | 2007 £'000 | 2006 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 273 | 101 |
| Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%) | 82 | 3 |
| REIT conversion charge | 273 | - |
| REIT exempt income and gains | (41) | - |
| Taxation on profit on ordinary activities | 314 | 3 |

The tax assessed for the year is the standard rate of corporation tax² in the UK of 30% (2006 30%)

BLT BARNSTAPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

5. TANGIBLE FIXED ASSETS

| | 2007 £'000 | 2006 £'000 |
|-----------------------------|---------------|---------------|
| As at 1 January | 27,300 | 23,950 |
| Revaluation during the year | (1,650) | 3,350 |
| Valuation | | |
| As at 31 December | 25,650 | 27,300 |

The investment properties were valued on the basis of open market value, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, at 31 December 2007 by Knight Frank

6. DEBTORS

| | 2007 £'000 | 2006 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 5,096 | 3,684 |
| | 5,096 | 3,684 |

All debtors are receivable after one year. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2007 £'000 | 2006 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 23,401 | 22,304 |
| Accruals and deferred income | 300 | 255 |
| Corporation tax | 314 | 3 |
| | 24,015 | 22,562 |

Amounts owed to group undertakings relates to a loan from BLT Finance Limited which is an interest bearing loan at LIBOR plus a margin of 0.65 per cent per annum.

8. CALLED UP SHARE CAPITAL

| | 2007 £ | 2006 £ |
|------------------------------------|-----------|-----------|
| Authorised | | |
| | 1,000 | 1,000 |
| Allotted, called up and fully paid | 1 | 1 |

BLT BARNSTAPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

9. RESERVES

| | Revaluation Reserve £'000 | Profit & Loss Reserve £'000 |
|-----------------------------|---------------------------------|-----------------------------------|
| As at 1 January 2007 | 8,440 | (18) |
| Property revaluation | (1,650) | - |
| Loss for the financial year | - | (41) |
| As at 31 December 2007 | 6,790 | (59) |

10. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent company is BLT Properties Limited, which is the parent company of the largest and smallest group within which the results of the company are included by full consolidation. The share capital of BLT Properties Limited is held equally by Tesco PLC and British Land (Joint Ventures) Limited, which is a wholly owned subsidiary of the British Land Company PLC. Tesco PLC and The British Land Company PLC are both companies incorporated in Great Britain and registered in England and Wales.

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in FRS8 – Related Party Transactions not to disclose transactions within the BLT Properties Limited Group.

During the year the company received rental income from Tesco PLC of £1,368,000 (2006: £1,104,000).

12. POST BALANCE SHEET EVENTS

A number of changes to the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of these changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the 2008 Finance Act. The impact of these changes will be recognised in the period in which the 2008 Finance Act becomes substantively enacted, which is expected to be in the year to 31 December 2008. This non-adjusting post balance sheet event has no material impact on the financial statements.