CLIFTON MOOR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 17 MONTHS ENDED 31 DECEMBER 2007

Registered Number: 05268531

CLIFTON MOOR LIMITED

DIRECTORS' REPORT

Directors' Report for the 17 month period ended 31 December 2007

The dırectors present theır report and audıted financıal statements of Clıfton Moor Lımıted (the "company") for the 17 months ended 31 December 2007

Business review and principal activities

The prıncıpal actıvıty of the company ıs that of property ınvestment

Clıfton Moor Lımıted ıs a subsıdıary of Shoppıng Centres Lımıted whıch ıs owned 50% by Tesco PLC and 50% by Slough Estates Lımıted

The accountıng reference date has changed from 31 July 2007 to 31 December 2007 to brıng ın lıne wıth the group accountıng date

The results for the 17 months show a pre-tax profit of £1 36m (9 months to 31 July 2006 £0 4m) The dırectors do not recommend the payment of a dıvıdend (2006 £nıl)

The company had net assets at the perıod end of £1 2m (2006 £1 3m)

Future outlook

The company's level of trade ıs expected to contınue throughout 2008 and the current performance levels should be maıntaıned

Principal risks and uncertainties

The management of the busıness and the executıon of the company's strategy are subject to a number of rısks The key busıness rısks and uncertaıntıes affectıng the company are consıdered to relate to UK economıc and market condıtıons

Key performance indicators

Gıven the straıghtforward nature of the busıness, the dırectors are of the opınıon that analysıs usıng key performance ındıcators ıs not necessary for an understandıng of the development, performance or posıtıon of the busıness

Research and development

The company does not undertake any research and development actıvıtıes

Employees

The company had no employees durıng the 17 month perıod (2006 none)

Directors and their interests

The followıng dırectors served durıng the perıod and up to the date of sıgnıng the financıal statements

G Osborn	
J Heawood	(resıgned on 11 August 2008)
N Earp	(resıgned on 22 February 2008)
N Mourant	
S Rıgby	(appoınted on 22 February 2008)

None of the dırectors had any dısclosable ınterests ın the company durıng the 17 month perıod

CLIFTON MOOR LIMITED

DIRECTORS' REPORT

Directors' Report for the period ended 31 December 2007 (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 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, 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

Statement on 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 audit 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

Independent 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, 19 August 2008

N Mourant
Director
Clifton Moor Limited
Registered Number 05294243

PRICEWATERHOUSECOOPERS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLIFTON MOOR 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 Clifton Moor Limited for the 17 months ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 profit for the 17 months 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

20 August *2008*

CLIFTON MOOR LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 17 MONTHS ENDED 31 DECEMBER 2007

	Notes	17 months to 31 December 2007 £'000	9 months to 31 July 2006 £'000
Rental ıncome		**5,801**	2,139
Rental expendıture		**(343)**	-
Gross profit		**5,458**	2,139
Amounts provıded agaınst ınvestment		**(12)**	-
Admınıstratıve expenses		**(551)**	(441)
Operating profit	2	**4,895**	1,698
Net Interest payable	3	**(3,540)**	(1,293)
Profit on ordinary activities before taxation		**1,355**	405
Tax on profit on ordınary actıvıtıes	4	**(410)**	(122)
Retaıned profit for the financial perıod		**945**	283

There ıs no dıfference between the profit on ordınary actıvıtıes before taxatıon and the profit for the financıal perıod stated above and theır hıstorıcal cost equıvalents

All operatıons are contınuıng for the financıal perıod

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 17 MONTHS ENDED 31 DECEMBER 2007

	17 months to 31 December 2007 £'000	9 months to 31 July 2006 £'000
Profit for the financıal perıod	**945**	283
(Deficıt) / Surplus on revaluatıons of propertıes	**(995)**	995
Total recognısed (losses) / gaıns ın the financıal perıod	**(50)**	1,278

CLIFTON MOOR LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	31 December 2007 £'000	31 July 2006 £'000
Fixed assets			
Tangible fixed assets	5	**73,000**	74,000
		73,000	74,000
Current assets			
Debtors - due within one year	6	**5,529**	113
		5,529	113
Creditors – amounts falling due within one year	7	**(27,990)**	(23,577)
Net current liabilities		**(22,461)**	(23,464)
Total assets less current liabilities		**50,539**	50,536
Creditors – amounts due after more than one year	8	**(49,310)**	(49,257)
Net assets		**1,229**	1,279
Capital and reserves			
Called up share capital	9	**1**	1
Revaluation Reserve	10	**-**	995
Profit and loss reserve	10	**1,228**	283
Total equity shareholder's funds	11	**1,229**	1,279

The financial statements on pages 5 to 11 were approved by the board of directors on 19 August 2008 and were signed on its behalf by

N Mourant
Director
Clifton Moor Limited
Registered Number 05294243

NOTES TO THE FINANCIAL STATEMENTS FOR THE 17 MONTHS ENDED 31 DECEMBER 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, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 The principal accounting policies which have been applied consistently are set out below

Cash flow statement

The company is a wholly owned subsidiary of Shopping Centres Limited and is included in the consolidated financial statements of Shopping Centres Limited, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at 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 periods in which timing differences reverse, based on tax rates and laws substantively enacted at the Balance Sheet date

Investment properties

Investment properties are independently valued each period 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

Amortisation of debt issue costs

Under the provisions of FRS 4 'Capital Instruments', costs associated with the raising of long term finance for the company are netted off against the gross loan amount The costs are being amortised over a five year period on a straight-line basis, in line with the year over which the finance will be repaid

1. ACCOUNTING POLICIES (continued)

Taxation

The amount included in the Profit and Loss account is based on the profit 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

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis

2. OPERATING PROFIT

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

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

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

3. NET INTEREST PAYABLE

	17 months to 31 December 2007 £'000	9 months to 31 July 2006 £'000
Interest payable on other loans (West LB Loan)	**3,540**	1,293
	3,540	1,293

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	17 months to 31 December 2007 £'000	9 months to 31 July 2006 £'000
Current tax:		
UK Corporation tax on profit for the financial period	**410**	122
Total current tax	**410**	122

	17 months to 31 December 2007 £'000	9 months to 31 July 2006 £'000
Profit on ordinary activities before tax	**1,355**	405
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	**406**	122
Expenses not deductible for tax purposes	**4**	-
Taxation on profit on ordinary activities	**410**	122

Factors that may affect future tax charges:
The standard rate of Corporation Tax in the UK changes to 28% with effect from the 1 April 2008

NOTES TO THE FINANCIAL STATEMENTS FOR THE 17 MONTHS ENDED 31 DECEMBER 2007 (continued)

5. TANGIBLE FIXED ASSETS

	Leaseholds more than 50 years £'000
Cost/valuation	
At 1 August 2006	74,000
Additions at cost (a)	7
Revaluation	(995)
Amounts provided against investment	(12)
NBV at 31 December 2007	**73,000**
NBV at 31 July 2006	74,000

All the above leaseholds are deemed investment properties and were valued on the basis of open market value, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors, at December 2007 by Colliers Conrad Ritblat Erdman, Chartered Surveyors and International Property consultants The historical cost of the properties to the company is £73m

6. DEBTORS – DUE WITHIN ONE YEAR

	31 December 2007 £'000	31 July 2006 £'000
Amounts due from group undertakings	**4,326**	-
Prepayments and accrued income	**1,203**	113
	5,529	113

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

	31 December 2007 £'000	31 July 2006 £'000
Amounts due to group undertakings	**26,442**	22,373
Corporation Tax	-	122
Other taxation and social security	-	358
Accruals and deferred income	**1,548**	724
	27,990	23,577

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

NOTES TO THE FINANCIAL STATEMENTS FOR THE 17 MONTHS ENDED 31 DECEMBER 2007 (continued)

8. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2007 £'000	31 July 2006 £'000
Bank loans (West LB)	**49,425**	49,425
Amortisation of finance costs	**(115)**	(168)
	49,310	49,257

The loan from West LB is interest bearing at a margin of 40bps above LIBOR plus a mandatory cost equivalent to 0 013% per annum The loan is repayable in 2011

9. CALLED UP SHARE CAPITAL

	31 December 2007 £	31 July 2006 £
Authorised		
1,001 (2006 1,001) ordinary shares of £1 each	**1,001**	1,001
Allotted, called up and fully paid		
1,001 (2006 1,001) ordinary shares of £1 each	**1,001**	1,001

10. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
As at 1 August 2006	995	283
(Reversal of surplus) / Surplus on revaluations of properties	(995)	-
Retained profit for the financial period	-	945
As at 31 December 2007	-	1,228

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	31 December 2007 £'000	31 July 2006 £'000
Retained profit for the financial period	**945**	283
(Reversal of surplus) / Surplus on revaluations of properties	**(995)**	995
Net (reduction) / addition to shareholder's funds	**(50)**	1,278
Opening shareholder's funds	**1,279**	1
Closing shareholder's funds	**1,229**	1,279

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Clifton Moor's share capital is held by the intermediate parent company Shopping Centres Ltd The share capital of Shopping Centres Ltd is equally split by Tesco PLC and SEGRO PLC Tesco PLC and SEGRO PLC are both companies incorporated in Great Britain and registered in England and Wales.

CLIFTON MOOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 17 MONTHS ENDED 31 DECEMBER 2007 (continued)

13. RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated financial statements of Shopping Centres Limited, in which the company is included, are available at The Company Secretary, Tesco PLC, New Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL During the 17 month period Clifton Moor Limited received Rental Income from Tesco Stores Limited of £3,402,984 Tesco Plc received £12,500 in the year from Clifton Moor Limited for management and Treasury Services

14. POST BALANCE SHEET EVENT

The 2008 Finance Bill includes a proposal to reduce the UK corporate income tax rate from 30% to 28% with effect from 1 April 2008

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 next financial year