TESCO BLUE (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

Registered Number: 05721650

TESCO BLUE (GP) LIMITED
STRATEGIC REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

The Directors present their Strategic Report of Tesco Blue (GP) Limited (the "Parent Company") and its subsidiaries (together the "Group") for the 52 weeks ended 27 February 2021 (prior period: 53 weeks ended 29 February 2020 ("2020")).

Business review and principal activity

The principal activity of the Group is to carry out property investments in retail stores and distribution centres, for which rental income is received. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

The principal activity of the Parent Company is to act as a holding Company for the other entities in The Tesco Blue Limited Partnership Group (the "Partnership"). There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

One of the Parent Company's principal subsidiaries, Tesco Property Finance 1 PLC ("TPF1 PLC") is registered as a special purpose Company for the principal purpose of issuing £430,650,000 secured 7.6227 percent bonds due on 13 July 2039 (the "Bonds") and entering into the transactions and matters contemplated by the TPF1 PLC prospectus dated 22 June 2009 (the "Prospectus").

TPF1 PLC issued the Bonds, in accordance with the Prospectus, on 25 June 2009 (the "Closing Date") and applied the proceeds in making two advances (the "Partnership Loan" and the "Teesport Partnership Loan") to The Tesco Blue Limited Partnership (the "Blue Partnership") and to the Teesport Limited Partnership (the "Teesport Partnership") respectively, together known as "The Loans".

The Bonds are secured over all of the assets of TPF1 PLC and the Loans are secured over the property portfolio pursuant to certain Partnership Security Documents as defined in the Prospectus. The property portfolio has been valued at a market value as at 27 February 2021 of £599,950,000.

The Blue Partnership and TPF1 PLC entered into two swap agreements (the "Partnership Swap") under which the Blue Partnership pays to TPF1 PLC amounts equal to the sum of the rent receivable by it under the property portfolio leases (the "Partnership Index Linked Legs") and TPF1 PLC pays to the Blue Partnership fixed amounts equal to the scheduled interest and principal due to TPF1 PLC under the Partnership Loan (the "Partnership Fixed Legs").

The Teesport Partnership and TPF1 PLC entered into a swap agreement (the "Teesport Partnership Swap") under which the Teesport Partnership pays to TPF1 PLC amounts equal to the sum of the rent receivable by it under the Teesport Distribution Centre lease (the "Teesport Partnership Index Linked Legs") and TPF1 PLC pays to the Teesport Partnership fixed amounts equal to the scheduled interest and principal due to TPF1 PLC under the Teesport Partnership Loan (the "Teesport Partnership Fixed Legs").

TPF1 PLC and Tesco PLC entered into three swap agreements (the "Issuer Swap") under which TPF1 PLC pays to Tesco PLC amounts equal to the aggregate of the amounts due to TPF1 PLC under the Partnership Index Linked Legs and the Teesport Partnership Index Linked Legs and Tesco PLC pays to TPF1 PLC fixed amounts equal to the scheduled interest and principal due to the Bondholders under the Bonds (the "Issuer Fixed Legs").

The financial statements of the Parent Company and the Group have been prepared in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ('FRS 102').

Results and dividends

The results for the 52 weeks ended 27 February 2021 show a profit before tax of £25,279 (2020: £26,761) and profit after tax of £21,894 (2020: £21,925).

The Group has net assets at the period end of £575,210 (2020: £553,316) and has net current assets at the period end of £186,146,578 (2020: £182,994,285).

The Directors do not recommend payment of a dividend for the period ended 27 February 2021 (2020: £nil).

Key performance indicators (KPIs)

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.

Key performance indicators (KPIs) (continued)

The development, performance and position of the operations of the Tesco PLC Group (the "PLC Group"), which includes the Group and the Parent Company, are discussed on page 11 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

Future developments

The Group's and the Parent Company's future performance is expected to continue throughout the next financial period, and it is anticipated that the current performance levels will be maintained.

The Group's future developments form a part of the PLC Group's long-term strategy, which is discussed on page 4 to 30 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

Principal risks and uncertainties

From the perspective of the Parent Company, the principal risks relate to the carrying value of the investments that this Parent Company holds. To manage the risk the Parent Company periodically reviews the financial statements of the entities the Parent Company has investments in.

The principal balance of the Partnership Loans held by the Group decreased from £365,710,826 as at 29 February 2020 to £357,304,795 as at 27 February 2021 due to redemptions during the period.

The Property Portfolio has been valued at a fair value in February 2021 of £599,950,000.

No impairment losses were recognised during the period (2020: £nil).

From the perspective of the Group, the principal risks and uncertainties of the Parent Company are integrated with the principal risks of the PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the PLC Group, which include the Parent Company, are discussed on pages 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form a part of this Report.

Business risk

The Company holds investments in Tesco Group companies which, by nature of their business, continue to operate as essential businesses during the pandemic. This serves to mitigate some of the risk the Company is exposed to.

The financial impact of the pandemic for the financial year upon the Tesco PLC Group companies is noted in the Tesco PLC Annual Report, with increased Group sales offset by significant COVID-19 costs. The wider Tesco Group continues to assess, monitor and, where possible mitigate the risks and impacts of the pandemic upon the Company and its stakeholders, particularly as restrictions are eased in line with the UK Government roadmap.

The ongoing development of the UK's trading relationship with the EU, subsequent to the end of the Brexit transition period during the year, and a failure to prepare all eventualities could have an adverse effect on our primary business, its financial results and operations. The Tesco PLC Board will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

Financial risk management

The Group's financial instruments comprise the partnership loan, the bonds, cash at banks, the Partnership Swap and the Issuer Swap. The Group's activities expose it to a number of financial instrument risks including liquidity risk, credit risk, market risk, interest rate risk and other price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The ability of the Blue Partnership and the Teesport Partnership to discharge their obligations under the loans depend primarily on the ability of Tesco PLC to discharge its obligations under the Property Portfolio leases. The Standard and Poor's credit rating of Tesco PLC was BBB- as at 27 February 2021, with the credit rating of the bonds rated at Baa3 by Moody's rating services.

Financial risk management (continued)

Credit risk (continued)

As noted above, the Loans are secured over the Property Portfolio which has been valued at a fair value as at 27 February 2021 of £599,950,000 (2020: £590,030,000) by an external party surveyor. The value at which the property portfolio will be realised, in the event of disposal as a result of Tesco PLC not being able to discharge its obligations is uncertain.

Cash manager and associated bank account credit risk is managed through the review of the cash manager's credit rating as the cash manager is required to maintain minimum credit ratings and collateral in certain instances. The cash manager provides cash management and administration services to the Parent Company.

No impairment losses were booked against the loans during the current period (2020: £nil).

Liquidity risk

Liquidity risk is the risk that the Group and Parent Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The payables of the Group and Parent Company are primarily pertaining to payables to Group undertakings; therefore, the liquidity risk is determined to be low. The Bonds are limited recourse obligations of the Group and the assets of the Group are themselves limited. The ability of the Group to meet its obligations under the Bonds will be principally dependent on the receipt of funds from the Blue Partnership under the Partnership loan agreement and the Partnership swap agreement, the receipt by it of funds from the Teesport Partnership under the Teesport Partnership loan agreement and the Teesport Partnership Swap Agreement and the receipt of funds from Tesco PLC under the Issuer swap agreements. Other than the foregoing, prior to the enforcement of the security created pursuant to the Partnership security documents, the Group will not have any other significant funds available for it to meet its obligations under the Bonds and in respect of any payment ranking in priority to, or pari passu with, the Bonds.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Interest rate risk

Both the Loans and the Bonds are measured at amortised cost and bear interest at a fixed rate with equal and offsetting effective interest rate adjustments. Currently the effective interest rate adjustments are not equal and offsetting, but the difference will unwind over the life of the loans and the Bonds. The swap agreements entered into are also equal and offsetting and therefore the Group is not deemed to be exposed to interest rate risk.

Other inflation risk

The fair value and future cash flows of the Partnership swap, the Teesport Partnership swap and the Issuer swap will fluctuate because of changes in the Retail Prices Index ("RPI"). The fluctuations in relation to the Partnership swap, the Teesport Partnership swap and those in relation to the Issuer swap are likely to offset each other. The effects on these financial instruments are detailed in Note 18.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;

Section 172(1) Statement (continued)

- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made.

Those factors for example include the interests and views of our leaseholders, members of the Tesco Group, JV Partners, our relationship with our lenders and the local communities we operate in. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

We delegate authority for day-to-day management of the Company to senior management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company's activities and make decisions. As a part of those meetings the directors receive information in a range of different formats which includes information relevant to section 172 matters when making relevant decisions. For example, each year we make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends.

As the principal activity of the Company is to act as a holding Company for the other entities in The Tesco Blue Limited Partnership Group, the Company has had no commercial business, and no employees, customers or suppliers, other than other PLC Group companies during the period and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors. The Company's key stakeholders are its JV Partners, shareholders, creditors, the Group and communities we operate in.

In accordance with requirements this section 172(1) statement will be published on the Tesco PLC website at www.tescoplc.com.

Approved by the Board of Directors on 29 July 2021and signed on behalf of the Board by:

Robert Welch
Director
Tesco Blue (GP) Limited
Registered number: 05721650
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO BLUE (GP) LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

The Directors present their Report and the audited consolidated financial statements of Tesco Blue (GP) Limited (the "Parent Company") and its subsidiaries (together the "Group") for the 52 weeks ended 27 February 2021 (*prior period: 53 weeks ended 29 February 2020 ("2020")*).

Results and dividends

This is discussed in the Strategic Report on page 1.

Future developments

This is discussed in the Strategic Report on page 2.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors consider that the Group and the Parent Company has adequate resources to remain in operation for a period of at least 12 months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

The ability of the Group to meet its obligations on the bonds and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due on the Partnership Loans from The Tesco Blue Limited Partnership and The Teesport Limited Partnership (the "Borrowers") and the ability to discharge their obligations under the Partnership Loans depends primarily on the ability of Tesco PLC to discharge its obligations under the Property Portfolio leases. The bonds are secured over all of the assets of TPF1 PLC and the Partnership Loans are secured over the property of the Borrowers.

The Bond holders have no further recourse to the TPF1 PLC should the receipts on the Partnership loans and the proceeds from any enforcement action over the Partnership Loans be insufficient to meet these obligations. During the period and after the Balance Sheet date, the Borrowers have continued to meet its liabilities to TPF1 PLC as they fall due. Management have produced an 18 months cash flow of TPF1 PLC depicting the Company's ability to continue as a going concern.

The Directors have noted that, at the Balance Sheet date the Group is in a net asset position. The Standard and Poor's credit rating of Tesco PLC was BBB- as at 27 February 2021, with the credit rating of the Bonds rated at Baa3 by Moody's rating services.

Therefore, the Directors consider that the Group is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Events after the reporting period

Details of events after the reporting period can be found in Note 22 to the financial statements.

Political donations

There were no political donations for the period (2020: £nil) and the Group and the Parent Company did not incur any political expenditure (2020: £nil).

Research and development

The Group does not undertake any research and development activities (2020: none).

Financial risk management

This is discussed in the Strategic Report on pages 2 and 3.

Employees

The Group had no employees during the period (2020: none).

TESCO BLUE (GP) LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Directors

The following Directors served during the period and up to the date of signing the financial statements, unless otherwise stated.

J K Buck
J Gibney
Tesco Services Limited

None of the Directors had any disclosable interests in the Parent Company during this period.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC Company Secretary (who is also a Director of Tesco Services Limited which is appointed to the Board of the Company) in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors and officers may not be indemnified, Tesco PLC maintained a Directors' and Officers' liability insurance policy throughout the financial period and up to the date of signing the financial statements.

Disclosure of information to auditor

Each Director who is a Director of the Parent Company at the date of approval of these financial statements confirms that:

- so far as the Directors are aware, there is no relevant information of which the Parent Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that the Parent Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the consolidated 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 Group and Parent Company financial statements in accordance with FRS 102 "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" and applicable law.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group and the Parent Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Group and the Parent Company will continue in business.

TESCO BLUE (GP) LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Directors' Responsibilities Statement (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor

Deloitte LLP having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Approval by the Board of Directors on 29 July 2021and signed on behalf of the Board by:

Robert Welch
Director
Tesco Blue (GP) Limited
Registered number: 05721650
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (GP) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tesco Blue (GP) Limited (the "Parent Company") and its subsidiaries (the "Group"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 27 February 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Profit and Loss Account;
- the Group and Parent Company Balance Sheet;
- the Group and Parent Company Statement of Changes in Equity;
- the Group Cash Flow Statement;
- the Group reconciliation of Net Cash Flow to movement in Net Debt; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (GP) LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and

• do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (GP) LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

• enquiring of management legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

• reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, and the Group; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TESCO BLUE (GP) LIMITED (continued)

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Griffin FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 July 2021

TESCO BLUE (GP) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Notes	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
		£	£
Operating result		-	-
Interest receivable and similar income	5	**29,030,578**	31,242,635
Interest payable and similar expenses	6	**(29,030,300)**	(31,242,600)
Increase in the fair value of the Blue Partnership Swaps	7	**2,262,082**	2,655,174
Increase in the fair value of the Teesport Swaps	7	**537,662**	631,093
Decrease in the fair value of the Issuer Swaps	7	**(2,799,744)**	(3,286,267)
Administrative expenses		**(78,875)**	(79,414)
Other operating income		**103,876**	106,140
Profit before tax	4	**25,279**	26,761
Tax credit/(charge) on profit	8	**(3,385)**	(4,836)
Profit for the financial period		**21,894**	21,925

All operations are continuing for the current and prior financial period.

There is no other comprehensive income in the periods presented; therefore, no Group Statement of Comprehensive Income has been prepared.

The notes on pages 18 to 35 form an integral part of these financial statements.

TESCO BLUE (GP) LIMITED
GROUP AND PARENT COMPANY BALANCE SHEET AS AT 27 FEBRUARY 2021

		Group		Parent Company	
	Notes	**27 February 2021**	29 February 2020	**27 February 2021**	29 February 2020
		£	£	**£**	£
Fixed assets					
Investments	10	**55,001**	55,001	**100,961**	100,961
Loans	11	**347,961,358**	357,046,933	**-**	-
		348,016,359	357,101,934	**100,961**	100,961
Current assets					
Deferred tax assets	9	**13,283**	10,290	**12,454**	9,778
Blue Partnership swaps	7	**149,978,729**	147,716,647	**-**	-
Teesport Partnership swaps	7	**35,647,639**	35,109,977	**-**	-
Loans	11	**9,343,437**	8,663,893	**-**	-
Debtors: amounts falling due within one year	12	**3,504,957**	3,746,187	**4,575**	4,575
Cash at bank and in hand		**515,835**	496,880	**129,820**	131,108
		199,003,880	195,743,874	**146,849**	145,461
Creditors: amounts falling due within one year	13	**(12,857,302)**	(12,749,589)	**(1,409)**	(1,380)
Net current assets		**186,146,578**	182,994,285	**145,440**	144,081
Total assets less current liabilities		**534,162,937**	540,096,219	**246,401**	245,042
Creditors: amounts falling due after more than one year	14	**(533,587,727)**	(539,542,903)	**-**	-
Net assets		**575,210**	553,316	**246,401**	245,042
Capital and reserves					
Called up share capital	15	**10,000**	10,000	**10,000**	10,000
Share premium		**198,535**	198,535	**198,535**	198,535
Unrealised reserve		**32,360**	32,360	**32,360**	32,360
Profit and loss account		**334,315**	312,421	**5,506**	4,147
Total Shareholder's funds		**575,210**	553,316	**246,401**	245,042

The Parent Company's total profit for the financial period was £1,359 (2020: £302).

The notes on pages 18 to 35 form an integral part of these financial statements.

GROUP AND PARENT COMPANY BALANCE SHEET AS AT 27 FEBRUARY 2021 (continued)

The financial statements on pages 12 to 35 were approved by the Board of Directors on 29 July 2021 and signed on its behalf by:

Robert Welch
Director
Tesco Blue (GP) Limited
Registered number: 05721650
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO BLUE (GP) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Called up share capital*	Share premium	Unrealised reserve	Profit and loss account	Total
	£	£	£	£	£
Balance as at 23 February 2019	10,000	198,535	32,360	290,496	531,391
Profit and total comprehensive income for the financial period	-	-	-	21,925	21,925
Balance as at 29 February 2020	10,000	198,535	32,360	312,421	553,316
Profit and total comprehensive income for the financial period	-	-	-	**21,894**	**21,894**
Balance as at 27 February 2021	**10,000**	**198,535**	**32,360**	**334,315**	**575,210**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Called up share capital*	Share premium	Unrealised reserve	Profit and loss account	Total
	£	£	£	£	£
Balance as at 23 February 2019	10,000	198,535	32,360	3,845	244,740
Profit and total comprehensive income for the financial period	-	-	-	302	302
Balance as at 29 February 2020	10,000	198,535	32,360	4,147	245,042
Profit and total comprehensive income for the financial period	-	-	-	**1,359**	**1,359**
Balance as at 27 February 2021	**10,000**	**198,535**	**32,360**	**5,506**	**246,401**

*See Note 15 for breakdown of the Called-up share capital.

The notes on pages 18 to 35 form an integral part of these financial statements.

TESCO BLUE (GP) LIMITED
GROUP CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Notes	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
		£	£
Net cash inflow from operating activities	17	**18,677**	20,852
Cash inflow from investing activities			
Interest received		**29,013,893**	30,503,195
Capital repayments on loans receivable		**8,663,945**	8,034,221
		37,677,838	38,537,416
Cash outflow from financing activities			
Interest paid		**(29,013,662)**	(30,503,602)
Repayment of borrowings		**(8,663,898)**	(8,033,778)
		(37,677,560)	(38,537,380)
Net increase in cash and cash equivalents		**18,955**	20,888
Cash and cash equivalents at the beginning of the period		**496,880**	475,992
Cash and cash equivalents at the end of the period		**515,835**	496,880

The notes on pages 18 to 35 form an integral part of these financial statements.

TESCO BLUE (GP) LIMITED

THE GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Notes	**52 weeks ended 27 February 2021 £**	53 weeks ended 29 February 2020 £
Increase in cash and cash equivalents	19	**18,955**	20,888
Decrease in net debt	19	**5,606,287**	4,416,856
Opening net debt	19	**(548,040,571)**	(552,478,315)
Closing net debt		**(542,415,329)**	(548,040,571)

The notes on pages 18 to 35 form an integral part of these financial statements.

1. Statement of compliance

The financial statements of Tesco Blue (GP) Limited (the "Parent Company") and its subsidiaries (together the "Group") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 on a going concern basis under the historical cost convention.

2. General information

The Parent Company is a private company, limited by shares and is incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Group's and the Parent Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 4. Details of the Parent Company's subsidiaries are set out in Note 10.

The functional and presentational currency of the Parent Company and the Group is Pound Sterling (£) because that is the currency of the primary economic environment in which the Parent Company and the Group operates. The consolidated financial statements are also presented in Pound Sterling.

The financial statements are prepared under the historical cost convention, as modified by recognition of financial instruments measured at fair value.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year, unless otherwise stated.

3. Accounting policies

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent Company and its subsidiary undertakings.

The financial period represents 52 weeks ended 27 February 2021 (prior financial period: 53 weeks ended 29 February 2020). For the subsidiaries, the financial period is also 52 weeks ended 27 February 2021 (prior financial period: 53 weeks ended 29 February 2020).

The results of subsidiary undertakings acquired are included from the date of acquisition until the date on which the Parent Company ceases to control the subsidiary. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As a Consolidated Group Profit and Loss Account is published, a separate Profit and Loss Account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The Parent Company is a qualifying entity for the purpose of FRS 102. Consequently, as per section 1.12(b) the Parent Company, has taken the exemption from the requirement to prepare a Cash Flow Statement under the terms of FRS 102 section 7 "Statement of Cash Flows".

The Consolidated Group financial statements consists of the financial statements of Tesco Blue (GP) Limited and its 100% subsidiaries: Teesport (GP) Limited, Tesco Depot Propco Limited, Tesco Blue (Nominee Holdco) Limited which holds 100% in Tesco Blue (Nominee 1) Limited and Tesco Blue (Nominee 2) Limited, Tesco Property Finance 1 Holdco Limited which holds 99.998% in Tesco Property Finance 1 PLC.

3. Accounting policies (continued)

b) Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors consider that the Group and the Parent has adequate resources to remain in operation for a period of at least 12 months from the date of signing the financial statements and have therefore continued to adopt the going concern basis in preparing the financial statements.

The ability of the Group to meet its obligations on the bonds and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due on the Partnership Loans from The Tesco Blue Limited Partnership and The Teesport Limited Partnership (the "Borrowers") and the ability to discharge their obligations under the Partnership Loans depends primarily on the ability of Tesco PLC to discharge its obligations under the Property Portfolio leases. The bonds are secured over all of the assets of TPF1 PLC and the Partnership Loans are secured over the property of the Borrowers.

The Bond holders have no further recourse to the TPF1 PLC should the receipts on the Partnership loans and the proceeds from any enforcement action over the Partnership Loans be insufficient to meet these obligations. During the period and after the Balance Sheet date, the Borrowers have continued to meet its liabilities to TPF1 PLC as they fall due. Management has produced an 18 months cash flow of TPF1 PLC depicting the Company's ability to continue as a going concern.

The Directors have noted that, at the Balance Sheet date the Group is in a net asset position. The Standard and Poor's credit rating of Tesco PLC was BBB- as at 27 February 2021, with the credit rating of the Bonds rated at Baa3 by Moody's rating services. Therefore, the Directors consider that the Group is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and Parent Company's accounting policies, which are described hereafter, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, is described below.

Carrying value of investment

For the carrying value of investments, management have assessed the underlying investment by reviewing its net assets as well as future expected cash flows to determine whether it supports the carrying value. There were no indicators of impairment based on the assessment of the underlying instruments. Refer Note 10 for details.

Judgements

There are no judgements that have a significant effect on amounts recognised in the financial statements.

d) Significant accounting policies

Investments

Investments in subsidiaries and associates are stated at cost plus incidental expenses less where appropriate provisions for impairment. Impairment is reviewed annually with movements taken to the Profit and Loss Account The Group and the Parent Company elected to adopt the cost model for holding its investments as permitted under section 9 of FRS 102.

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Impairment of investments

At each Balance Sheet date, the Group and the Parent Company reviews the carrying amounts of the investments to determine whether there is any need for impairment in accordance with Section 27 of FRS 102, "Impairment of Assets". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

Financial instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Group and the Parent Company becomes a party to the contractual provisions of the instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Financial assets

Initial recognition and measurement

The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at transaction price including directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's and the Parent Company's financial assets include cash, debtors and other receivables, loans, unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at transaction price including directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Profit and Loss Account. For a non-interest bearing debtors that is receivable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be received (i.e. net of impairment). Losses arising from impairment are recognised in the Profit and Loss Account in other operating expenses.

Financial liabilities

Initial recognition and measurement

The Group and the Parent Company determine the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at transaction cost and in the case of loans and borrowings, plus directly attributable transaction costs. The financial liabilities include loan, other payable and derivative financial instrument.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Creditors

Creditors are non-derivative financial liabilities with fixed or determinable payments. Such liabilities are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method (EIR). Amortised cost is calculated by taking into account transaction costs that are an integral part of the EIR. The EIR amortisation is included in interest expense cost in the Profit and Loss Account. For a non-interest bearing creditors that is payable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be paid.

De-recognition of financial instruments

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled; (b) the Group and the Parent Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Group and the Parent Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Taxation

Income taxes

Current tax, including United Kingdom (UK) corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that that the Group will be required to settle that tax. Measurement is dependent on subjective judgements as to the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case by case basis using in-house tax experts, professional firms and previous experience.

Group relief on taxation

The Group may receive or surrender group relief from group companies without payment and consequently there may be no tax charge in the Profit and Loss Account

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Parent Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in the Profit and Loss account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash at bank and in hand

Cash at bank and in hand in the Balance Sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

4. Operating result

The Directors received no emoluments for their services to the Group and the Parent Company (2020: £nil).

The Group and Parent Company had no employees during the period (2020: none).

The auditor's remuneration of £6,150 (2020: £6,150) for the current period and prior period was borne by the Partnership. The non-audit fees for the period is £nil (2020: £nil). The audit fees were borne on the Parent Company's behalf by another Group company.

5. Interest receivable and similar income

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Interest receivable on loans	**28,063,062**	29,413,812
Interest receivable on bank deposits	**283**	1,770
Amount receivable in respect of RPI-linked interest swap	**967,233**	1,827,053
	29,030,578	31,242,635

6. Interest payable and similar expenses

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Interest payable on bonds	**28,063,063**	29,415,542
Amount payable in respect of RPI-linked interest swap	**967,237**	1,827,058
	29,030,300	31,242,600

7. Movement in the fair value of derivative financial instruments

The movements in the fair values of the Issuer Swap, the Blue Partnership Swap and the Teesport Partnership Swap are based on the changes in the assumptions of future movements in market interest rates and the RPI. The Issuer Swap, the Blue Partnership Swap and the Teesport Partnership Swap fall due after more than one year. For further detail refer to Note 18.

8. Tax on profit

(a) Factors that have affected the tax charge:

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Group for the full period of 19% (2020: 19%).

At the Budget 2021 on 3 March 2021, the Government announced that the Corporation Tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023, as well as announcing a number of other changes to capital allowances and treatment of losses. These changes were not substantively enacted or enacted at balance sheet date and the company has not undertaken a full analysis of the impact of the changes.

The Parent Company tax charge relates to the General Partner's share of any taxable profit charge incurred within the Limited Partnership. The share is representative of its holding within its investment, as shown in Note 10.

8. Tax on profit (continued)

(b) Tax charge in the Profit and Loss Account

The analysis of the credit/(charge) for the period is as follows:

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Current tax charge:		
- UK corporation tax on profit for the financial period	**(6,378)**	(6,324)
Total current income tax charge	**(6,378)**	(6,324)
Deferred tax credit/(charge):		
- Current period	**1,782**	1,663
- Impact of rate change adjustment	**1,211**	(175)
- Adjustments in respect of prior periods	**-**	-
Total deferred tax credit	**2,993**	1,488
Total tax charge in the Profit and Loss Account	**(3,385)**	(4,836)

(c) Reconciliation of the tax charge

The differences between the total charge shown above and the amount calculated by applying the UK corporation tax rate to profit is as follows:

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Profit before tax	**25,279**	26,761
Tax charge at standard UK corporation tax rate of 19% (2020: 19%)	**(4,803)**	(5,085)
Effects of:		
- Expenses not deductible for tax purposes	**(45)**	(39)
- Allowable share of commutation payments	**208**	211
- Impact of rate change adjustment	**1,211**	(175)
- Accounting profits not taxed in accordance with SI 2006/3296	**4,794**	5,002
- Cash retained profit taxed in accordance with SI 2006/3296	**(4,750)**	(4,750)
Total tax charge	**(3,385)**	(4,836)

8. Tax on profit (continued)

For United Kingdom Corporation Tax purposes, the main subsidiary has been considered a Securitisation Company under the Taxation of Securitisation Companies Regulation 2006 (SI 2006/3296). Therefore, the main subsidiary is not required to pay corporation tax on its accounting profit or loss. Instead the main subsidiary is required to pay tax by reference to the profit required to be retained in accordance with the applicable capital market arrangement.

(d) Current tax liabilities

	Group		Parent Company	
	27 February 2021	29 February 2020	**27 February 2021**	29 February 2020
	£	£	**£**	£
UK corporation tax payable	**6,378**	6,324	**1,352**	1,323
Total corporation tax payable	**6,378**	6,324	**1,352**	1,323

9. Deferred tax assets

Deferred tax assets (Group)

The following are the major deferred tax assets recognised by the Group and movements thereon during the current and prior financial periods measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the Balance Sheet Date.

	Short-term timing differences	Transitional adjustments	ACAs	Tax losses	Total
	£	£	£	£	£
At 23 February 2019	12,455	(370)	(3,306)	23	8,802
Origination and reversal of temporary differences					
- In respect of the current period	1,694	69	(75)	(25)	1,663
- In respect of rate change	(178)	(7)	8	2	(175)
At 29 February 2020	13,971	(308)	(3,373)	-	10,290
Origination and reversal of temporary differences					
- In respect of the current period	**1,776**	**69**	**(63)**	-	**1,782**
- In respect of rate change	**1,644**	**(36)**	**(397)**	-	**1,211**
At 27 February 2021	**17,391**	**(275)**	**(3,833)**	-	**13,283**

9. Deferred tax assets (continued)

Deferred tax assets (Parent Company)

The following are the major deferred tax assets recognised by the Parent Company and movements thereon during the current and prior financial periods measured using the tax rates that are expected to apply when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

	Short-term timing differences	Transitional adjustments	ACAs	Total
	£	£	£	£
At 23 February 2019	10,362	(230)	(1,649)	8,483
Origination and reversal of temporary differences				
- In respect of the current period	1,442	43	(38)	1,447
- In respect of rate change	(152)	(4)	4	(152)
At 29 February 2020	11,652	(191)	(1,683)	9,778
Origination and reversal of temporary differences				
- In respect of the current period	**1,514**	**43**	**(31)**	**1,526**
- In respect of rate change	**1,371**	**(23)**	**(198)**	**1,150**
At 27 February 2021	**14,537**	**(171)**	**(1,912)**	**12,454**

Deferred tax assets and liabilities are offset only where the Group and Parent Company has a legally enforceable right to do so and where assets and liabilities relate to income taxes levied by the same taxation authority.

10. Investments

	Group	Parent Company
	£	£
Cost		
At 29 February 2020	55,001	100,961
At 27 February 2021	**55,001**	**100,961**
Net book value		
At 29 February 2020	55,001	100,961
At 27 February 2021	**55,001**	**100,961**

The Directors believe that the carrying value of the investments is supported by the underlying net assets or expected future cash flows of the underlying subsidiaries as the Nominee companies hold the legal title and the economic rights to all the investment property leased to The Tesco Property (No.2) Limited Partnership. In assessing the valuation of its fixed asset investments, the Directors review the underlying net assets of each subsidiary, its profit for the period as well as the future economic benefits to be generated from such net assets.

In accordance with the Companies Act 2006 information on the Parent Company's and Group's investments are set out below.

10. Investments (continued)

Details of the Parent Company's subsidiary undertakings as at 27 February 2021 are as follows:

Name of entity	Registered office address	Share class	Direct/Indirect holding	% shares held
Tesco Blue (Nominee Holdco) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Direct	100%
Tesco Blue (Nominee 1) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Indirect	100%
Tesco Blue (Nominee 2) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Indirect	100%
Tesco Depot Propco Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Direct	100%
Teesport (GP) Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Direct	100%
Tesco Property Finance 1 Holdco Limited	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Direct	100%
Tesco Property Finance 1 PLC	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Ordinary shares	Indirect Direct	99.998% 0.002%

Details of the Parent Company's and Group's other investments as at 27 February 2021 are as follows:

Name of entity	Registered office address	Share class	Direct/ Indirect holding	% interest held
The Tesco Blue Limited Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Capital contribution shares	Direct	0.1%
The Teesport Limited Partnership	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA, United Kingdom	Capital contribution shares	Indirect	0.1%

11. Loans

	27 February 2021	29 February 2020
	£	£
Loans amount carried at amortised cost	**357,304,795**	365,710,826
	357,304,795	365,710,826

The maturity profile of the loans and subordinated loans at the period end was as follows:

	27 February 2021	29 February 2020
	£	£
In one year or less	**9,343,437**	8,663,893
In more than one year	**347,961,358**	357,046,933
	357,304,795	365,710,826

The Loans bear interest at a fixed rate of 7.6227% and are secured by first charges over commercial properties as explained in more detail in the Strategic Report.

The Loans issued to the Blue Partnership and the Teesport Partnership incur interest at a fixed rate of 7.6227% and are repayable in instalments with a final repayment date on 13 July 2039.

12. Debtors: amounts falling due within one year

	Group		Parent Company	
	27 February 2021	29 February 2020	27 February 2021	29 February 2020
	£	£	£	£
Other debtors	**9,690**	9,690	-	-
Loan to TPF1 PLC	-	-	**4,575**	4,575
Accrued interest	**3,495,267**	3,736,497	-	-
	3,504,957	3,746,187	**4,575**	4,575

Amounts owed by other debtors are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

TESCO BLUE (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 *(continued)*

13. Creditors: amounts falling due within one year

	Group		Parent Company	
	27 February 2021	29 February 2020	**27 February 2021**	29 February 2020
	£	£	**£**	£
Amounts owed to Group undertakings	**12,220**	12,220	**57**	57
Corporation tax	**6,378**	6,324	**1,352**	1,323
Bonds	**9,343,437**	8,994,548	-	-
Accruals	**3,495,267**	3,736,497	-	-
	12,857,302	12,749,589	**1,409**	1,380

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. For terms and conditions related to Bonds, refer Note 14.

14. Creditors: amounts falling due after more than one year

	Group		Parent Company	
	27 February 2021	29 February 2020	**27 February 2021**	29 February 2020
	£	£	**£**	£
Bonds	**347,961,359**	356,716,279	-	-
Issuer swaps	**185,626,368**	182,826,624	-	-
	533,587,727	539,542,903	-	-

The Bonds issued from the market incur interest at a fixed rate of 7.6227% per annum and are repayable on 13 July 2039. Issue costs of £6,533,125 were incurred and offset by the discount extended on the Partnership and the Teesport Partnership loans. These issue costs are unwound over the term of the bonds and loans via the effective interest rate adjustment.

15. Called up share capital

	Group and Parent Company	
	27 February 2021	29 February 2020
	£	£
Allotted, called up and fully paid		
5,000 'Ordinary A' (2020: 5,000 'Ordinary A' shares of £1 each) share of £1 each	**5,000**	5,000
5,000 'Ordinary B' (2020: 5,000 'Ordinary B' shares of £1 each) share of £1 each	**5,000**	5,000
	10,000	10,000

'A' shares and 'B' shares each constitute a separate class of shares. Both classes of shares have the same rights and rank pari passu in all respects. The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they confer rights of redemption.

TESCO BLUE (GP) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

16. Reserves

a. Profit and Loss Account comprises of prior and current periods' undistributed earnings after tax.
b. Unrealised reserve comprises of unrealised gains and losses of prior and current period.
c. Share premium account includes the premium on issues of equity shares, net of any issue costs.

17. Net cash flows from operating activities

	27 February 2021	29 February 2020
	£	£
Profit before tax	**25,279**	26,761
Interest receivable and similar income	**(29,030,578)**	(31,242,635)
Interest payable and similar charges	**29,030,300**	31,242,600
Changes in creditors	**-**	3
Tax paid	**(6,324)**	(5,877)
Net cash inflows from operating activities	**18,677**	20,852

18. Financial instruments

The narrative disclosure required by FRS 102 Section 11 in relation to the nature of the financial instruments used during the period to mitigate credit, market and liquidity risks exposures is shown in the Group Strategic Report under the heading 'Principal risks and uncertainties and key performance indicators (KPIs)' and is incorporated within this note by reference.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group's exposure to risks on its financial instruments and the management of such risks are largely determined from inception of the securitisation transaction. The Group's activities and the role of each party to the transaction is clearly defined and documented. Cash flow modelling, including multiple stress scenarios, was carried out as part of the structuring of the transaction, and as such was required by the rating agencies to establish the appropriate rating levels for the bonds.

The derivative counterparties are selected as credit rated entities, thereby reducing the risk of default and consequent loss for the Group. Following initial set-up, the Directors monitor the Group's performance. Such review is designed to ensure that the terms of the documentation have been met, that no unforeseen risks have arisen and that the Bond holders have been paid on a timely basis.

Credit risk

The maximum exposure to credit risk arising on the Group's financial assets at the reporting date is disclosed in the table below:

	Carrying value	**Maximum exposure**	Carrying value	Maximum exposure
	27 February 2021	**27 February 2021**	29 February 2020	29 February 2020
Assets:	**£**	**£**	£	£
Loans and subordinated loans	**357,304,795**	**362,466,921**	365,710,826	371,130,816
Blue and Teesport Partnership swaps	**185,626,368**	**185,626,368**	182,826,624	182,826,624
Other debtors	**3,504,957**	**3,504,957**	3,746,187	3,746,187
	546,436,120	**551,598,246**	552,283,637	557,703,627

18. Financial instruments (continued)

Credit risk (continued)

The table below sets out the carrying amount, impairment and the approximate fair value of the collateral held against the credit risk exposures to the loans and the subordinated loans. The estimated fair value of the collateral is based on the most recent valuation performed in February 2021.

27 February 2021	**Carrying value**	**Fair value of collateral**
Loans and subordinated loans:	**£**	**£**
Neither past due nor impaired	**357,304,795**	**599,950,000**
	357,304,795	**599,950,000**

29 February 2020	**Carrying value**	**Fair value of collateral**
Loans and subordinated loans:	**£**	**£**
Neither past due nor impaired	365,710,826	590,030,000
	365,710,826	590,030,000

The Loans are secured over commercial properties in the United Kingdom. The properties are not concentrated in any specific area. Impairment to date has been nil as there have been no defaults on either the interest or principal repayments.

Market risk

Interest on the loans and the bonds is set at a fixed rate and is payable quarterly in arrears at the following rates:

Balance at 27 February 2021:	**£**	**Rate**
Loans	**357,304,795**	**7.6227%**
Bonds	**357,304,796**	**7.6227%**

Balance at 29 February 2020:	**£**	**Rate**
Loans	365,710,826	7.6227%
Bonds	365,710,827	7.6227%

Fair value of financial assets and liabilities

The following table shows the carrying value and fair value of Group's financial assets and liabilities:

	52 weeks ended 27 February 2021		53 weeks ended 29 February 2020	
	Carrying value	**Fair value**	Carrying value	Fair value
	£	**£**	£	£
Assets:				
Loans	**357,304,795**	**537,305,865**	365,710,826	552,476,442
Blue and Teesport Partnership swaps	**185,626,368**	**185,626,368**	182,826,624	182,826,624
	542,931,163	**722,932,233**	548,537,450	735,303,066

18. Financial instruments (continued)

Market risk (continued)

	52 weeks ended 27 February 2021		53 weeks ended 29 February 2020	
	Carrying value	**Fair value**	Carrying value	Fair value
	£	**£**	£	£
Liabilities:				
Bonds	**357,304,796**	**537,305,865**	365,710,827	552,476,442
Issuer swaps	**185,626,368**	**185,626,368**	182,826,624	182,826,624
	542,931,164	**722,932,233**	548,537,451	735,303,066

The bonds are listed on the Irish stock exchange. The fair value of the bonds is based upon available market prices. Market prices of the bonds depend on how the loans are performing, therefore the fair values of the loans have been calculated as being in line with the total fair value of the Bonds, after allowing for the impact of the derivatives.

Due to the short-term nature of prepayments and accrued income, other debtors, accruals and deferred income and corporation tax, their fair value is approximate to their carrying value.

Amounts receivable on the swaps and payable on the issuer swaps are variable with inflation. Fixed amounts payable total £9,177,659 (2020: £9,177,659) and the floating amounts payable are determined with reference to a total initial amount indexed for inflation. Amounts are payable on each loan payment date. The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the RPI and this gives rise to inherent uncertainty as to their fair value. However, given that the structure has equal and opposite agreements in place, the net impact on net assets and the profit and loss account of any changes to underlying assumptions will be nil.

FRS 102 Section 11 in relation to the nature of the financial instruments that are measured in the Balance Sheet at fair value, requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 1 that are observable for the asset or liability, either directly or indirectly the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The only financial instruments included in the Group's Balance Sheet that are measured at fair value are derivative transactions. As the fair value of such derivatives is calculated by discounting future cash flows using both appropriate observable market data and also unobservable data in relation to longer term inflation expectations, these fall within level 2 of the hierarchy.

TESCO BLUE (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

18. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Group's ability to meet payments on the bonds as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the loans. The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of both derivative and non-derivative financial instruments.

As at 27 February 2021	Carrying value	Gross cash flows	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£
Non-derivative financial instruments						
Bonds	**357,304,796**	362,466,921	2,270,139	7,073,298	62,500,357	290,623,127
Interest payable on bonds	**3,495,267**	316,799,172	6,812,819	20,552,378	130,210,763	159,223,212
	360,800,063	**679,266,093**	**9,082,958**	**27,625,676**	**192,711,120**	**449,846,339**
Derivative financial instruments						
Issuer swaps	**185,626,368**	250,430,090	(187,877)	(91,483)	11,482,580	239,226,870
	185,626,368	**250,430,090**	**(187,877)**	**(91,483)**	**11,482,580**	**239,226,870**
Total	**546,426,431**	**929,696,183**	**8,895,081**	**27,534,193**	**204,193,700**	**689,073,209**

As at 29 February 2020	Carrying value	Gross cash flows	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£
Non-derivative financial instruments						
Bonds	365,710,827	371,130,816	2,105,033	6,558,862	42,005,221	320,461,700
Interest payable on bonds	3,736,497	344,716,400	7,072,547	20,973,878	104,836,059	211,833,916
	369,447,324	715,847,216	9,177,580	27,532,740	146,841,280	532,295,616
Derivative financial instruments						
Issuer swaps	182,826,624	243,907,291	(403,602)	(458,637)	7,889,511	236,880,019
	182,826,624	243,907,291	(403,602)	(458,637)	7,889,511	236,880,019
Total	552,273,948	959,754,507	8,773,978	27,074,103	154,730,791	769,175,635

TESCO BLUE (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

19. Analysis of change in net debt

	29 February 2020	Net cash flow	Non-cash movement*	27 February 2021
	£	£		£
Cash at bank and in hand	496,880	18,955	-	515,835
Debt due within one year	(8,994,548)	8,663,898	(9,012,787)	(9,343,437)
Debt due after one year	(539,542,903)	-	5,955,176	(533,587,727)
	(548,040,571)	8,682,853	(3,057,611)	(542,415,329)

	23 February 2019	Net cash flows	Non-cash movement*	29 February 2020
	£	£		£
Cash at bank and in hand	475,992	20,888	-	496,880
Debt due within one year	(8,033,776)	8,033,778	(8,994,550)	(8,994,548)
Debt due after one year	(544,920,531)	-	5,377,628	(539,542,903)
	(552,478,315)	8,054,666	(3,616,922)	(548,040,571)

*Non-cash adjustments represent effective interest rate adjustments to the Bonds from Teesport LP and Blue LP and adjustments to fair values of Issuer swaps falling due more than one year.

20. Ultimate parent undertaking

The Parent Company's immediate parent undertakings are Tesco Property Holdings (No.2) Limited and Tesco Pension Trustees Limited. Tesco Pension Trustees Limited purchased the shares in Tesco Blue (GP) Limited on behalf of the Tesco PLC Pension Scheme (the "Scheme") and to act in the best interests of the Scheme.

The ultimate parent undertaking is Tesco PLC, which is registered in England and Wales. Copies of the Tesco PLC Annual Report and Financial Statements 2021 are available from the Company Secretary at the registered office: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

21. Related party transactions

During the 52 weeks ended 27 February 2021 the Parent Company entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and balances outstanding at 27 February 2021, are as follows:

All related parties' transactions are with subsidiaries of the ultimate parent undertaking.

Balances for Group	2021		2020	
	Debtors £	Creditors £	Debtors £	Creditors £
The Teesport Limited Partnership	69,714,033	-	71,320,807	
The Tesco Blue Limited Partnership	287,590,762	12,161	294,390,019	12,161

Transactions	2021		2020	
	Income £	Expense £	Income £	Expense £
The Tesco Blue Limited Partnership	22,742,158	781,435	23,251,740	1,476,089
The Teesport Limited Partnership	5,408,142	185,801	5,529,216	350,968
Tesco PLC	967,233		1,827,053	

There were no further related party transactions.

22. Events after the reporting period

There are no material events since the Balance Sheet date which requires disclosure.

TESCO BLUE (GP) LIMITED

PARENT COMPANY PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Operating profit	-	-
Interest receivable and similar income	35	330
Profit before tax	35	330
Tax credit/(charge) on profit	1,324	(28)
Profit for the financial period	1,359	302

This page does not form part of the audited financial statements.

THE TESCO BLUE LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

Registered Number: LP011521

THE TESCO BLUE LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

Tesco Blue (GP) Limited (the "General Partner") presents its Strategic Report of The Tesco Blue Limited Partnership (the "Partnership") for the 52 weeks ended 27 February 2021 (prior period: 53 weeks ended 29 February 2020 ("2020")).

Business review and principal activity

The principal activity of the Partnership is to carry out property investment in retail stores and one distribution centre for which a rental income is received.

There has been no significant change in the nature or level of this activity during the period and the General Partner does not expect this to change significantly throughout the next financial period.

The financial statements of the Partnership have been prepared in accordance with the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ('FRS 102').

Results and distributions

The results for the period show a profit after tax of £13,499,424 (2020: £6,427,820) and total comprehensive profit of £11,332,335 (2020: £3,840,988). During the period the Partnership has received rental income of £29,285,257 (2020: £29,212,965).

During the period the Partnership distributed £nil (2020: £nil).

The Partnership has net assets of £54,836,917 at the period end (2020: £43,504,582), and net current liabilities of £8,078,777 (2020: £7,495,228).

The General Partner does not consider this a going concern risk as future rental income streams are guaranteed through a Retail Price Index ("RPI") linked swap to ensure that the Partnership can meet its financial obligations. With the swap arrangement deemed to be commercially viable, the General Partner believes that the Partnership will continue as a going concern.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the General Partner is of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the operations of the Tesco PLC Group (the "Group"), which includes the Partnership, is discussed on page 11 of the Tesco PLC Annual Report and Financial Statements 2021, which does not form a part of this Report.

Future developments

The Partnership's future developments form a part of the Group's long-term strategy, which is discussed on pages 4 to 30 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form a part of this report. The Partnership's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

Principal risks and uncertainties

The Partnership's activities expose it to risks and uncertainties as summarised below. The Partnership's financial instruments comprise the Partnership loan and a RPI linked swap arrangement.

The principal risks and uncertainties are related to property investment into the retail stores and one distribution centre. These risks include the exposure to fluctuations in the open market value of the investment properties.

The property portfolio is managed to ensure its value is maximised.

From the perspective of the Partnership, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Tesco PLC Group, which include the Partnership, are discussed on pages 31 to 37 of the Tesco PLC Annual Report and Financial Statements 2021, which do not form a part of this Report

THE TESCO BLUE LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

Business risk

The Company is, by virtue of the tenants of its properties, exposed to the impact of the pandemic. The Company's principal business relationships are with Tesco PLC Group companies which, by nature of their business, have continued to operate as essential businesses during the pandemic. This has served to mitigate some of the risk the Company is exposed to.

The financial impact of the pandemic for the financial year upon the Tesco PLC Group companies is noted in the Tesco PLC Annual Report and Financial Statements 2021. The wider Tesco Group continues to assess, monitor and, where possible mitigate the risks and impacts of the pandemic upon the Company and its stakeholders, particularly as restrictions are eased in line with the UK Government roadmap.

The ongoing development of the UK's trading relationship with the EU, subsequent to the end of the Brexit transition period during the year, and a failure to prepare all eventualities could have an adverse effect on the Company, its financial results and operations. The PLC Group will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigation measures to address challenges as appropriate.

Financial risk management

The main risks associated with the Partnership's financial assets and liabilities are set out below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk posed by the Partnership's sole customer, Tesco Stores Limited, is determined to be low, yet the Partnership monitors the credit risk of Tesco PLC (ultimate parent of Tesco Stores Limited) to ensure their ability to discharge their obligations as lessee.

The Partnership's credit risk is managed through the use of RPI linked swap contracts to fix its cash inflows so that it is able to meet its fixed rate interest and capital repayments along with its administrative costs.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting its obligations associated with its financial liabilities. The principal risks and uncertainties are related to property investments in the retail stores and distribution centre; and the obligation to make repayments against the loans when due. These risks include the exposure to fluctuations in the fair market value and occupancy of the investment properties.

The Partnership manages this using a managing agent, who manages its occupational leases and actively manages the receipt of arrears for the Partnership.

Market risk

The Partnership's activities expose it primarily to the financial risks of changes in RPI rates which could cause the Partnership difficulty in meeting its obligations if the level of RPI uplifts does not rise enough to enable the Partnership to meet its obligations under the loan agreement. See Note 12 for further information with regards to the risks identified. The Partnership uses RPI rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;

Section 172(1) Statement (continued)

- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made.

Those factors for example include the interests and views of our leaseholders, members of the Tesco Group and our relationship with our lenders. By considering the Limited Partnership's purpose, together with its strategic priorities and having a process in place for decision-making, we aim to make sure that decisions are consistent and appropriate in all the circumstances.

We delegate authority for day-to-day management of the Partnership to the General Partner's senior management. Board meetings are held periodically where the Partnership considers its activities and makes decisions. As a part of those meetings the Partners receive information in a range of different formats which includes information relevant to section 172 matters when making relevant decisions. For example, each year we make an assessment of the strength of the Partnership's balance sheet and future prospects relative to market uncertainties, ensuring that future liabilities can be met.

As a Limited Partnership, the principal activity of the Partnership is to carry out property investment in retail stores and mixed use units for which a rental income is received. The Partnership has a limited number of external suppliers who provide specific administration and compliance services, otherwise the Partnership has had no commercial business, and no employees or external customers during the period and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Partnership. The Partnership's key stakeholders are its leaseholders, debtors and creditors.

In accordance with requirements this section 172(1) statement will be published on the Tesco PLC website at www.tescoplc.com

Approved by the General Partner on 29 July 2021 and signed on behalf of the General Partner by:

Robert Welch
Director
For and on behalf of the General Partner
Tesco Blue (GP) Limited
Registered Number: 05721650
Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

THE TESCO BLUE LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

Tesco Blue (GP) Limited (the "General Partner") presents its Report and the audited financial statements of The Tesco Blue Limited Partnership (the "Partnership") for the 52 weeks ended 27 February 2021 (prior period: 53 weeks ended 29 February 2020 ("2020")). During the period, Tesco Blue (GP) Limited acted as the General Partner and Tesco Blue Unit Trust and Tesco Blue (3LP) Limited acted as limited partners of the Partnership. Tesco Blue (GP) Limited is jointly owned by Tesco Property Holdings (No.2) Limited and Tesco Pension Trustees Limited.

The Partnership was originally constituted under an Initial Partnership Agreement, which was then superseded by the amended and restated Limited Partnership Agreement (the "Limited Partnership Agreement") on 25 June 2009.

Results and distributions

This information is included in the Strategic Report on page 1.

Future developments

This information is included in the Strategic Report on page 1.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the General Partner has assessed the likelihood of whether the Limited Partnership will be able to continue principal business over a period of at least twelve months from the date of signing the financial statements versus the likelihood of either intending to or being forced to either cease the business or putting the Partnership into liquidation.

The ability of the Partnership to meet its obligations on the loans and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due from its sole customer, Tesco Stores Limited and its ability to discharge its obligations under the property portfolio leases.

While the securitisation structure is credit-linked to Tesco PLC (ultimate parent of Tesco Stores Limited) and relies on rental receipts under the occupational lease, any changes in Tesco PLC's (ultimate parent of Tesco Stores Limited) credit rating is not expected to directly impact the Partnership's ability to repay the Partnership Loan and consequently the Partnership's ability to repay the loans and its administrative costs. The Partnership has also entered into an RPI linked derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation whilst annual RPI increases to rental income are lower than expected.

The certainty of cash flows is guaranteed by Tesco PLC. Further, any shortfalls in cash inflow as a result of suppressed RPI rates are mitigated through a swap arrangement that ensures that the Partnership has sufficient liquidity to meet its obligations.

The General Partner has noted that, at the reporting date the Partnership is in a net asset position yet a net current liability position. The General Partner does not consider this a going concern risk with liabilities being offset by committed future rental income streams that are also RPI-linked. The General Partner has produced 12 months cash flow forecasts from the date of signing the financial statements demonstrating the Partnership's ability to continue as a going concern.

With the swap arrangement deemed to be commercially viable, the General Partner believes that the Partnership will continue as a going concern.

Whilst COVID-19 is a threat to many businesses, management's assessment is that demand for the Partnership's properties has not suffered, as the tenants of the properties are primarily grocery retailers, which have functioned as essential businesses throughout the pandemic and will continue to operate afterwards. The assessment is therefore that there is no threat to the Partnership's ability to continue as a going concern.

Therefore, the General Partner considers that the Partnership is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Events after the reporting period

Details of events after the reporting period can be found in Note 19 to the financial statements.

Political donations

There were no political donations for the period (2020: £nil) and the Partnership did not incur any political expenditure (2020: £nil).

Research and development

The Partnership does not undertake any research and development activities (2020: none).

Financial risk management

This information is included in the Strategic Report on page 2.

Employees

The Partnership had no employees during the period (2020: none).

Fostering of business relations

Details of the Partnership's engagement with its stakeholders is included in the section 172(1) statement on pages 2 and 3.

Partners

The Partners, including the General Partner, are set out in Note 13 of the financial statements.

Disclosure of information to auditor

At the date of approval of this report, the General Partner confirms that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the General Partner has taken all the steps that ought to have taken as a General Partner to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. The financial statements have been prepared in accordance with part 13 of the Limited Partnership Agreement (2009) and part 15 of the Companies Act 2006 as required under the Regulations.

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the General Partner in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

General Partner's Responsibilities Statement

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Partnership to prepare financial statements for each financial period. Under that law the General Partner has prepared the Partnership financial statements in accordance with the FRS 102 (the Financial Reporting Standards applicable in United Kingdom and the Republic of Ireland).

Under the Limited Partnership Act 1907, as amended by the Company law, as applied to qualifying Partnerships, the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

THE TESCO BLUE LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

General Partner's Responsibilities Statement (continued)

- state whether applicable United Kingdom Accounting Standards have been followed, comprising FRS 102, 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 Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applicable to Limited Partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is required to act in the best interests of the Partnership and to perform its obligations under the Limited Partnership Agreement.

Independent auditor

Deloitte LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the General Partner on 29 July 2021 and signed on behalf of the General Partner by:

Robert Welch
Director
For and on behalf of the General Partner
Tesco Blue (GP) Limited
Registered Number: 05721650
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TESCO BLUE LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Tesco Blue Limited Partnership (the "qualifying partnership"):

- give a true and fair view of the state of the qualifying partnership's affairs as at 27 February 2021 and of its profit for the 52 weeks period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Partner's Interest;
- the Cash Flow Statement;
- the Reconciliation of Net Cash Flow to Movement in Net Debt; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the General Partner with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The General Partner is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TESCO BLUE LIMITED PARTNERSHIP (continued)

Other information (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of General Partner

As explained more fully in the General Partner's Responsibilities Statement, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the qualifying partnership's industry and its control environment, and reviewed the qualifying partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the qualifying partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the UK Companies Act as applied to qualifying partnerships; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the qualifying partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be in respect of the valuation of investment properties and in response we performed the following specific procedures:

- we obtained and reviewed the property valuation reports prepared by a third party expert engaged by the qualifying partnership;
- we evaluated the methods and assumptions used by the expert in deriving the valuations; and

we reconciled the property valuation report to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TESCO BLUE LIMITED PARTNERSHIP (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the General Partner's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the General Partner's Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the qualifying Partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the General Partner's Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of General Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the qualify partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Griffin FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 July 2021

THE TESCO BLUE LIMITED PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Notes	**52 weeks ended 27 February 2021**	53 weeks ended 29 February 2020
		£	£
Rental income		**29,285,257**	29,212,965
Gain on revaluation of investment properties	8	**6,910,000**	160,000
Administrative expenses		**(453,833)**	(492,410)
Operating profit	4	**35,741,424**	28,880,555
Interest receivable and similar income	5	**688,117**	1,423,578
Interest payable and similar costs	6	**(22,930,117)**	(23,876,313)
Profit before tax		**13,499,424**	6,427,820
Tax on profit	7	-	-
Profit for the financial period		**13,499,424**	6,427,820

All operations are continuing for the current and prior financial period.

The notes on pages 16 to 26 are an integral part of these financial statements.

THE TESCO BLUE LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	52 weeks ended 27 February 2021	53 weeks ended 27 February 2020
	£	£
Profit for the financial period	**13,499,424**	6,427,820
Other comprehensive loss:		
Cash flow hedges:		
Losses arising in the financial period	**(2,167,089)**	(2,586,832)
Total comprehensive income/(loss) for the financial period	**11,332,335**	3,840,988

All operations are continuing for the current and prior financial period.

The notes on pages 16 to 26 are an integral part of these financial statements.

THE TESCO BLUE LIMITED PARTNERSHIP

BALANCE SHEET AS AT 27 FEBRUARY 2021

	Notes	27 February 2021	29 February 2020
		£	£
Fixed assets			
Investment properties	8	**498,340,000**	491,430,000
Investments		**998**	998
		498,340,998	491,430,998
Current assets			
Debtors: amounts falling due within one year	9	**39,047**	27,882
Cash at bank and in hand		**1,480,681**	1,266,886
		1,519,728	1,294,768
Current liabilities			
Creditors: amounts falling due within one year	10	**(9,598,505)**	(8,789,996)
Net current liabilities		**(8,078,777)**	(7,495,228)
Total assets less current liabilities		**490,262,221**	483,935,770
Creditors: amounts falling due after more than one year	11	**(435,425,304)**	(440,431,188)
Net assets		**54,836,917**	43,504,582
Partners' interest			
Partners' capital accounts	13	**400,000**	400,000
Cash flow hedge reserve	13	**(150,058,797)**	(147,891,708)
Profit and loss account	13	**204,495,714**	190,996,290
Partners' interest		**54,836,917**	43,504,582

The notes on pages 16 to 26 are an integral part of these financial statements.

The financial statements on pages 10 to 26 were approved by the General Partner and authorised for issue on 29 July 2021. They were signed on its behalf by:

Robert Welch
Director
For and on behalf of the General Partner
Tesco Blue (GP) Limited
Registered Number: 05721650
Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

THE TESCO BLUE LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN PARTNERS' INTEREST FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Partners' capital accounts	Cash flow hedge reserve	Profit and loss account	Total
	£	£	£	£
Balance as at 23 February 2019	400,000	(145,304,876)	184,568,470	39,663,594
Profit for the financial period	-	-	6,427,820	6,427,820
Other comprehensive loss for the financial period	-	(2,586,832)	-	(2,586,832)
Total comprehensive profit for *the financial period*	-	(2,586,832)	6,427,820	3,840,988
Balance as at 29 February 2020	400,000	(147,891,708)	190,996,290	43,504,582
Profit for the financial period	-	-	**13,499,424**	**13,499,424**
Other comprehensive loss for the financial period	-	**(2,167,089)**	-	**(2,167,089)**
Total comprehensive profit for the financial period	-	**(2,167,089)**	**13,499,424**	**11,332,335**
Balance as at 27 February 2021	**400,000**	**(150,058,797)**	**204,495,714**	**54,836,917**

The notes on pages 16 to 26 are an integral part of these financial statements.

THE TESCO BLUE LIMITED PARTNERSHIP

CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Notes	**52 weeks ended 27 February 2021**	53 weeks ended 29 February 2020
		£	£
Net cash flows from operating activities	14	**29,089,083**	28,311,171
Cash flow from investing activities			
Interest received		**783,109**	1,491,918
Cash used in financing activities			
Interest paid		**(22,658,792)**	(23,167,869)
Loan repayments		**(6,999,605)**	(6,490,529)
Loan received		-	-
Net cash used in financing activities		**(29,658,397)**	(29,658,398)
Net increase in cash and cash equivalents		**213,795**	144,691
Cash and cash equivalents at the beginning of the period		**1,266,886**	1,122,195
Cash and cash equivalents at the end of the period		**1,480,681**	1,266,886

The notes on pages 16 to 26 are an integral part of these financial statements.

THE TESCO BLUE LIMITED PARTNERSHIP

THE RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

	Notes	**52 weeks ended 27 February 2021**	53 weeks ended 29 February 2020
		£	£
Increase in cash and cash equivalents	15	**213,795**	144,691
Decrease in debt	15	**4,466,199**	3,126,913
Opening net debt	15	**(445,829,428)**	(449,101,032)
Closing net debt		**(441,149,434)**	(445,829,428)

The notes on pages 16 to 26 are an integral part of these financial statements.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021

1. Statement of compliance

The financial statements of The Tesco Blue Limited Partnership (the "Partnership") have been prepared in accordance with FRS 102 (the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland) and in accordance with the Companies Act 2006 as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (and as required by the amended and restated Limited Partnership Agreement).

2. General information

The Partnership was established on 14 August 2006 and is registered as a Limited Partnership in England and Wales under the Limited Partnership Act 1907. The Partnership was originally constituted under the Initial Partnership Agreement which was then superseded by the Limited Partnership Agreement on 25 June 2009. The Partnership is limited by Partners' capital.

The functional and presentational currency of the Partnership is Pound Sterling (£) because that is the currency of the primary economic environment in which the Partnership operates. The financial statements are rounded off to the nearest Pound Sterling (£), except when otherwise stated.

The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom. The nature of the Partnership's operations and its principal activity are set out in the Strategic Report on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period, unless otherwise stated.

3. Accounting policies

a. Basis of preparation

The financial statements of the Partnership are prepared on the going concern basis under the historical cost convention, as modified by revaluation of certain investment properties, recognition of financial derivative instruments measured at fair value.

The Partnership also elected to adopt the fair value model for holding its investment property, as permitted under section 16 of FRS 102. The Partnership has included the fair value of its hedging instruments within the Balance Sheet and hedging reserve, per section 12 of FRS 102.

b. Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the General Partner has assessed the likelihood of whether the Limited Partnership will be able to continue principal business over a period of at least twelve months from the date of signing the financial statements versus the likelihood of either intending to or being forced to either cease the business or putting the Partnership into liquidation.

The ability of the Partnership to meet its obligations on the loans and to meet its operating and administrative expenses is dependent on the extent that it receives the amounts due from its sole customer, Tesco Stores Limited and its ability to discharge its obligations under the Property Portfolio leases.

While the securitisation structure is credit-linked to Tesco PLC (ultimate parent of Tesco Stores Limited) and relies on rental receipts under the occupational lease, any changes in Tesco PLC's (ultimate parent of Tesco Stores Limited) credit rating is not expected to directly impact the Partnership's ability to repay the Partnership loan and consequently the Partnership's ability to repay the loans and its administrative costs. The Partnership has also entered into an RPI linked derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation whilst annual RPI increases to rental income are lower than expected.

The certainty of cash flows are guaranteed by Tesco PLC. Further, any shortfalls in cash inflow as a result of suppressed RPI rates are mitigated through a swap arrangement that ensures that the Partnership has sufficient liquidity to meet its obligations.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

b. Going concern (continued)

The General Partner has noted that, at the reporting date the Partnership is in a net asset position yet a net current liability position. The General Partner does not consider this a going concern risk with liabilities being offset by committed future rental income streams that are also RPI-linked. The General Partner has produced 12 months cash flow forecasts from the date of signing the financial statements demonstrating the Partnership's ability to continue as a going concern.

With the swap arrangement deemed to be commercially viable, the General Partner believes that the Partnership will continue as a going concern.

Whilst COVID-19 is a threat to many businesses, management's assessment is that demand for the Partnership's properties has not suffered, as the tenants of the properties are primarily grocery retailers, which have functioned as essential businesses throughout the pandemic and will continue to operate afterwards. The assessment is therefore that there is no threat to the Partnership's ability to continue as a going concern.

Therefore, the General Partner considers that the Partnership is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

c. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires General Partner to make judgements, estimates and assumptions in applying the Partnership's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

For the derivative instrument, management has applied its own internal estimations of future RPI movements. This has been benchmarked against market data for accuracy and is in line with the methodologies used by Tesco PLC in valuing their derivative instrument. A credit risk is also applied to the counterparty in estimating the valuation of the derivative instrument. For investment properties, determining the value requires an estimation of expected open-market rental income as well as an expected yield to calculate its fair value. For details, refer to Note 8 and 12.

Judgements

There are no judgements that have a significant effect on amounts recognised in the financial statements.

d. Significant accounting policies

Investment properties

The Partnership carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Partnership engaged independent valuation specialists to determine fair value at 27 February 2021.

The valuation is undertaken on an open market basis, deemed to be representative of fair value. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in Note 8.

No amortisation or depreciation is provided in respect of freehold or long leasehold properties. The departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated, is, in the opinion of the General Partner, 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.

3. Accounting policies (continued)

d. Significant accounting policies (continued)

Leases and rental income

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The properties owned by the Partnership are being leased out under operating leases. Rental income is recognised in the Profit and Loss Account when earned, with rent received in advance being deferred on the Balance Sheet.

The leases are subject to annual uplifts which are linked to the Retail Price Index (RPI), subject to a minimum annual increase of nil and a maximum annual increase of 3.5%. In line with the requirements of Section 20.25 of FRS 102, as the rental income has been structured to increase in line with the expected general inflation to compensate for the Partnership's expected inflationary cost increases, the Partnership has not recognised rental income from operating leases on a straight line basis. The Partnership operates within one business segment being that of the leasing of its investment properties with business principally transacted in the United Kingdom (UK).

100% of the rental income generated during the period was generated in the United Kingdom by letting out properties which are all located in the United Kingdom.

Financial instruments

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument. The expected maturity of the financial assets and liabilities is not considered to be materially different to their current and non-current classification.

Financial assets

Initial recognition and measurement

The Partnership determines the classification of its financial assets at initial recognition. All financial assets are recognised on initial measurement at transaction price including directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Partnership commits to purchase or sell the asset. The Partnership's financial assets include cash, investments, debtors and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Profit and Loss Account For a non-interest bearing debtors that is receivable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be received (i.e. net of impairment). Losses arising from impairment are recognised in the Profit and Loss Account in other operating expenses. Debtors include amounts owed by Group undertakings.

Financial liabilities

Initial recognition and measurement

The Partnership determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at transaction value and in the case of loans and borrowings, plus directly attributable transaction costs. The principal financial liabilities include loan, other payables and derivative financial instrument.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

3. Accounting policies (continued)

d. Significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Creditors

Creditors are non-derivative financial liabilities with fixed or determinable payments. Such liabilities are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method (EIR). Amortised cost is calculated by taking into account transaction costs that are an integral part of the EIR. For a non-interest bearing creditors that is payable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be paid. The EIR amortisation is included in interest expense in the Profit and Loss Account. Creditors include amounts owed to group undertakings.

De-recognition of financial instruments

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled; (b) the Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Partnership, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Partnership uses derivative financial instruments to reduce its exposure to RPI rate movements. The Partnership does not hold or issue derivative financial instruments for speculative purposes; however, if derivatives do not qualify for hedge accounting they are accounted for as such.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in Profit and Loss Account. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. In order to qualify for hedge accounting, the Partnership is required to document from inception the relationship between the item being hedged and the hedging instrument.

The Partnership is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each financial reporting date to ensure that the hedge remains highly effective. Furthermore, at the inception of the hedge the Partnership determines and documents causes for hedge ineffectiveness. Derivative financial instruments with maturity dates of more than one year from the Balance Sheet date are disclosed as non-current. Note 12 sets out details of the fair value of the derivative instruments used for hedging purposes.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges when they hedge the Partnership's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction. The effective element of any gain or loss from re-measuring the derivative instrument is recognised directly in other comprehensive income.

3. Accounting policies (continued)

d. Significant accounting policies (continued)

Financial instruments (continued)

Cash flow hedging (continued)

The associated cumulative gain or loss is reclassified from other comprehensive income and recognised in the Profit and Loss Account in the same period or periods during which the hedged transaction affects the Profit and Loss Account.

The classification of the effective portion when recognised in Profit and Loss Account is the same as the classification of the hedged transaction. Any element of the re-measurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the Profit and Loss Account within interest income or expenses.

Hedge accounting is discontinued when the Partnership revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or if a voluntary de-designation takes place or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in Partners' Interest is retained in the Statement of Changes in Partners' Interest until the forecast transaction occurs or the original hedged item affects the Profit and Loss Account. If a forecast hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Statement of Changes in Partners' Interest is reclassified immediately to the Profit and Loss Account.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Cash and net debt

Cash is represented by balance with banks. Net debt is comprised of loans advanced to the Partnership and cash.

Interest payable and receivable

Interest payable and receivable is calculated on an accrual basis.

Allocation of profits and drawings

The net profits of the Partnership incurred in each period are divided between the Partners in the following proportions:

Tesco Blue (3LP) Limited	49.95%
Tesco Blue Unit Trust	49.95%
Tesco Blue (GP) Limited	0.10%

Any net losses of the Partnership in each period are borne by the partners in the same proportion that they share the balance of the net profits of the Partnership.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

4. Operating profit

The General Partner received no emoluments for its services to the Partnership (2020: £nil).

The auditor's remuneration in respect of audit services in the period amounted to £11,460 (2020: £11,460). The non-audit fees for the period is £nil (2020: £nil). The audit fees were borne on the Partnership's behalf by another Group company.

The Partnership had no employees during the period (2020: none).

5. *Interest receivable and similar income*

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Interest receivable on bank deposits	**1,674**	15,830
Income receivable on swap	**686,443**	1,407,748
	688,117	1,423,578

The income from derivative instrument is related to the RPI linked swap (refer Note 12).

6. *Interest payable and similar costs*

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Interest payable on other loans	**22,930,117**	23,876,313
	22,930,117	23,876,313

The interest payable on other loans is related to the loan provided by Tesco Property Finance 1 PLC (refer Note 10 and 11).

7. Tax on profit

The financial information does not incorporate any charge or liability for tax on the results of the Partnership, as the relevant income tax or tax on capital gains is the responsibility of the individual Partners.

8. *Investment properties*

	27 February 2021	29 February 2020
	£	£
Land and Building:		
Valuation:		
Opening balance	**491,430,000**	491,270,000
Revaluation	**6,910,000**	160,000
Closing balance	**498,340,000**	491,430,000

The investment properties have been valued by Cushman & Wakefield LLP who is deemed to be a suitably *qualified valuer of the General Partner on a fair value basis at 27 February 2021. The valuation was carried out in* accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

8. Investment properties (continued)

The fair value has been determined by an independent valuer, by applying an appropriate rental yield to the rentals earned by the investment properties. There are no lease incentives.

The property has been valued on the basis of market value which the valuer confirms to be fair value, as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. This has been subject to any existing leases of guarantees; otherwise assuming vacant possession.

The average yield across the portfolio is 5.95% (2020: 5.89%) with a rental income of £228.91 (2020: £223.42) per square metre of gross internal floor area. There were no restrictions on the realisibility of investment property or the remittance of income and proceeds of disposal, nor were there any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

9. Debtors: amounts falling due within one year

	27 February 2021	29 February 2020
	£	£
Amounts owed by Tesco Property Finance 1 PLC	12,161	12,161
VAT	26,886	15,721
	39,047	27,882

Amounts owed by Tesco Property Finance 1 PLC are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Creditors: amounts falling due within one year

	27 February 2021	29 February 2020
	£	£
Deferred income	2,060,652	1,850,353
Accruals	333,042	274,517
Loan from Tesco Property Finance 1 PLC	7,204,811	6,665,126
	9,598,505	8,789,996

For details of loan from Tesco Property Finance 1 PLC, refer Note 11.

11. Creditors: amounts falling due after more than one year

	27 February 2021	29 February 2020
	£	£
Loan from Tesco Property Finance 1 PLC	280,096,575	287,364,541
Loan from Teesport Limited Partnership	5,350,000	5,350,000
RPI linked derivative instrument	149,978,729	147,716,647
	435,425,304	440,431,188

Amounts owed to the Teesport Limited Partnership undertakings are unsecured and interest free and are repayable in 2039.

The loan from Tesco Property Finance 1 PLC incurs interest at a fixed rate of 7.6227% and has a maturity period to 2039. The loan principal at the date of issue was £345,628,056 and the loan issue cost were £12,377,149. The total value of the loan net of loan issue costs as at 27 February 2021 is £287,301,386 (2020: £294,029,667).

The Partnership holds a back-to-back arrangement with Tesco Property Finance 1 PLC, which holds a RPI linked derivative arrangement externally (refer Note 12). All arrangements have been set up to manage the cash flow fluctuations generated from the cash inflows of the Partnership.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

12. Financial instruments

The Partnership holds a back-to-back arrangement with Tesco Property Finance 1 PLC, which holds an RPI-linked derivative arrangement externally. Both the swap and the loan are considered to be Level 2 financial liabilities under the fair value hierarchy, being that they are based on inputs other than quoted prices that are observable either directly or indirectly.

The main financial risk faced by the Partnership relates to fluctuations in RPI rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The management of these risks is outsourced as approved in the Limited Partnership Agreement. The outsourcing arrangements are monitored by the General Partner. The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the RPI and this gives rise to inherent uncertainty as to their fair value.

RPI rate risk

The Partnership's debt is issued at fixed rates with the principal repayments increasing over the term of the loan. Cash inflows are subject to annual uplifts in RPI that may not cover the Partnership's cash outflows. This exposes the Partnership to RPI rate risk which is managed through the use of derivative instruments.

Credit risk

Credit risk arises from cash and cash equivalents, debtors and other receivables and financial instruments. The management of these risks is outsourced as approved in the Limited Partnership Agreement.

Liquidity risk

Liquidity risk is managed by short-term and long-term cash flow forecasts. The Partnership is not exposed to any foreign currency volatility.

The counterparty exposure under derivative contracts is £149,978,729 (2020: £147,716,647).

The Partnership considers its maximum liquidity risk to be £445,023,809 (2020: £449,221,184), being the Partnership's total financial liabilities.

Sensitivity analysis

The swap valuations above, based on the discounted expected future cash flows associated with the swaps, are linked to future inflation levels as referenced by the RPI and this gives rise to inherent uncertainty as to their fair value.

As the RPI rates are hedged at a fixed rate, any increase or decrease will have nil impact. Sensitivity analysis is not shown as it has a nil impact.

Capital risk

The Partnership's objectives when managing capital (defined as net debt plus Partners' interest) are to safeguard the Partnership's ability to continue as a going concern in order to provide returns to Partners, while maintaining a strong credit rating and headroom through an appropriate balance of debt and equity funding. The Partnership manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Partnership.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

12. Financial instruments (continued)

Financial assets and liabilities by category

The accounting classifications of each class of financial asset and liability as at 27 February 2021 and 29 February 2020 are as follows:

	Loans and receivables/ other financial liabilities	Fair value through other comprehensive income	Total
	£	£	£
At 27 February 2021			
Cash and cash equivalents	**1,480,681**	-	**1,480,681**
Other receivables	**39,047**	-	**39,047**
Other borrowings	**(292,651,386)**	-	**(292,651,386)**
RPI linked derivative instruments	-	**(149,978,729)**	**(149,978,729)**
Other payables	**(2,393,694)**	-	**(2,393,694)**
	(293,525,352)	**(149,978,729)**	**(443,504,081)**
At 29 February 2020			
Cash and cash equivalents	1,266,886	-	1,266,886
Other receivables	27,882	-	27,882
Other borrowings	(299,379,667)	-	(299,379,667)
RPI linked derivative instruments	-	(147,716,647)	(147,716,647)
Other payables	(2,124,870)	-	(2,124,870)
	(300,209,769)	(147,716,647)	(447,926,416)

There is no netting off in relation to any of the above financial assets and liabilities.

13. Cumulative Partners' account

Partners' accounts as at 27 February 2021	Partners' capital accounts	Cash flow hedge reserve	Profit and loss account	Total
	£	£	£	£
Tesco Blue (3LP) Limited	172,500	(74,954,369)	102,145,609	27,363,740
Tesco Blue Unit Trust	172,500	(74,954,369)	102,145,609	27,363,740
Tesco Blue (GP) Limited	55,000	(150,059)	204,496	109,437
Total	400,000	(150,058,797)	204,495,714	54,836,917

The Partnership was formed on 14 August 2006. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the Limited Partnership Agreement on 25 June 2009, with capital injections totalling £400,000. Tesco Blue (3LP) Limited owns 49.95%, Tesco Blue Unit Trust owns 49.95% and Tesco Blue (GP) Limited owns 0.10% of the Partnership.

The Limited Partnership reserves are as follows:

a. Partners' capital accounts represent capital contributed by the partners in the Limited Partnership.
b. Cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
c. Profit and loss account represent cumulative profits or losses, net of distribution paid.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

14. Net cash flows from operating activities

Reconciliation of operating profit to net cash inflows from operating activities is shown below:

	52 weeks ended 27 February 2021	53 weeks ended 29 February 2020
	£	£
Operating profit	**35,741,424**	28,880,555
Increase in debtors	**(11,165)**	(14,984)
Increase/(decrease) in creditors	**268,824**	(394,400)
Gain on revaluation of investment property	**(6,910,000)**	(160,000)
Net cash inflow from operating activities	**29,089,083**	28,311,171

15. Analysis of changes in net debt

	23 February 2019	Net cash flow	Non-cash movement*	29 February 2020
	£	£	£	£
Cash at bank and in hand	1,122,195	144,691	-	1,266,886
Debt due within one year	(5,782,084)	6,490,529	(7,373,571)	(6,665,126)
Debt due after one year	(444,441,143)	-	4,009,955	(440,431,188)
	(449,101,032)	6,635,220	(3,363,616)	(445,829,428)

	29 February 2020	**Net cash flow**	**Non-cash movement***	**27 February 2021**
	£	**£**	**£**	**£**
Cash at bank and in hand	**1,266,886**	**213,795**	**-**	**1,480,681**
Debt due within one year	**(6,665,126)**	**6,999,605**	**(7,539,290)**	**(7,204,811)**
Debt due after one year	**(440,431,188)**	**-**	**5,005,884**	**(435,425,304)**
	(445,829,428)	**7,213,400**	**(2,533,406)**	**(441,149,434)**

*Non-cash adjustments represent effective interest rate adjustments to the Loan from Tesco Property Finance 1 PLC and adjustments to fair values of Back-to-back arrangement falling due more than one year.

16. Receivables under operating lease

Total future minimum lease receivables under non-cancellable operating leases are as follows:

	27 February 2021	29 February 2020
	£	£
Due within one year	**29,673,392**	28,914,592
After one year but not more than five years	**118,693,569**	115,658,367
After five years	**402,892,817**	421,496,550
	551,259,778	566,069,509

The operating lease amounts shown above relate to rents receivable from Tesco Stores Limited.

Tesco Stores Ltd is the sole tenant of the Partnership, with rental payments guaranteed by Tesco PLC. The 30 year leases, on full repairing and insuring terms, are due to expire in 2039. The tenant has the option to take 3 further leases of the premises, each for a period of 10 years at market rent.

THE TESCO BLUE LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2021 (continued)

17. Ultimate parent undertaking and controlling party

The partners of the Partnership are Tesco Blue (3LP) Limited, Tesco Blue Unit Trust and Tesco Blue (GP) Limited. Tesco Pension Trustees Limited owns Tesco Blue Unit Trust and is a joint shareholder of Tesco Blue (GP) Limited. Tesco Pension Trustees Limited purchased the shares in Tesco Blue (GP) Limited on behalf of the Tesco PLC Pension Scheme (the 'Scheme') and is required to act in the best interests of the Scheme.

The ultimate parent undertaking is Tesco PLC, which is registered in England and Wales. Copies of the Tesco PLC Annual Report and Financial Statements 2021 are available from the Company Secretary at the registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom.

18. Related party transactions and balances

During the 52 weeks period ended 27 February 2021 the Partnership entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and balances outstanding at 27 February 2021, are as follows:

All related parties' transactions are with subsidiaries of the parent undertaking.

Transactions	2021		2020	
	Income	Expense	Income	Expense
Tesco Stores Limited	£29,285,257	-	£29,212,965	-
Spen Hill Management Limited	-	£254,414	-	£274,922
Tesco Property Finance 1 PLC	£686,443	£23,013,484	£1,407,748	£23,961,908

Balances	2021		2020	
	Debtors	Creditors	Debtors	Creditors
Teesport Limited Partnership		£5,350,000	-	£5,350,000
Spen Hill Management Limited	-	£158,591	-	£124,636
Tesco Property Finance 1 PLC	£12,161	£287,301,386	£12,161	£294,029,667

19. Events after the reporting period

There are no material events since the Balance Sheet date which requires disclosure.