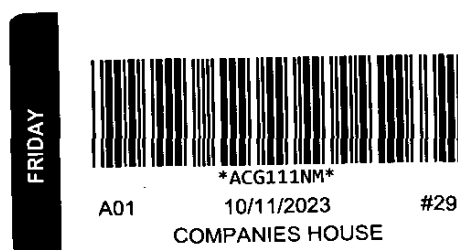


TESCO ATRATO (GP) LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023
REGISTERED NUMBER: 06969536



TESCO ATRATO (GP) LIMITED

COMPANY INFORMATION

Directors	D Wheeler S Williams Tesco Services Limited
Company secretary	Tesco Secretaries Limited
Registered number	06969536
Registered office	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO ATRATO (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

The Directors present their Report and the unaudited consolidated financial statements of Tesco Atrato (GP) Limited (the "Parent Company") and its subsidiaries (together the "Group") for the 52 weeks ended 25 February 2023 (prior period: 52 weeks ended 26 February 2022 ("2022")).

Business review and principal activity

The principal activity of the Parent Company is to act as a holding company for the other entities in The Tesco Atrato 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.

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 the Republic of Ireland" ("FRS 102").

Results and dividends

The Group's results for the 52 weeks ended 25 February 2023 show a profit before tax of £2,996 (2022: £nil) and profit after tax of £6,547 (2022: £9,750).

The Group has net assets at the period end of £276,729 (2022: £270,182) and has net current assets at the period end of £281,529 (2022: £274,982).

The Directors do not recommend payment of a dividend for the 52 weeks ended 25 February 2023 (2022: £nil).

Future developments

The Group 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 Tesco PLC Group's (the "PLC Group") long-term strategy, which is discussed on pages 4 to 47 of the Tesco PLC Annual Report and Financial Statements 2023, which do 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 Group and the Parent Company reviews the financial statements of the entities the Parent Company has investments in. As all other companies within the Group are dormant, the principal risks of the Parent Company are the sole risks to the Group.

No impairment losses were recognised during the period (2022: £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 38 to 45 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

The Parent Company's financial instruments comprise the creditors and cash at bank and in hand.

Business risk

The Company's principal business relationships are with Tesco PLC Group companies and therefore the Company's business risk is closely linked to the PLC Group. At present, there continues to be a heightened level of macroeconomic uncertainty relating to cost and wage inflation, as well as energy supply issues, leading to rising prices which are continuing to impact the PLC Group's customers' disposable income, thereby changing the way they shop. These also result in an increase in operational costs for the PLC Group as well as its suppliers, which is further exacerbated by the war in Ukraine. The inflationary and economic risk factors continue to influence the business and are therefore key components of the customer and financial performance principal risks. The PLC Group understands the short-term risks and impacts, and have the right teams, governance mechanisms, customer offerings and strategies in place. However, the long-term impacts remain uncertain, and the PLC Group will continue to monitor the situation closely and respond accordingly. 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 mitigations measures to address local challenges as appropriate.

TESCO ATRATO (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

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 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. This assessment includes consideration of the key financial risks for the Group and the Parent as set out in this report. 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 17 to the financial statements.

Political donations

There were no political donations for the period (2022: £nil) and the Group and the Parent Company did not incur any political expenditure (2022: £nil).

Research and development

The Group does not undertake any research and development activities (2022: £nil).

Financial risk management

The main risks associated with the Group's and Parent Company's financial assets and liabilities are set out below:

Financial instrument risks are embedded in the PLC Group principal risk – 'Financial Performance', details of which are available in the on page 43 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report

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. Debtors solely comprises amounts owed by Group undertakings, hence credit risk is determined to be low.

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 pertaining to payables to Group undertakings and other creditors which are considered to be low on liquidity risk as these are due to be payable under same PLC Group.

Strategic report

The Directors have taken advantage of the exemption under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a Strategic Report.

Employees

The Group had no employees during the period (2022: none).

Directors

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

D Wheeler
S Williams
Tesco Services Limited

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

TESCO ATRATO (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Directors Liabilities

The PLC Group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against any of the PLC Group's employees acting as statutory directors to its subsidiary companies. Indemnities have been granted to Tesco PLC directors, the PLC Group General Counsel and PLC Group Company Secretary, to the extent permitted by law, and a qualifying third-party indemnity provision (as defined in Section 234 of the Companies Act 2006) was in force during the year ended 25 February 2023, and remains in force up to the date of signing the financial statements.

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 Parent 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 judgments and accounting estimates that are reasonable and prudent; 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.

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

Approval by the Board of Directors on 31 July 2023 and signed on behalf of Board by:



01 August 2023

Simon Williams

For and on behalf of Tesco Services Limited, Director

Tesco Atrato (GP) Limited

Registered Number: 06969536

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO ATRATO (GP) LIMITED**GROUP PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023**

	Notes	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
		£	£
Operating result	4	-	-
Interest receivable and similar income	5	2,996	-
Profit/result before taxation		2,996	-
Tax credit on profit/result	6	3,551	9,750
Profit for the financial period		6,547	9,750

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

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

The notes on pages 8 to 16 are an integral part of these financial statements.

TESCO ATRATO (GP) LIMITED**GROUP AND PARENT COMPANY BALANCE SHEET AS AT 25 FEBRUARY 2023**

	Notes	Group		Parent Company	
		25 February	26 February	25 February	26 February
		2023	2022	2023	2022
		£	£	£	£
Fixed assets					
Investments	8	200	200	203	203
		200	200	203	203
Current assets					
Debtors, amounts falling due within one year	9	5,000	5,000	1,000	1,000
Deferred tax asset	7	33,800	30,249	33,800	30,249
Cash at bank and in hand		242,753	239,757	242,750	239,754
		281,553	275,006	277,550	271,003
Creditors: amounts falling due within one year	10	(24)	(24)	(24)	(24)
Net current assets		281,529	274,982	277,526	270,979
Total assets less current liabilities		281,729	275,182	277,729	271,182
Creditors: amounts falling due after more than one year	11	(5,000)	(5,000)	(1,000)	(1,000)
Net assets		276,729	270,182	276,729	270,182
Capital and reserves					
Called up share capital	12	10,000	10,000	10,000	10,000
Share premium account	13	244,116	244,116	244,116	244,116
Profit and loss account	13	22,613	16,066	22,613	16,066
Total shareholders' funds		276,729	270,182	276,729	270,182

The Parent Company's total profit after tax for the financial period was £6,547 (2022: £9,750).

The notes on pages 8 to 16 are an integral part of these financial statements.


For the 52 weeks ended 25 February 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

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

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 16 were approved by the Board and authorized for issue on 31 July 2023. They were signed on its behalf by:

 01 August 2023

Simon Williams

For and on behalf of Tesco Services Limited, Director

Tesco Atrato (GP) Limited

Registered Number: 06969536

Registered Office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

TESCO ATRATO (GP) LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023****GROUP STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023**

	Called up share capital*	Share premium account	Profit and loss account	Total
	£	£	£	£
Balance as at 27 February 2021	10,000	244,116	6,316	260,432
Profit and total comprehensive income for the financial period	-	-	9,750	9,750
Balance as at 26 February 2022	10,000	244,116	16,066	270,182
Profit and total comprehensive income for the financial period	-	-	6,547	6,547
Balance as at 25 February 2023	10,000	244,116	22,613	276,729

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023**

	Called up share capital*	Share premium account	Profit and loss account	Total
	£	£	£	£
Balance as at 27 February 2021	10,000	244,116	6,316	260,432
Profit and total comprehensive income for the financial period	-	-	9,750	9,750
Balance as at 26 February 2022	10,000	244,116	16,066	270,182
Profit and total comprehensive income for the financial period	-	-	6,547	6,547
Balance as at 25 February 2023	10,000	244,116	22,613	276,729

*See note 12 for breakdown of the Called-up share capital.

The notes on pages 8 to 16 are an integral part of these financial statements.

TESCO ATRATO (GP) LIMITED**GROUP CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023**

	Notes	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
		£	£
Net cash flow from operating activities	14	-	-
Cash flows from investing activities			
Interest received		2,996	-
Net cash flows from investing activities		2,996	-
Net increase in cash and cash equivalents		2,996	-
Cash and cash equivalents at the beginning of the period		239,757	239,757
Cash and cash equivalents at the end of the period		242,753	239,757

The notes on pages 8 to 16 are an integral part of these financial statements.

There is no movement in debt balance; therefore, no Reconciliation of Net Cash Flow to Movement in Net Debt has been prepared for current and prior financial periods.

TESCO ATRATO (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

1. Statement of compliance

The financial statements of Tesco Atrato (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 Parent Company and the Group’s operations and its principal activity are set out in the Directors’ Report on page 1. Details of the Parent Company’s subsidiaries are set out in Note 8.

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 Group operates. The consolidated financial statements are also presented in Pound Sterling.

The financial statements are prepared under the historical cost convention.

The principal accounting policies are summarized below. They have all been applied consistently throughout the period and to the preceding period, 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 25 February 2023 (prior financial period: 52 weeks ended 26 February 2022). For the subsidiaries, the financial period is also 52 weeks ended 25 February 2023 (prior financial period: 52 weeks ended 26 February 2022).

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 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 Atrato (GP) Limited and its 100% subsidiaries: Tesco Atrato (Nominee Holdco) Limited, Tesco Atrato (Nominee 1) Limited, Tesco Atrato (Nominee 2) Limited and Tesco Atrato Depot Propco Limited.

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 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. This assessment includes consideration of the key financial risks for the Group and the Parent as set out in this report. 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.

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****3. Accounting policies (continued)****c) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's and the 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.

There are no key estimates and judgements that have a significant effect on amounts recognised in the financial statements as at the Balance Sheet date.

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 Parent Company elected to adopt the cost model for holding its investments as permitted under section 9 of FRS 102.

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 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 and the Parent Company 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 and the Parent Company's financial assets include cash and debtors.

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 are 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 within the other result.

TESCO ATRATO (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

J. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

The Group and the Parent Company determines 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.

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. The EIR amortisation is included in interest expense in the Profit and Loss Account. For a non-interest bearing creditors that are 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 transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Group, 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.

Income taxes

Current Taxes

Current tax, including United Kingdom 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.

Group relief on taxation

The Company 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 taxes

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 recognized 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.

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.

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****3. Accounting policies (continued)****d) Significant accounting policies (continued)****Income taxes (continued)***Deferred Taxes (continued)*

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 year 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 expects, 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 is cash balances with banks.

4. Operating result

The Directors received no emoluments for their services to the Group and the Parent Company (2022: £nil).

The Group and Parent Company had no employees during the period (2022: none).

5. Interest receivable and similar income

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
Interest receivable on bank deposits	<u>2,996</u>	-
	<u>2,996</u>	-

6. Tax credit on profit/result**(a) Factors that have affected the tax credit**

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2022: 19%).

The Finance Act 2021 included legislation to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023. As the change to the main UK corporation tax rate was substantively enacted by the balance sheet date the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

The 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 8.

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****6. Tax credit on the Profit/result (continued)****(b) Tax credit in the Profit and Loss Account**

The analysis of the credit for the period is as follows:

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
Current tax charge:		
- UK corporation tax on profit for financial period	-	-
Total current income tax charge	-	-
Deferred tax charge/(credit):		
- Current period	(2,699)	(2,490)
- Impact of rate change adjustment	(852)	(7,260)
Total deferred tax credit	(3,551)	(9,750)
Total tax credit in the Profit and Loss Account	(3,551)	(9,750)

(c) Reconciliation of the effective tax credit

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

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
Profit before tax	2,996	-
Tax charge at standard UK corporation tax rate of 19% (2022: 19%)	569	-
Effects of:		
- Effects of group relief/other reliefs	(2,928)	(2,150)
- Impact of rate change adjustment	(852)	(7,260)
- Allowable share of commutation payments	(340)	(340)
Total tax credit	(3,551)	(9,750)

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****7. Deferred tax asset**

The following are the major deferred tax assets recognised by the Group and Parent Company and movements thereon during the current and prior financial period 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 £	Total £
At 26 February 2022	30,249	30,249
Origination and reversal of temporary differences		
- In respect of the current period	2,699	2,699
- In respect of change in tax rates	852	852
At 25 February 2023	33,800	33,800
	Short term timing differences £	Total £
At 27 February 2021	20,499	20,499
Origination and reversal of temporary differences		
- In respect of the current period	2,490	2,490
- In respect of change in tax rates	7,260	7,260
At 26 February 2022	30,249	30,249

Deferred tax assets and liabilities are offset only where the Group and the 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.

8. Investments

	Group £	Parent Company £
Cost		
At 26 February 2022	200	203
At 25 February 2023	200	203
Net book value		
At 26 February 2022	200	203
At 25 February 2023	200	203

The Directors believe that the carrying value of the investments is supported by their underlying net assets as the subsidiaries hold the legal title and the economic rights to all the investment property leased by The Tesco Atrato Limited Partnership.

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****8. Investments (continued)**

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

Parent Company's subsidiary undertakings as at 25 February 2023:

Name of entity	Place of incorporation	Registered office address	Share class	% Shares held	Direct/ Indirect holding	Nature of business
Tesco Atrato (Nominee Holdco) Limited	England and Wales	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	100%	Direct	Holding company
Tesco Atrato (Nominee 1) Limited	England and Wales	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	100%	Indirect	Nominee company
Tesco Atrato (Nominee 2) Limited	England and Wales	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	100%	Indirect	Nominee company
Tesco Atrato Depot Propco Limited	England and Wales	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	£1.00 Ordinary shares	100%	Direct	Nominee company

Details of Parent Company's and Group's other investments as at 25 February 2023:

Other investments	Place of incorporation	Registered office address	Type of entity	% Interest held	Nature of business
The Tesco Atrato Limited Partnership	England and Wales	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom	Limited Partnership	0.1%	Property investment

A copy of the latest accounts of The Tesco Atrato Limited Partnership will be appended to the copy of the Parent Company's accounts sent to the registrar under section 444 of the Companies Act 2006.

9. Debtors: amounts falling due within one year

	Group		Parent Company	
	25 February 2023	26 February 2022	25 February 2023	26 February 2022
	£	£	£	£
The Tesco Atrato Limited Partnership	5,000	5,000	1,000	1,000
	5,000	5,000	1,000	1,000

Amount owed by The Tesco Atrato Limited Partnership are interest free, have no fixed date of repayment and are repayable on demand.

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****10. Creditors: amounts falling due within one year**

	Group		Parent Company	
	25 February 2023	26 February 2022	25 February 2023	26 February 2022
	£	£	£	£
Tesco Property Holdings (No.2) Limited	24	24	24	24
	24	24	24	24

Amounts owed to Tesco Property Holdings (No.2) Limited are interest free, have no fixed date of repayment and are repayable on demand.

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

	Group		Parent Company	
	25 February 2023	26 February 2022	25 February 2023	26 February 2022
	£	£	£	£
Tesco Property Finance 2 PLC	5,000	5,000	1,000	1,000
	5,000	5,000	1,000	1,000

Amounts owed to Tesco Property Finance 2 PLC are interest free and repayment is due within one month of 13 October 2039. No early repayment is permitted.

12. Called up share capital

	Group		Parent Company	
	25 February 2023	26 February 2022	25 February 2023	26 February 2022
	£	£	£	£
Authorised, Allotted, called up and fully paid				
5,000 Ordinary 'A' shares of £1 each (2022: 5,000 'Ordinary A' shares of £1 each)	5,000	5,000	5,000	5,000
Authorised, Allotted, called up and fully paid				
5,000 Ordinary 'B' shares of £1 each (2022: 5,000 'Ordinary B' shares of £1 each)	5,000	5,000	5,000	5,000
	10,000	10,000	10,000	10,000

'A' shares and 'B' shares each constitute a separate class of shares. The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption. Both classes of shares have the same rights and rank pari passu in all respects.

13. Reserves

The reserves are as follows:

- Profit and Loss Account comprises of prior and current period's undistributed earnings after tax.
- Share premium account includes the premium on issues of equity shares, net of any issue costs.

TESCO ATRATO (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023 (continued)****14. Net cash flow from operating activities**

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

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
Profit before tax	2,996	-
Working capital movements:		
Decrease in creditors		-
Interest receivable and similar income	(2,996)	-
Net cash flow from operating activities	-	-

15. Ultimate parent undertaking and controlling party

The Companies immediate parent undertaking is Tesco Property Holding (No.2)

The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is incorporated and registered in England and Wales. The results of the Company are only included in the consolidated financial statements of Tesco PLC, which is the smallest and largest group to consolidate these financial statements.

Copies of the Tesco PLC Annual Report and Financial Statements 2023 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 or from the Tesco Plc website (www.tescopl.com).

16. Related party transactions

During the 52 weeks period ended 25 February 2023 the Group and the Parent Company have not entered into any transactions with related parties. Balances outstanding at 25 February 2023, are as follows:

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

Balances for Group	Nature of balances	2023		2022	
		Debtors £	Creditors £	Debtors £	Creditors £
The Tesco Atrato Limited Partnership	Other Debtors	5,000	-	5,000	-

Balances for Parent Company	Nature of balances	2023		2022	
		Debtors £	Creditors £	Debtors £	Creditors £
The Tesco Atrato Limited Partnership	Other Debtors	1,000	-	1,000	-
Tesco Property Holdings (No.2) Limited	Other Creditors	-	24	-	24

The related party balances outstanding at the period end are included in the total debtors and creditors balances stated in Notes 9 and 10.

17. Events after the reporting period

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

TESCO ATRATO (GP) LIMITED**PARENT COMPANY PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS
ENDED 25 FEBRUARY 2023**

	Notes	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
		£	£
Interest receivable and similar income	5	2,996	-
Profit/results before taxation		2,996	-
Tax credit on profit/results	6	3,551	9,750
Profit for the financial period		6,547	9,750

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

**THE TESCO ATRATO LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023
REGISTERED NUMBER: LP013577**

THE TESCO ATRATO LIMITED PARTNERSHIP

PARTNERSHIP INFORMATION

Partners	Tesco Atrato (ILP) Limited (Limited partner) Tesco Atrato (GP) Limited (General partner) Tesco Atrato Unit Trust (Jersey) (Limited partner)
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Registered number	LP013577
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Registered office	Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom
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Independent auditor	Deloitte LLP 1 New Street Square, London United Kingdom
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THE TESCO ATRATO LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

Tesco Atrato (GP) Limited (the "General Partner") presents its Strategic Report of The Tesco Atrato Limited Partnership (the "Partnership") for the 52 weeks ended 25 February 2023 (prior period: 52 weeks ended 26 February 2022 ("2022")).

Business review and principal activity

The principal activity of the Partnership is to carry out property investment in 15 retail stores and 2 distribution centers 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 total comprehensive loss of £12,904,247 (2022: total comprehensive income of £82,183,010) and rental income of £42,696,208 (2022: £41,038,361).

The Partnership did not distribute any profits in the current nor the prior period.

The Partnership has net assets of £90,291,475 (2022: £103,195,722) at the period end and net current liabilities of £19,889,330 (2022: £19,504,834). The General Partner does not consider this a going concern risk as future rental income streams are hedged 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 Tesco PLC Group (the "Group"), which includes the Partnership, is discussed on page 14 of the Tesco PLC Annual Report and Financial Statements 2023, 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 47 of the Tesco PLC Annual Report and Financial Statements 2023, 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. There has been a decline in the fair value of investment properties during the current year due to the weakening of the property investment market, which has led to increased yields. This does not, however, affect the partnership's ability to derive income from the rental properties.

Principal risks and uncertainties

The Partnership's activities expose it to risks and uncertainties as summarised below. The Partnership's financial instruments comprise solely the Partnership loans and a Retail Price Index (RPI) linked swap arrangements.

Financial instrument risks are embedded in the Group principal risk – 'Financial Performance', details of which are available in the on pages 43 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

The principal risks and uncertainties are related to property investment into the retail stores and distribution centres. 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 Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Partnership, are discussed on pages 38 to 45 of the Tesco PLC Annual Report and Financial Statements 2023, which do not form a part of this Report.

THE TESCO ATRATO LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Business risk

The Partnership's principal business relationships are with Tesco PLC Group companies and therefore the Partnership's business risk is closely linked to the Group. At present, there continues to be a heightened level of macroeconomic uncertainty relating to cost and wage inflation, as well as energy supply issues, leading to rising prices which are continuing to impact the group's customers' disposable income, thereby changing the way they shop. These also result in an increase in operational costs for the group as well as its suppliers, which is further exacerbated by the war in Ukraine. The inflationary and economic risk factors continue to influence the business and are therefore key components of the customer and financial performance principal risks. The Group understands the short-term risks and impacts, and have the right teams, governance mechanisms, customer offerings and strategies in place. However, the long-term impacts remain uncertain, and the Group will continue to monitor the situation closely and respond accordingly. The Group will continue to assess and monitor the potential risks and impacts on the Company and its stakeholders as a whole, while taking mitigations measures to address local 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 customers, Tesco Stores Limited and Tesco Distribution 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 also managed through the use of an RPI rate swap contract 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 investment in the retail stores and distribution centres; and the obligation to make repayments against the loans when due. These risks include the exposure to fluctuations in the fair market value and the occupancy of the investment properties.

The Partnership manages this through using a managing agent, which handles its occupational leases and the receipt of arrears for the Partnership.

Cash flow risk

The Partnership's activities expose it primarily to the financial risks of changes in an RPI which could cause the Partnership difficulty in meeting its obligations if the level of an 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 an 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;
- 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.

THE TESCO ATRATO LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Section 172(1) Statement (continued)

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, we periodically 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.

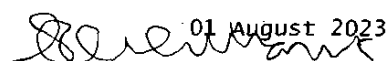
The Partnership's key stakeholders are its leaseholders, debtors and creditors. The views of and the impact of the Partnership's activities on those stakeholders are an important consideration for the partners when making relevant decisions. While there are cases where the partnership itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and Tesco Group means that generally our stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual partnership. For details on the some of the engagement that takes place with the Partnership's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see pages 26-27 of the Tesco PLC 2023 Annual Report.

During the period we received information to help us understand the interests and views of the Partnership's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement (for example, the results of customer and supplier surveys and focus groups). As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the partnership.

As a Limited Partnership, the principal activity of the Partnership is to carry out property investment in 15 retail stores and 2 distribution centres for which a rental income is received, the Partnership has a limited number of external suppliers who provide specific administration and compliance services. The Partnership has had no commercial business, and no employees, customers or suppliers 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.tescopl.com.

Approved by the General Partner on 31 July 2023 and signed on behalf of the General Partner by:

 01 August 2023

Simon Williams, for and on behalf of Tesco Services Limited, Director

for and on behalf of the General Partner

Tesco Atrato (GP) Limited

Registered Number: 06969536

Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

THE TESCO ATRATO LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

Tesco Atrato (GP) Limited presents its Report and the audited financial statements of The Tesco Atrato Limited Partnership (the "Partnership") for the 52 weeks ended 25 February 2023 (prior period: 52 weeks ended 26 February 2022). During the period, Tesco Atrato (GP) Limited acted as the General Partner and Tesco Atrato (ILP) Limited and Tesco Atrato Unit Trust (Jersey) acted as limited partners of the Partnership.

The Partnership was originally constituted under an Initial Partnership Agreement, which was then superseded by the fifth amended and restated Limited Partnership Agreement (the "Limited Partnership Agreement") on 26 February 2010.

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 Partnership will be able to continue in principal activities 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 principal activities or put 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 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 RPI linked derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation when 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 or 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 and a net current liability position. The General Partner does not consider this a going concern risk as future rental income streams are guaranteed through an RPI linked swap to ensure that the Partnership can meet its financial obligations. The General Partner has produced 18 months cash flow forecasts from the Balance Sheet date 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.

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 17 to the financial statements.

Political donations

There were no political donations for the period (2022: £nil) and the Partnership did not incur any political expenditure (2022: £nil).

Research and development

The Partnership does not undertake any research and development activities (2022: £nil).

THE TESCO ATRATO LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

Financial risk management

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

Employees

The Partnership had no employees during the period (2022: 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.

Energy and Carbon reporting

The Company's Streamlined Energy and Carbon Reporting (SECR) disclosures form a part of the Group's SECR disclosures, which are discussed on page 105 of the Tesco PLC Annual Report and Financial Statements 2023, which does not form a part of this Report.

Partners

The partners, including the General Partner, Tesco Atrato (GP) Limited, 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 Section 12 of the Limited Partnership Agreement (2010) 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.

Modern Slavery Act

As per section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is published annually on our Group website. The statement covers the activities of the Group and its subsidiaries and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our own business.

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.

The 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 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:

THE TESCO ATRATO LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

General Partner's Responsibilities Statement (continued)

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

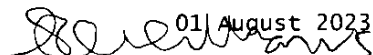
The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Partnerships. They 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 31 July 2023 and signed on behalf of the General Partner by:

 01 August 2023

Simon Williams, for and on behalf of Tesco Services Limited, Director

for and on behalf of the General Partner

Tesco Atrato (GP) Limited

Registered Number: 06969536

Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNER OF THE TESCO ATRATO LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the qualifying partnership's affairs as at 25 February 2023 and of its loss 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNER OF THE TESCO ATRATO LIMITED PARTNERSHIP (continued)

Other information (continued)

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 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 intends 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 and the general partners about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

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.

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNER OF THE TESCO ATRATO LIMITED PARTNERSHIP (continued)

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

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 evaluated the design and implementation of the key controls related to the valuation of investment properties;
- we obtained and reviewed the property valuation reports prepared by a third party expert engaged by the qualifying partnership;
- we engaged our valuation specialists to evaluate and determine the appropriateness of the valuation methods, as well as, reviewed the assumptions used within the valuation reports such as yield; and
- we reconciled the property valuation report to 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 and in-house 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:

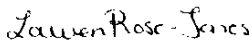
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of General Partner's remuneration specified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

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNER OF THE TESCO ATRATO LIMITED PARTNERSHIP (continued)

Use of our report

This report is made solely to the 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 to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Lauren Rose-Jones FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom
1 August 2023

THE TESCO ATRATO LIMITED PARTNERSHIP**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

	Notes	52 weeks ended 25 February 2023 £	52 weeks ended 26 February 2022 £
Turnover		42,696,208	41,038,361
Administrative expenses		(506,271)	(625,287)
(Loss)/gain on revaluation of investment properties	8	(63,080,000)	75,010,000
Operating (loss)/profit	4	(20,890,063)	115,423,074
Interest receivable and similar income	5	48,987	344,855
Interest payable and similar charges	6	(28,033,788)	(27,656,506)
(Loss)/profit before taxation		(48,874,864)	88,111,423
Tax on (loss)/profit	7	-	-
(Loss)/profit for the financial period		(48,874,864)	88,111,423

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

The notes on pages 15 to 25 are an integral part of the financial statements.

THE TESCO ATRATO LIMITED PARTNERSHIP**STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED
25 FEBRUARY 2023**

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
(Loss)/profit for the financial period	(18,874,864)	88,111,423
<i>Other comprehensive income/(loss):</i>		
<i>Cash Flow hedges</i>		
Gains/(losses) arising in the period	35,970,617	(5,928,413)
Total comprehensive (loss)/income for the period	(12,904,247)	82,183,010

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

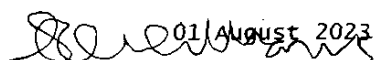
The notes on pages 15 to 25 are an integral part of the financial statements.

THE TESCO ATRATO LIMITED PARTNERSHIP**BALANCE SHEET AS AT 25 FEBRUARY 2023**

	Notes	25 February 2023	26 February 2022
		£	£
Fixed assets			
Investment properties	8	695,400,000	758,480,000
		695,400,000	758,480,000
Current assets			
Debtors: amounts falling due within one year	9	567,305	524,896
Cash at bank and in hand		1,031,289	876,855
		1,598,594	1,401,751
Current liabilities			
Creditors: amounts falling due within one year	10	(21,487,924)	(20,906,585)
Net current liabilities		(19,889,330)	(19,504,834)
Total assets less current liabilities		675,510,670	738,975,166
Creditors: amounts falling due after more than one year	11	(585,219,195)	(635,779,444)
Net assets		90,291,475	103,195,722
Partners' interest			
Partners' capital accounts	13	20,200	20,200
Cashflow hedge reserve	13	(174,939,744)	(210,910,361)
Profit and loss account	13	265,211,019	314,085,883
Partners' interest		90,291,475	103,195,722

The notes on pages 15 to 25 are an integral part of these financial statements.

The financial statements on pages 11 to 25 were approved by the General Partner and authorised for issue on 31 July 2023. They were signed on its behalf by:



Simon Williams, for and on behalf of Tesco Services Limited, Director
for and on behalf of the General Partner
Tesco Atrato (GP) Limited

Registered Number: 06969536

Registered office: Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom

THE TESCO ATRATO LIMITED PARTNERSHIP**STATEMENT OF CHANGES IN PARTNERS' INTERESTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023**

	Partners' capital accounts	Cashflow hedge reserve	Profit and loss account	Total
	£	£	£	£
Balance as at 27 February 2021	20,200	(204,981,948)	225,974,460	21,012,712
Profit for the financial period	-	-	88,111,423	88,111,423
Other comprehensive loss for the period	-	(5,928,413)	-	(5,928,413)
Total comprehensive (loss)/income for the period	-	(5,928,413)	88,111,423	82,183,010
Balance as at 26 February 2022	20,200	(210,910,361)	314,085,883	103,195,722
Loss for the financial period	-	-	(48,874,864)	(48,874,864)
Other comprehensive income for the period	-	35,970,617	-	35,970,617
Total comprehensive income/(loss) for the period	-	35,970,617	(48,874,864)	(12,904,247)
Balance as at 25 February 2023	20,200	(174,939,744)	265,211,019	90,291,475

The notes on pages 15 to 25 are an integral part of these financial statements.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023

1. Statement of compliance

The financial statements of The Tesco Atrato 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 5 August 2009 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 26 February 2010. The Partnership is limited by Partners' capital.

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

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 the revaluation of certain investment properties, financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The Partnership 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.

The Partnership is wholly owned by Tesco PLC and is included in the consolidated financial statements of Tesco PLC, which are publicly available. The Partnership is a qualifying entity for the purposes of FRS 102. Consequently, as per section 1.12(b), the Partnership has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 section 7 "Statement of Cash Flows".

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 in 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 trading or put 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 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 RPI linked derivative financial instrument to fix its cash inflows, thereby allowing the Partnership to meet its obligation when annual RPI increases to rental income are lower than expected.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

3. Accounting policies (continued)

b) Going concern (continued)

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 and a net current liability position. The General Partner does not consider this a going concern risk as future rental income streams are guaranteed through an RPI linked swap to ensure that the Partnership can meet its financial obligations. The General Partner has produced 18 months cash flow forecasts from the Balance Sheet date 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.

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.

There are no judgements and estimates 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 25 February 2023.

The valuation is undertaken on an open market basis deemed to represent at 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. This is a 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.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

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 in the Balance Sheet.

A number of 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 5%.

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.

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 wholly transacted in the United Kingdom (UK).

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 rate (EIR) method, 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 non-interest bearing debtors that are 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 and other receivables are classified within debtors.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

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 loans, creditors, other payables and derivative financial instruments.

Subsequent measurement

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

Creditors

Creditors are 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 rate (EIR) method. 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 in the Profit and Loss Account. For non-interest bearing creditors that are 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. Loans are classified within creditors.

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 an 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 purpose.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Financial instruments (continued)

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.

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, 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 equity is retained in the Statement of Changes in Partners' interests 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' Interests is reclassified 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 its 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 at bank and in hand is cash balances with banks. Net debt is comprised of loans advanced to the Partnership and cash.

Allocation of profits and drawings

The net profits of the Partnership incurred each period is divided between the partners in the following proportions:

Tesco Atrato (1LP) Limited	49.95%
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THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

3. Accounting policies (continued)

d) Significant accounting policies (continued)

Allocation of profits and drawings (continued)

Tesco Atrato (GP) Limited	0.1%
Tesco Atrato Unit Trust (Jersey)	49.95%

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.

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis.

4. Operating (loss)/profit

The General Partner received no emoluments in respect of its services to the Partnership (2022: £nil).

The Partnership had no employees during the period ended 25 February 2023 (2022: none).

The auditor's remuneration in respect of audit services in the period amounted to £8,344 (2022: £7,517). The non-audit fees for the period is £nil (2022: £nil). The audit fees were borne on the Partnership's behalf by another Group company.

5. Interest receivable and similar income

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
Interest income from derivative financial instrument	-	344,855
Interest received from bank deposits	48,987	-
	48,987	344,855

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

6. Interest payable and similar charges

	52 weeks ended 25 February 2023	52 weeks ended 26 February 2022
	£	£
Interest payable on loan taken from Group undertaking	26,596,742	27,656,506
Interest expenses on derivative financial instruments	1,437,046	-
	28,033,788	27,656,506

The interest payable on the loan is related to the loan provided by Tesco Property Finance 2 PLC (refer Note 10).

7. Tax on (loss)/profit

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 partners.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

8. Investment properties

	25 February 2023	26 February 2022
	£	£
Land and building		
Valuation:		
Opening balance	758,480,000	683,470,000
Revaluation	(63,080,000)	75,010,000
Closing balance	695,400,000	758,480,000

The investment properties have been valued by Cushman and Wakefield LLP who is deemed to be a suitably qualified valuer by the General Partner on the fair value basis as at 25 February 2023. The valuation was carried out in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

This 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 properties have been valued on the basis of market value which the valuer confirms to be the fair value, defined 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 lease guarantees; otherwise assuming vacant possession.

There has been a decline in the fair value of investment properties during the current year due to the weakening of the property investment market, which has led to increased yields.

The average yield across the portfolio is 6.33% (2022: 5.53%) with a rental income of £175.46 (2022: £167.11) per square metre.

There were no restrictions on the realisability 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

	25 February 2023	26 February 2022
	£	£
Amounts owed by Group undertakings	559,615	517,561
VAT	7,690	7,335
	567,305	524,896

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

	25 February 2023	26 February 2022
	£	£
Loan from Tesco Property Finance 2 PLC	17,964,223	17,546,639
Accruals and deferred income	3,523,701	3,344,634
Amounts owed to Group undertakings	-	15,312
	21,487,924	20,906,585

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

10. Creditors: amounts falling due within one year (continued)

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The loan from Tesco Property Finance 2 PLC incurs interest at a fixed rate of 6.0517% and is repayable in instalments. The loan is secured on the Partnership's investment properties. The amount above reflects the amounts of principal and accrued interest that are due for repayment within the next 12 months from 25 February 2023.

As the loan from Tesco Property Finance 2 PLC has been calculated using the effective interest rate method, any accrued interest payable is included within the amounts payable to Tesco Property Finance 2 PLC.

The Partnership has taken a loan from Tesco Property Finance 2 PLC, who in turn holds a back-to-back arrangement with Tesco PLC. Tesco PLC hold a cash flow hedge arrangement externally. All arrangements have been set up to manage the cash flow fluctuations generated from the cash inflows of The Tesco Atrato Limited Partnership.

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

	25 February 2023 £	26 February 2022 £
Loan from Tesco Property Finance 2 PLC	409,990,271	424,845,346
Back-to-back swap arrangement	175,223,924	210,929,098
Amounts owed to Group undertakings	5,000	5,000
	585,219,195	635,779,444

Refer Note 10 for details of Loan arrangement.

12. Financial instruments

The Partnership holds a back-to-back arrangement with Tesco 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 an 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 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 Retail Price Index 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 the cash at bank and in hand, trade and other receivables and financial instruments. The management of these risks is outsourced as approved in the 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 £175,223,924 (2022: £210,929,098).

The Partnership considers its maximum liquidity risk to be £603,405,777 (2022: £653,678,342), being the Partnership's total financial liabilities.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

12. Financial instruments (continued)

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 Retail Price Index 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 equity) are to safeguard the Partnership's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, while maintaining a strong credit rating and headroom whilst optimizing return to shareholders 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.

Financial assets and liabilities by category

The accounting classifications of each class of financial asset and liability as at 25 February 2023 and 26 February 2022 are as follows:

	Loans and receivables/ other financial liabilities (amortised cost) £	Fair value through other comprehensive income £	Total £
At 25 February 2023			
Cash at bank and in hand	1,031,289	-	1,031,289
Other receivables	559,615	-	559,615
Borrowings	(427,954,494)	-	(427,954,494)
Derivative back-to-back arrangement	-	(175,223,924)	(175,223,924)
Other payables	(227,359)	-	(227,359)
	(426,590,949)	(175,223,924)	(601,814,873)

	Loans and receivables/ other financial liabilities (amortised cost) £	Fair value through other comprehensive income £	Total £
At 26 February 2022			
Cash at bank and in hand	876,855	-	876,855
Other receivables	524,896	-	524,896
Borrowings	(442,391,985)	-	(442,391,985)
Derivative back-to-back arrangement	-	(210,929,098)	(210,929,098)
Other payables*	(337,259)	-	(337,259)
	(441,327,493)	(210,929,098)	(652,256,591)

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

*The prior period amount for other payables has been restated to exclude deferred income, which does not meet the definition of financial liabilities under FRS 102.

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

13. Cumulative partners' account

Partners' Accounts as at 25 February 2023	Partners' capital accounts	Cashflow hedge reserve	Profit and Loss account	Total
	£	£	£	£
Tesco Atrato (ILP) Limited	10,000	(87,382,402)	132,472,904	45,100,502
Tesco Atrato Unit Trust (Jersey)	10,000	(87,382,402)	132,472,904	45,100,502
Tesco Atrato (GP) Limited	200	(174,940)	265,211	90,471
Total	20,200	(174,939,744)	265,211,019	90,291,475

The Partnership was formed on 5 August 2009. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the Limited Partnership Agreement on 26 February 2010, with capital injections totaling £20,200. Tesco Atrato (ILP) Limited owns 49.95%, Tesco Atrato Unit Trust (Jersey) owns 49.95%, and Tesco Atrato (GP) Limited owns 0.1% of the Partnership.

The Limited Partnership reserves are as follows:

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

14. Receivables under operating lease

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

	25 February 2023 £	26 February 2022 £
Due within one year	44,017,910	41,921,819
After one year but not more than five years	176,071,640	167,687,276
After five years	517,210,443	534,503,194
	737,299,993	744,112,289

Tesco Stores Ltd and Tesco Distribution Limited are the tenants 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 tenants have the option to take 3 further leases of the premises, each for a period of 10 years at market rent.

15. Ultimate parent undertaking and controlling party

The immediate controlling parent are the partners of the Partnership, which are namely, Tesco Atrato (ILP) Limited, Tesco Atrato Unit Trust (Jersey) and Tesco Atrato (GP) Limited.

The Partnership is wholly owned by Tesco PLC. Copies of the Tesco PLC Annual Report and Financial Statements 2023 are available from the Company Secretary at its registered office address: Tesco PLC, Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, United Kingdom or on the Tesco PLC website.

16. Related party transactions and balances

During the 52 weeks period ended 25 February 2023 (prior period: 52 weeks period ended 26 February 2022) the Partnership entered into transactions with related parties, in the ordinary course of business. Transactions entered, and balances outstanding at 25 February 2023, are as follows:

THE TESCO ATRATO LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 FEBRUARY 2023 (continued)

16. Related party transactions and balances (continued)

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

Transactions	Nature of transactions	2023		2022	
		Income £	Expense £	Income £	Expense £
Tesco Stores Limited	Rental income	42,696,208	-	41,038,361	-
Spem Hill Management Limited	Property management fees	-	339,694	-	353,125
Tesco Atrato Unit Trust	Reimbursement of expenses	-	42,053	-	42,564

Balances	Nature of balances	2023		2022	
		Debtors £	Creditors £	Debtors £	Creditors £
Spem Hill Management Limited	Other creditors	-	175,991	-	186,605
Tesco Atrato Unit Trust	Other debtors	559,615	-	517,561	-
Tesco Atrato (GP) Limited	Loan payable	-	1,000	-	1,000
Tesco Atrato (Nominee 1) Limited	Loan payable	-	1,000	-	1,000
Tesco Atrato (Nominee 2) Limited	Loan payable	-	1,000	-	1,000
Tesco Atrato (Nominee Holdco) Limited	Loan payable	-	1,000	-	1,000
Tesco Atrato Depot Propco Limited	Loan payable	-	1,000	-	1,000

All related parties' transactions are with General Partner of Partnership and subsidiaries of the ultimate parent undertaking.

Reference to balances outstanding at the period-end are disclosed in Notes 9, 10 and 11.

17. Events after the reporting period

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