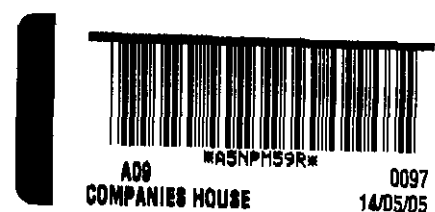


BLT PONTYPRIDD LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



Company Number: 04967625

BLT PONTYPRIDD LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2004.

Principal activity

The principal activity of the company is that of property investment.

Review of the business.

The investment property portfolio of the company was valued at £23,200,000 on an open market basis by ATIS Real Weatheralls, Chartered Surveyors as at 31 December 2004.

Results and dividends

The company's loss after taxation for the period was £28,000 (2003 loss £3,000). The directors do not recommend the payment of a dividend for the year (2003 Nil).

Directors and their interests

The following directors served during the year:

R Bowden	
C Metliss	
S Barzycki	(Alternate to C Metliss)
P Clarke	(Alternate to R Bowden)
N Earp	
N Mourant	Resigned as alternative to R Howell on 30 April 2004; Appointed on 11 June 2004
A Clark	(Alternate to N Mourant – appointed 11 June 2004)
J Rennie	(Alternate to N Earp)
R Howell	Resigned as 'A' Director on 30 April 2004

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

BLT PONTYPRIDD LIMITED

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for the financial period.

The directors consider that in preparing the financial statements on pages 4 to 11 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.


The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the annual general meeting.

By order of the Board on 10 MAY 2005



C Philp
Secretary

BLT Pontypridd Limited
10 Cornwall Terrace
Regent's Park
London NW1 4QP

_____ 2005

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLT PONTYPRIDD LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

13 May 2005

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

BLT PONTYPRIDD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Rental income		1,254	120
<hr/>			
OPERATING PROFIT	2	1,254	120
Net Interest Payable	3	(1,294)	(124)
<hr/>			
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(40)	(4)
Taxation on loss on ordinary activities	4	12	1
<hr/>			
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(28)	(3)
<hr/>			
RETAINED LOSS FOR THE PERIOD		(28)	(3)

Turnover and results are derived from continuing operations in the United Kingdom.

The company has no recognised gains or losses other than those disclosed in the profit and loss account above.

The notes on pages 7 to 11 form part of these financial statements.

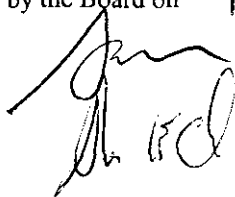
BLT PONTYPRIDD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible fixed assets	5	23,200	21,500
		23,200	21,500
CURRENT ASSETS			
Debtors	6	1,676	411
		1,676	411
CREDITORS (amounts falling due within one year)	7	(23,207)	(21,914)
NET CURRENT LIABILITIES		(21,531)	(21,503)
<hr/>			
TOTAL ASSETS LESS CURRENT LIABILITIES		1,669	(3)
<hr/>			
NET ASSETS / (LIABILITIES)		1,669	(3)
<hr/>			
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account	9	(31)	(3)
Revaluation Reserve	9	1,700	-
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EQUITY SHAREHOLDERS' FUNDS		1,669	(3)

Approved by the Board on

10 MAY 2005



Director

S. M. Barzycki

Director

A. E. Clark

The notes on pages 7 to 11 form part of these financial statements.

BLT PONTYPRIDD LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£'000	£'000
Loss for the financial year	(28)	(3)
Unrealised surplus on revaluation of properties	1,700	-
Total gains and losses in the year	1,672	(3)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£'000	£'000
Loss on ordinary activities before taxation	(28)	(3)
Revaluation of properties	1,700	-
Net addition to shareholders' funds	1,672	(3)
Opening shareholders' funds	(3)	-
Closing shareholders' funds	1,669	(3)

The notes on pages 7 to 11 form part of these financial statements.

BLT PONTYPRIDD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards, 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.

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

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Deferred tax

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

BLT PONTYPRIDD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

1 ACCOUNTING POLICIES (continued)

Operating Lease Incentives

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements.

In accordance with UITF28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is spread evenly over the period. The cost of other incentives is spread on a straight-line basis over a similar period.

2 OPERATING PROFIT

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

There were no employees of the company during the period.

Audit fees are borne by the immediate parent company.

3 NET INTEREST PAYABLE

	2004 £'000	2003 £'000
Interest payable on:		
Intra group loan	1,294	124
	1,294	124

BLT PONTYPRIDD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

4 TAXATION

	2004 £'000	2003 £'000
Current Tax		
Corporation tax at 30%	(12)	(1)
Taxation on loss on ordinary activities	(12)	(1)

The tax assessed for the year is the standard rate of corporation tax in the UK of 30.% (2003 – 30%)

Further taxation that might become payable if the properties were sold at open market value is estimated at £2.3m (2003 1.6m)

5 TANGIBLE ASSETS

	2004 £'000	2003 £'000
As at 1 January	21,500	-
Transferred from group undertakings	-	21,500
Revaluation during the year.	1,700	-
Valuation:		
As at 31 December	23,200	21,500

The investment property was 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 2004 by ATIS Real Weatheralls. The historical cost of the property to the company was £21,500,000.

BLT PONTYPRIDD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

6 DEBTORS

	2004 £'000	2003 £'000
Amounts owed from group undertakings	1,663	410
Corporation Tax	13	1
	1,676	411

All debtors are receivable after one year.

7 CREDITORS

Amounts falling due within one year:

	2004 £'000	2003 £'000
Amounts owed to group undertakings	22,918	21,625
Accruals and deferred income	289	289
	23,207	21,914

Amounts owed to group undertakings relates to a loan from BLT Finance Limited which is an interest bearing loan of 5bpts above LIBOR plus a margin of 0.6 percent per annum.

BLT PONTYPRIDD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004 (continued)

8 CALLED UP SHARE CAPITAL

	2004 No.	2004 £	2003 No.	2003 £
Authorised during the year				
Ordinary Shares of £1	1,000	1,000	1,000	1,000
Called up and fully paid during the year				
Ordinary Shares of £1	1	1	1	1

9 RESERVES

	Revaluation Reserve £'000	Profit & Loss Reserve £'000
As at 1 January 2004	-	(3)
Loss for the period	-	(28)
Property Revaluation	1,700	-
As at 31 December 2004	1,700	(31)

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 £1,254,000 (2003 £120,000)