CLIFTON MOOR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Registered Number: 05268531

CLIFTON MOOR LIMITED

DIRECTORS' REPORT

Directors' Report for the year ended 31 December 2008

The directors' present their report and audited financial statements of Clifton Moor Limited (the "company") for the year ended 31 December 2008.

Business review and principal activities

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

Clifton Moor Limited is a subsidiary of Shopping Centres Limited which is owned 50% by Tesco PLC and 50% by Segro PLC.

The results for the year show a pre-tax profit of £2.8m (2007: £1.4m). The directors' do not recommend the payment of a dividend (2007: £nil).

The company had net liabilities at the period end of £5.4m (2007: net assets £1.2m).

Future outlook

The company's level of trade is expected to continue throughout 2009 and the current performance levels should be maintained.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to UK economic and market conditions.

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 (2007: none).

Directors and their interests

The following directors served during the period and up to the date of signing the financial statements.

G Osborn
N Mourant
S Rigby (appointed on 22 February 2008)

None of the directors had any disclosable interests in the company during the year.

DIRECTORS' REPORT

Directors' Report for the year ended 31 December 2008 (continued)

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

The directors are responsible for preparing the Directors' 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 Acts 1985 and 2006 as applicable. 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 on 29th June 2009

S.A. Rigby

Steven Rigby
Director
Clifton Moor Limited
Registered Number 05268531

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 year ended 31 December 2008 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 2008 and of its profit for the period 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

25th June 2009

CLIFTON MOOR LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**12 Months to 31 December 2008 £'000**	17 months to 31 December 2007 £'000
Rental income		**5,466**	5,801
Rental expenditure		**(66)**	(343)
Gross profit		**5,400**	5,458
Impairment of fixed assets		**-**	(12)
Administrative expenses		**(112)**	(551)
Operating profit	2	**5,288**	4,895
Net Interest payable	3	**(2,513)**	(3,540)
Profit on ordinary activities before taxation		**2,775**	1,355
Tax on profit on ordinary activities	4	**(806)**	(410)
Profit for the financial year		**1,969**	945

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

All operations are continuing for the financial period.

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 2008

	12 Months to 31 December 2008 £'000	17 months to 31 December 2007 £'000
Profit for the financial period	**1,969**	945
Deficit on revaluation of properties	**(8,555)**	(995)
Total recognised losses in the financial year	**(6,586)**	(50)

CLIFTON MOOR LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
Fixed assets			
Tangible fixed assets	5	**65,000**	**73,000**
		65,000	**73,000**
Current assets			
Debtors - due within one year	6	**9,954**	**5,529**
		9,954	**5,529**
Creditors – amounts falling due within one year	7	**(30,963)**	**(27,990)**
Net current liabilities		**(21,009)**	**(22,461)**
Total assets less current liabilities		**43,991**	**50,539**
Creditors – amounts due after more than one year	8	**(49,348)**	**(49,310)**
Net (liabilities) / assets		**(5,357)**	**1,229**
Capital and reserves			
Called up share capital	9	**1**	**1**
Revaluation Reserve	10	**(8,555)**	**-**
Profit and loss reserve	10	**3,197**	**1,228**
Total equity shareholders' funds	11	**(5,357)**	**1,229**

The financial statements on pages 5 to 10 were approved by the board of directors on 29th June 2009 and were signed on its behalf by:

S.A. Rigby

Steven Rigby
Director
Clifton Moor Limited
Registered Number 05268531

CLIFTON MOOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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.

Going Concern

Having regard to its net liabilities of £5,357,000 as at 31 December 2008, Shopping Centres Limited has confirmed that it will provide such finance as the company may require to enable it to meet its liabilities as they fall due, and to carry on its business without any significant curtailment of operations during the forthcoming year. Accordingly the accounts have been prepared on a going concern basis.

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.

Leases

Rental income is credited to the profit and loss account on a straight line basis over the lease terms on ongoing leases. Rental reviews are carried out every five years on an open market review.

CLIFTON MOOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

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 (2007: £nil).

The company had no employees during the period (2007: none).

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

3. NET INTEREST PAYABLE

	12 Months to 31 December 2008 £'000	17 months to 31 December 2007 £'000
Amortisation Cost	**38**	-
Interest payable on other loans (West LB Loan)	**2,475**	3,540
	2,513	3,540

4. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	12 Months to 31 December 2008 £'000	17 months to 31 December 2007 £'000
Current tax:		
UK Corporation tax on profit for the financial period	**805**	410
Adjustments in respect of previous periods	**1**	-
Total current tax	**806**	410

The tax assessed for the period is higher (2007: higher) than the blended rate of corporation tax in the UK (28.5%). The differences are explained below:

	12 Months to 31 December 2008 £'000	17 months to 31 December 2007 £'000
Profit on ordinary activities before tax	**2,775**	1,355
Profit on ordinary activities multiplied by blended rate in the UK 28.5% (2007:30%)	**791**	406
Expenses not deductible for tax purposes	**14**	4
Prior period items	**1**	-
Taxation on profit on ordinary activities	**806**	410

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £9.2m. At present, it is not envisaged that any tax will become payable in the foreseeable future.

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.
This gives an overall blended Corporation Tax rate for the company for the full year of 28.5 %.

5. TANGIBLE FIXED ASSETS

	Leaseholds more than 50 years £'000
Cost/valuation	
At 1 January 2008	**73,000**
Additions at cost	**555**
Revaluation	**(8,555)**
NBV at 31 December 2008	**65,000**
NBV at 31 December 2007	**73,000**

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 2008 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 2008 £'000	31 December 2007 £'000
Amounts due from group undertakings	**8,650**	4,326
Prepayments and accrued income	**1,304**	1,203
	9,954	5,529

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 2008 £'000	31 December 2007 £'000
Amounts due to group undertakings	**27,792**	26,442
Corporation Tax	**409**	-
Other taxation and social security	**776**	-
Accruals and deferred income	**1,986**	1,548
	30,963	27,990

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

CLIFTON MOOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

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

	31 December 2008	31 December 2007
	£'000	£'000
Bank loans (West LB)	49,425	49,425
Unamortised finance costs	(77)	(115)
	49,348	49,310

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 which are secured over the fixed assets. The loan is repayable in 2011.

9. CALLED UP SHARE CAPITAL

	31 December 2008	31 December 2007
	£	£
Authorised:		
1,001 (2007: 1,001) ordinary shares of £1 each	1,001	1,001
Allotted, called up and fully paid:		
1,001 (2007: 1,001) ordinary shares of £1 each	1,001	1,001

10. RESERVES

	Revaluation reserve	Profit and loss account
	£'000	£'000
As at 1 January 2008	-	1,228
Retained profit for the financial period	-	1,969
Property Revaluation	(8,555)	-
As at 31 December 2008	(8,555)	3,197

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2008	31 December 2007
	£'000	£'000
Retained profit for the financial period	1,969	945
Deficit on revaluation of properties	(8,555)	(995)
Net reduction to shareholders' funds	(6,586)	(50)
Opening shareholders' funds	1,229	1,279
Closing shareholders' funds	(5,357)	1,229

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. The registered office of Tesco PLC is Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL. The registered office of SEGRO PLC, 234 Bath Road, Slough, Berkshire, SL1 4EE.

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. During the 52 week 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.