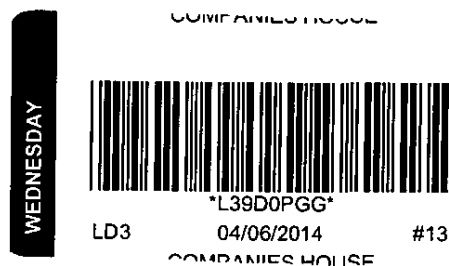


TESCO AQUA (GP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

Registered Number: 5721654



96-14 217

TESCO AQUA (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

The Directors present their report and the audited financial statements of Tesco Aqua (GP) Limited (the "Company") and Group for the 52 weeks to 31 December 2013 (prior period 52 weeks ended 31 December 2012)

Business review and principal activities

The principal activity of the Company is to act as a holding company for the other entities in The Tesco Aqua Limited Partnership Group. 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.

Results and dividends

The results for the year show a pre-tax profit of £56,689 (2012 £16,468) and sales of £nil (2012 £nil).

The Directors do not recommend a payment of a dividend for the year ended 31 December 2013 (2012 £nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks relate to the carrying value of investments that the Company holds.

To manage this risk the Company periodically reviews the financial statements of the entities the Company has investments in.

Political contributions

There were no political donations for the year (2012 £nil).

Future outlook

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

Key performance indicators (KPI's)

Given the straight forward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Research and development

The Company does not undertake any research and development activities (2012 none).

Employees

The Company had no employees during the period (2012 none).

Strategic report

The Directors have taken advantage of the exemption under section 414B of the Companies Act 2006 from preparing a Strategic Report.

TESCO AQUA (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

Directors and their interests

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

S Barzycki
A Clark
J Hartley
B Lewis
J Lloyd
H Lu
C Maudsley

Save as set out below, none of the Directors had any disclosable interests in the Company during this period

C Maudsley is a director of The British Land Company PLC ('British Land'), one of the Company's ultimate parent companies, and as such his disclosable interest in British Land is declared in the financial statements of that company

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit each of the individual acting as directors of the company on behalf of The British Land Company PLC and the Tesco PLC company secretary (who is also a Director 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 may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial period.

Cautionary statement regarding forward-looking information

Where this review 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 important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

TESCO AQUA (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

Statement of Directors' responsibilities

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 year. Under that law, the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company, and of the profit or loss of the group 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 Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, disclose with reasonable accuracy at any time the financial position of the company and the group, 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The independent auditors of the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board 21 Aug 2014



A Clark
Director

Tesco Aqua (GP) Limited

Registered Number 5721654

Registered Office York House, 45 Seymour Street, London, W1H 7LX

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2013 and of the group's profit and cash flows for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The group financial statements and company financial statements (the 'financial statements'), which are prepared by Tesco Aqua (GP) Limited, comprise

- the balance sheets as at 31 December 2013,
- the group profit and loss account and statement of total recognised gains and losses for the period then ended,
- the group cash flow statement for the period then ended, and,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)') An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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 company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing



David Beer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

30/5/2014

TESCO AQUA (GP) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

	Notes	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Administrative expenses		(114)	(154)
Operating loss	2	(114)	(154)
Income received from investment		7,548	8,000
Impairment of investment		-	(40,834)
Interest receivable and similar income	3	4,980,252	6,787,913
Interest payable and similar charges	4	(4,930,997)	(6,738,457)
Profit on ordinary activities before taxation		56,689	16,468
Tax on profit on ordinary activities	5	(11,965)	(11,528)
Profit for the financial period	12,13	44,724	4,940

There are no recognised gains or losses other than those shown in the Profit and Loss Account above, and therefore no separate Statement of Total Recognised Gains and Losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

All operations are continuing for the financial period

The notes on pages 9 to 15 form part of these financial statements

TESCO AQUA (GP) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2013

		Group	Group	Company	Company
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
Notes		£	£	£	£
Fixed assets					
Investments	6	291,500	291,500	291,601	291,601
		291,500	291,500	291,601	291,601
Current assets					
Debtors Amounts falling due within one year	7	974,075	971,752	17,320	7,450
Debtors Amounts falling due after more than one year	8	487,501,000	487,501,000	-	-
Cash at bank and in hand		293,992	248,965	42,824	46,805
		488,769,067	488,721,717	60,144	54,255
Creditors Amounts falling due within one year	9	(992,080)	(989,454)	(20,995)	(20,504)
Net current assets		487,776,987	487,732,263	39,149	33,751
Total assets less current liabilities		488,068,487	488,023,763	330,750	325,352
Creditors Amounts falling due after more than one year	10	(487,873,537)	(487,873,537)	(374,537)	(374,537)
Net assets/(liabilities)		194,950	150,226	(43,787)	(49,185)
Capital and reserves					
Called up share capital	11	2,102	2,102	2,102	2,102
Share premium account	12	119,500	119,500	119,500	119,500
Profit and loss account	12	73,348	28,624	(165,389)	(170,787)
Total shareholders' funds/(deficit)	13	194,950	150,226	(43,787)	(49,185)

The financial statements on pages 6 to 15 were approved by the Board of Directors on 26 May 2014 and were signed on its behalf by



A Clark
Director
Tesco Aqua (GP) Limited
Registered Number 5721654

TESCO AQUA (GP) LIMITED

GROUP CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

	Notes	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Cash generated from operations			
Net cash outflow from operating activities	14	(114)	(154)
Returns on investments and servicing of finance			
Interest received		4,977,929	7,243,247
Interest paid		(4,928,808)	(7,193,577)
Tax paid		(11,528)	(7,838)
Partnership distribution received		7,548	8,000
Increase in cash	15	45,027	49,678

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 £	2012 £
Increase in cash	45,027	49,678
Increase in net funds	45,027	49,678
Opening net debt	(487,624,572)	(487,674,250)
Closing net debt	(487,579,545)	(487,624,572)

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom accounting standards, under the historical cost convention and in accordance with the Companies Act 2006. The Company's principal accounting policies have been applied consistently during the period and are set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and of its subsidiary undertakings drawn up to 31 December 2013. The results of subsidiary undertakings acquired are included from the date of acquisition. Profits or loss on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

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.

Fixed asset investments

Fixed asset investments in subsidiaries and associates are stated at cost plus incidental expenses less where appropriate provisions for impairment.

Impairment of fixed assets

At each balance sheet date the Company reviews the carrying amounts of the fixed assets to determine whether there is any need for impairment in accordance with FRS 11 "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis.

Current taxation

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

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

2. OPERATING LOSS

The Directors received no emoluments for their services to the Company (2012 £nil)

The Company had no employees during the period (2012 none)

The auditors' remuneration of £3,000 for the current and prior period was borne by The Tesco Aqua Limited Partnership

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Interest receivable from The Tesco Aqua Limited Partnership	4,979,747	6,787,340
Interest receivable on bank deposits	505	518
Other interest receivable	-	55
	4,980,252	6,787,913

4 INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Interest payable on other loans	(4,930,997)	(6,738,457)
	(4,930,997)	(6,738,457)

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax for small companies is 20% (2012 20%)

	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Current tax:		
UK Corporation tax on profit for the financial period	11,947	11,528
Adjustments in respect of previous financial periods	18	-
Total current tax	11,965	11,528
Tax on profit on ordinary activities	11,965	11,528

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is higher (2012 higher) than the standard rate of corporation tax for small companies in the UK of 20% (2012 20%) The differences are explained below

	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Profit on ordinary activities before tax	56,689	16,468
Profit on ordinary activities multiplied by small companies tax rate in the UK 20% (2012 20%)	11,338	3,294
Effects of		
Expenses not deductible for tax purposes	-	8,167
Prior period items	18	-
Taxable share of partnership income	2,119	1,667
Non-taxable dividends	(1,510)	(1,600)
Current tax charge for the financial period	11,965	11,528

6. FIXED ASSET INVESTMENTS

	Group £	Company £
Cost		
At 1 January 2013	495,037	495,138
Additions	-	-
At 31 December 2013	495,037	495,138
Provision for impairment		
At 1 January 2013	(203,537)	(203,537)
Provision for impairment	-	-
At 31 December 2013	(203,537)	(203,537)
Net book value		
At 31 December 2013	291,500	291,601
At 31 December 2012	291,500	291,601

The Directors believe that the carrying value of the investments is supported by their underlying net assets

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

6. FIXED ASSET INVESTMENTS (continued)

Details of the principal subsidiary undertakings at the period end are as follows

Subsidiary undertakings	Country of incorporation	% Shares held	Nature of business
Tesco Aqua (Nominee Holdco) Limited	England and Wales	100%	Holding company
Tesco Aqua (Nominee 1) Limited	England and Wales	100%	Nominee company
Tesco Aqua (Nominee 2) Limited	England and Wales	100%	Nominee company
Tesco Aqua (Finco 1) Limited	England and Wales	100%	Finance company

Details of the principal associates at the period end are as follows

Investments in associated companies	Country of incorporation	% Shares held	Nature of business
The Tesco Aqua Limited Partnership	England	0.2%	Property investment

7. DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2013	2012	2013	2012
	£	£	£	£
Amounts owed by group undertakings	-	-	17,320	7,450
Prepayments and accrued income	974,075	971,752	-	-
	974,075	971,752	17,320	7,450

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

8 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2013	2012	2013	2012
	£	£	£	£
The Tesco Aqua Limited Partnership	487,500,000	487,500,000	-	-
Subordinated Loan due to The Tesco Aqua Limited Partnership	1,000	1,000	-	-
	487,501,000	487,501,000	-	-

The loan to The Tesco Aqua Limited Partnership of £487,500,000 incurs interest at a variable rate based on a 3-month average LIBOR + 0.51 basis points and is repayable on 20 October 2017

The loan to The Aqua Limited Partnership of £1,000 is repayable in October 2017. The loan is unsecured and non-interest bearing

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

9. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2013	2012	2013	2012
	£	£	£	£
Accruals and deferred income	964,589	962,400	-	-
Amounts owed to The Tesco Aqua Limited Partnership	18,877	18,877	18,877	18,877
Corporation tax	8,614	8,177	2,118	1,627
	992,080	989,454	20,995	20,504

Amounts owed to The Tesco Aqua Limited Partnership are unsecured, interest free, have no fixed date of repayment and are repayable on demand

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2013	2012	2013	2012
	£	£	£	£
Loan with Tesco Aqua (Finco1) Limited	-	-	1,000	1,000
Amounts owed to Tesco PLC	373,537	373,537	373,537	373,537
Loans and debentures	487,500,000	487,500,000	-	-
	487,873,537	487,873,537	374,537	374,537

The loan from Tesco PLC of £373,537 is unsecured, interest free and repayable on 20 October 2017

The Tesco Aqua (Finco1) Limited loan is repayable in October 2017 This loan is interest free

The Loans and debenture is secured incur interest at a variable rate based on a 3-month average LIBOR + 0.50 basis points and are repayable on 20 October 2017

11 CALLED UP SHARE CAPITAL

	Group	Company	Group	Company
	2013	2013	2012	2012
	£	£	£	£
Allotted, called up and fully paid				
1,051 Ordinary 'A' shares of £1 each	1,051	1,051	1,051	1,051
1,051 Ordinary 'B' shares of £1 each	1,051	1,051	1,051	1,051
	2,102	2,102	2,102	2,102

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

12. RESERVES

	Group		Company	
	Share Premium account	Profit and loss account £	Share Premium account	Profit and loss account £
	£		£	
As at 1 January 2013	119,500	28,624	119,500	(170,787)
Profit for the financial period	-	44,724	-	5,398
As at 31 December 2013	119,500	73,348	119,500	(165,389)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT) AS AT 31 DECEMBER 2013

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Profit for the financial period	44,724	4,940	5,398	(34,540)
Net additions/(deductions) to shareholders' funds	44,724	4,940	5,398	(34,540)
Opening shareholders' funds/(deficit)	150,226	145,286	(49,185)	(14,645)
Closing shareholders' funds/(deficit)	194,950	150,226	(43,787)	(49,185)

14. NET CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of operating loss to net cash outflow from operating activities

	31 December 2013 £	31 December 2012 £
Operating loss	(114)	(154)
Change in debtors	-	-
Change in creditors	-	-
Net cash (outflow)/inflow from operating activities	(114)	(154)

15. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013 £	Cash flow £	31 December 2013 £
Cash at bank and in hand	248,965	45,027	293,992
Movement in loans	(487,873,537)	-	(487,873,537)
	(487,624,572)	45,027	(487,579,545)

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertakings of the Company are Tesco Property Holdings (No 2) Limited and British Land Aqua Partnership Limited

The ultimate parent undertakings are Tesco PLC and The British Land Company PLC. Tesco PLC is registered in England and Wales and copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL. The British Land Company PLC is incorporated in England and Wales and copies of The British Land Company PLC financial statements can be obtained from the Company Secretary, York House, 45 Seymour Street, London W1H 7LX.

17. RELATED PARTY TRANSACTIONS

Tesco Aqua (GP) Limited received distribution from The Tesco Aqua Limited Partnership of £7,548 (2012 £8,000)

Tesco Aqua (Finco1) Limited received interest from The Tesco Aqua Limited Partnership for the 52 weeks ended 31 December 2013 of £4,977,424 (2012 £7,242,728)

Tesco Aqua (Finco1) Limited has interest receivable from The Tesco Aqua Limited Partnership at 31 December 2013 of £974,072 (2012 £971,749)

Tesco Aqua (Finco1) Limited has a loan receivable from The Tesco Aqua Limited Partnership at 31 December 2013 of £487,500,000 (2012 £487,500,000)

There were no other related party transactions during the period

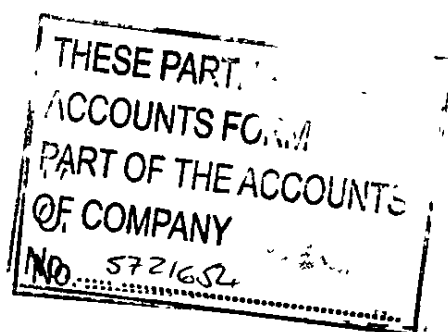
TESCO AQUA (GP) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Administrative expenses		-	(48)
Operating loss		-	(48)
Share of partnership distributions		7,548	8,000
Impairment of assets		-	(40,834)
Profit/(Loss) for the financial period		7,548	(32,882)
Tax on (loss)/profit on ordinary activities		(2,150)	(1,658)
Profit/(Loss) for the financial period		5,398	(34,540)

This page does not form part of the audited financial statements

THE TESCO AQUA LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

Registered Number: LP011520



THE TESCO AQUA LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

Business review and principal activities

The principal activity of the Partnership is to carry out property investment in retail stores 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 results for the period show a pre-tax profit of £5,297,679 (2012: £4,169,408) and rental income of £33,831,791 (2012: £32,827,343). The Partnership has net assets at the period end of £117,399,478 (2012: £75,825,889).

During the period the Partnership distributed £3,774,090 (2012: £4,000,000).

Principal risks and uncertainties

The principal risks and uncertainties are related to property investment into the retail stores and the obligation to make interest payments in respect of the loan.

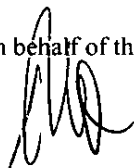
The Partnership manages these risks by fixing a portion of the interest payable on borrowings to ensure that future cash flows are sufficient to meet the obligations under the loan agreement.

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

Key performance indicators

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.

On behalf of the Partners



28 May

2014

A Clark
For and on behalf of
General Partner
Tesco Aqua (GP) Limited
Registered Number 5721654
Registered Office York House, 45 Seymour Street, London, W1H 7LX

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

Tesco Aqua GP Limited (the "General Partner") presents its report and the audited financial statements of The Tesco Aqua Limited Partnership (the "Partnership") for the 52 weeks ended 31 December 2013 (prior period 31 December 2012). During the period, Tesco Aqua (GP) Limited acted as the General Partner and Tesco Aqua (ILP) Limited and Tesco Aqua Unit Trust acted as limited partners of the Partnership.

Tesco Aqua (GP) Limited is jointly owned by Tesco Property Holdings (No 2) Limited and British Land Aqua Partnership Limited. Tesco Aqua (ILP) Limited is owned by Tesco Property Holdings Limited and Tesco Aqua Unit Trust is owned by The British Land Company PLC.

The Partnership was originally constituted under the Initial Partnership agreement, which was then superseded by the amended and restated Limited Partnership Agreement (the "Limited Partnership Agreement") on the 5 December 2006, 20 December 2006, 20 March 2007 and again on 28 August 2009.

Political donations

There were no political donations for the period (2012: nil).

Future outlook

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.

Research and development

The Partnership does not undertake any research and development activities (2012: none).

Employees

The Partnership had no employees during the period (2012: none).

Partners

The partners, including the General Partner, Tesco Aqua (GP) Limited, are set out in note 12 of the financial statements.

Cautionary statement regarding forward-looking information

Where this review 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 important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

THE TESCO AQUA LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

Statement of General Partner's responsibilities in respect of the financial statements

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

The Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the partners to prepare financial statements for each financial year. Under that law the General Partner has prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under The Companies Act 2006 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership and group will continue in business

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions, 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 applied to qualifying partnerships by the Regulations. 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.

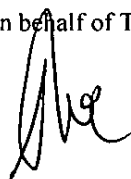
Disclosure of information to auditors

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 information of which the Partnership's auditors are unaware, and
- the General Partner has taken all the steps that ought to have been taken as a general partner to be aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

The financial statements have been prepared in accordance with part 12 of the amended and restated Limited Partnership Agreement and part 15 of the Companies Act 2006 as required under statutory instrument 2008/569.

On behalf of Tesco Aqua (GP) Limited



26 May

2014

A Clark
For and on behalf of
General Partner
Tesco Aqua (GP) Limited
Registered Number 5721654
Registered Office York House, 45 Seymour Street, London, W1H 7LX

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE TESCO AQUA LIMITED PARTNERSHIP

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2013 and of its profit and cash flows for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Tesco Aqua Limited Partnership, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account and statement of total recognised gains and losses for the period then ended,
- the cash flow statement for the period then ended, and related notes
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the general partners have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the general partner, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent

material misstatements or inconsistencies we consider the implications for our report.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

General Partners' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of general partners' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the general partners

As explained more fully in the Statement of General Partner's responsibilities set out on page 4, the general partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinion, has been prepared for and only for the members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing



David Beer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

2014

THE TESCO AQUA LIMITED PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

	Notes	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Rental income		33,831,791	32,827,343
Administrative expenses		(288,657)	(335,608)
Operating profit	4	33,543,134	32,491,735
Interest receivable and similar income	5	12,338	13,093
Interest payable and similar charges	6	(28,257,793)	(28,335,420)
Profit on ordinary activities before taxation		5,297,679	4,169,408
Tax on profit on ordinary activities	7	-	-
Profit for the financial period		5,297,679	4,169,408

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents

All operations are continuing for the financial period

The notes on pages 9 to 13 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

		52 weeks to December 2013 £	52 weeks to December 2012 £
Profit for the financial period		5,297,679	4,169,408
Surplus on revaluation of properties	8	40,050,000	18,900,000
Total recognised gains for the period		45,347,679	23,069,408

THE TESCO AQUA LIMITED PARTNERSHIP

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	31 December 2013 £	31 December 2012 £
Fixed assets			
Investment properties	8	674,300,000	634,250,000
Current assets			
Debtors amounts falling due within one year	9	252,885	252,885
Cash at bank and in hand		13,149,775	11,064,066
		13,402,660	11,316,951
Creditors: amounts falling due within one year	10	(15,240,195)	(14,933,866)
Net current liabilities		(1,837,535)	(3,616,915)
Total assets less current liabilities		672,462,465	630,633,085
Creditors: amounts falling due after more than one year	11	(555,062,987)	(554,807,196)
Net assets		117,399,478	75,825,889
Partners' interests			
Partners' capital accounts	12	898,500	898,500
Revaluation reserve	13	120,427,675	80,377,675
Profit and loss reserve	13	(3,926,697)	(5,450,286)
Partners' interests		117,399,478	75,825,889

The financial statements on pages 6 to 13 were approved by the General Partner on 28 May 2014 and were signed on its behalf by



A Clark
For and on behalf of
General Partner
Tesco Aqua (GP) Limited
Registered Number 5721654

THE TESCO AQUA LIMITED PARTNERSHIP

CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

	Note	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Net cash inflow from operating activities	14	33,772,745	32,836,900
Returns on investments and servicing of finance			
Interest received		12,338	13,093
Interest paid		(27,925,284)	(28,232,154)
Partner distribution		(3,774,090)	(4,000,000)
Increase in cash and cash equivalents	15	2,085,709	617,839

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 December 2013 £	31 December 2012 £
Increase in cash and cash equivalents	2,085,709	617,839
Decrease in net debt	2,085,709	617,839
Opening net debt	(544,821,143)	(545,438,982)
Closing net debt	(542,735,434)	(544,821,143)

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013

1. ORGANISATION AND CONTROL

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 amended and restated Limited Partnership Agreement on 5 December 2006, 20 December 2006, 20 March 2007 and again on 28 August 2009.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the going concern basis in accordance with applicable United Kingdom accounting standards, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006, as required by the amended and restated Limited Partnership Agreement. The principal accounting policies were applied consistently during the period are set out below.

Investment properties

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

In accordance with SSAP 19, no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The departure from the requirements of the Companies Act 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.

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 0% and a maximum annual increase of 5%.

Impairment of fixed assets

At each Balance Sheet date, the Partnership reviews the carrying amounts of the fixed assets to determine whether there is any need for impairment in accordance with FRS 11, "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the Profit and Loss Account in the period in which it occurs.

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 Aqua (1LP) Limited	49.90%
Tesco Aqua Unit Trust	49.90%
Tesco Aqua (GP) Limited	0.20%

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 AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

2. ACCOUNTING POLICIES (continued)

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis

Amortisation of loan arrangement fee

The costs associated with the raising of long term finance for the Partnership are netted off against the loan to which they relate. The costs are being amortised on a straight-line basis, in line with the period over which the loan will be repaid.

3. PRINCIPAL ACTIVITY

The purpose of the Partnership is to carry out property investment.

4. OPERATING PROFIT

The General Partner received no emoluments in respect of its services to the Partnership (2012 £nil).

There were no employees of the Partnership during the period (2012 none).

The Auditor's remuneration in respect of audit services in the period amounted to £12,000 (2012 £18,000).

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Interest receivable on bank deposits	12,338	13,093

6 INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 31 December 2013 £	52 weeks to 31 December 2012 £
Interest payable on other loans	(28,002,002)	(28,078,718)
Amortisation of loan issue costs	(255,791)	(256,702)
	(28,257,793)	(28,335,420)

Interest payable on other loans relates to the loan provided by Tesco Aqua (FinCo1) Limited.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

8. INVESTMENT PROPERTIES

	Investment Properties £
Valuation	
As at 1 January 2013	634,250,000
Revaluation	40,050,000
As at 31 December 2013	674,300,000

The investment properties have been valued by CBRE who is deemed to be a suitably qualified valuer of the General Partner on the basis of open market value at 31 December 2013. The valuation was carried out in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2013 £	31 December 2012 £
Amounts owed by group undertakings	252,458	252,458
Prepayments and accrued income	427	427
	252,885	252,885

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2013 £	31 December 2012 £
Accrued interest payable	5,446,964	5,370,246
VAT	1,723,256	1,669,704
Accrued expenses	92,701	159,151
Deferred income	7,977,274	7,734,765
	15,240,195	14,933,866

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2013 £	31 December 2012 £
Loan and other debt due to Tesco PLC	34,192,105	34,192,105
Loan and other debt due to Tesco British Land Company PLC	34,192,105	34,192,105
Loan and other debt due to Tesco Aqua (Finco1) Limited	486,677,777	486,421,986
Subordinated Loan due to Tesco Aqua (Finco 1) Limited	1,000	1,000
	555,062,987	554,807,196

The loan with Tesco Aqua (Finco1) Limited is secured and incurs interest at a variable rate based on a 3-month average LIBOR +51 basis points and is repayable on 20 October 2017. The total value of the loan is £487,500,000 and unamortised issue costs of £822,223 have been netted off the total value of the loan.

The Tesco PLC and The British Land Company PLC loans, and the Tesco Aqua (Finco 1) Limited subordinated loan are repayable in January 2017. These loans are unsecured and interest free.

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

12. CUMULATIVE PARTNERS' ACCOUNTS

Partners' Accounts as at 31 Dec 2013	Capital Contributions £	Revaluation Reserve £	Profit and loss reserve £	Distributions £	Total £
Tesco Aqua 1LP Limited	303,500	60,093,410	(76,151)	(1,883,271)	58,437,488
Tesco Aqua Unit Trust	303,500	60,093,410	(76,151)	(1,883,271)	58,437,488
Tesco Aqua (GP) Limited	291,500	240,855	(305)	(7,548)	524,502
Total	898,500	120,427,675	(152,607)	(3,774,090)	117,399,478

The Partnership was formed on 14 August 2006. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the amended and restated Limited Partnership Agreement on 28 August 2009, with capital injections totalling £898,500.

Tesco Aqua (1LP) Limited owns 49.90%, Tesco Aqua Unit Trust owns 49.90% and Tesco Aqua (GP) Limited owns 0.2% of the Partnership.

13. RESERVES

	Profit and loss reserve £	Revaluation reserve £
As at 1 January 2013	(5,450,286)	80,377,675
Property revaluation	-	40,050,000
Profit for the financial period	5,297,679	-
Distributions paid	(3,774,090)	-
As at 31 December 2013	(3,926,697)	120,427,675

14. NET CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of operating profit to net cash inflow from operating activities

	31 December 2013 £	31 December 2012 £
Operating profit	33,543,134	32,491,735
Change in debtors	-	5
Change in creditors	229,611	345,160
Net cash inflow from operating activities	33,772,745	32,836,900

15. ANALYSIS OF CHANGES IN NET DEBT

	31 December 2012 £	Cash flow £	31 December 2013 £
Cash at bank and in hand	11,064,066	2,085,709	13,149,775
Debt due after one year	(555,885,209)	-	(555,885,209)
	(544,821,143)	2,085,709	(542,735,434)

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2013 (continued)

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertakings of the Partnership are Tesco Aqua (1LP) Limited, Tesco Aqua Unit Trust and Tesco Aqua (GP) Limited

The ultimate parent undertakings are Tesco PLC and The British Land Company PLC. Tesco PLC is registered in England and Wales and copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL. The British Land Company PLC is registered in England and Wales and copies of The British Land Company PLC financial statements can be obtained from the Company Secretary. The registered office of The British Land Company PLC is York House, 45 Seymour Street, London, W1H 7LX.

17. RELATED PARTY TRANSACTIONS

During the 52 weeks ended December 2013 the partnership received rental income from Tesco Stores Limited of £33,831,791 (2012 £32,827,343)

During the 52 weeks ended 31 December 2013 management fees of £139,159 (2012 £127,304) were paid to Spen Hill Management Limited, a subsidiary of Tesco PLC in respect of property management and accounting, and £10,000 (2012 £10,000) was paid to British Land Property Management Limited, a subsidiary of British Land Company PLC in respect of secretarial fees.

During the 52 weeks ended 31 December 2013 interest of £4,977,424 (2012 £7,242,728) was paid to Tesco Aqua (Fincol) Limited.

At 31 December 2013 The Tesco Aqua Limited Partnership had a loan payable to Tesco Aqua (Fincol) Limited of £487,500,000 (2012 £487,500,000), and interest payable on that loan totalled £974,072 (2012 £971,749).