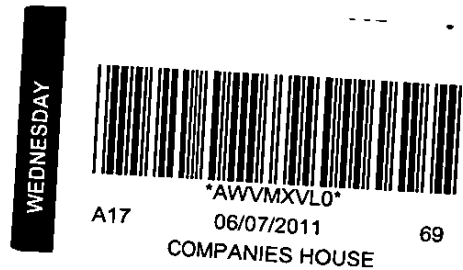


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TESCO AQUA (1LP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

Registered number: FC026996



TESCO AQUA (1LP) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Tesco Aqua (1LP) Limited (the "Company") for the 52 week period ended 26 February 2011 (prior period 52 weeks ended 27 February 2010)

Business review and principal activities

The principal activity of the Company is to act as an investment company into The Tesco Aqua Limited Partnership and related entities. There has been no significant change in the nature or level of activity during the period and we do not expect this to change significantly throughout the next financial period.

Results and dividends

The results for the 52 weeks ended 26 February 2011 show a pre-tax profit of £5,646,162 (2010: £nil). During the 52 weeks a dividend of £nil (2010: £nil) was paid.

The Company has net assets of £6,174,316 (2010: £831,654).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are related to the value of the investments that this Company holds.

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

Charitable and political contributions

There were no charitable or political donations for the period (2010: £nil).

Future outlook

The Company's level of trade is expected to continue throughout 2011 and it is hoped that the current performance levels will be maintained.

Key performance indicators (KPI's)

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

Research and development

The Company does not undertake any research and development activities (2010: £nil).

Supplier payment policy

The Company does not have direct supplier relationships.

Employees

The Company had no employees during the period (2010: none).

TESCO AQUA (1LP) LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 26 February 2011 (continued)

Directors and their interests

The Directors of the Company during the period were as follows

R Brasher

A Clark

S Grimble (Appointed 2 March 2011)

M Iddon

D Potts (Resigned 2 March 2011)

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

D Potts and R Brasher are also Directors of Tesco PLC, and as such their disclosable interests in Tesco PLC are declared in the financial statements of that Company

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Tesco PLC Directors listed above in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year.

Cautionary statement regarding forward-looking information

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

TESCO AQUA (1LP) LIMITED

DIRECTORS' REPORT

Directors' Report for the 52 weeks ended 26 February 2011 (continued)

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there will be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board

22 JUNE 2011



A Clark
Director
Tesco Aqua (1LP) Limited
Registered Number FC026996
Registered office: Strathvale House, 90 North Church Street, PO Box 10378 APO, George Town, Cayman Islands

TESCO AQUA (1LP) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

| | Notes | 52 weeks ended 26 February 2011 £ | 52 weeks ended 27 February 2010 £ |
|--|-------|--|--|
| Administrative expenditure | | (1,338) | - |
| Distributions received | | 5,647,500 | - |
| Profit on ordinary activities before taxation | 2 | 5,646,162 | - |
| Tax on profit on ordinary activities | 3 | - | - |
| Profit for the financial period | 8,9 | 5,646,162 | - |

There are no recognised gains or losses other than those shown in the Profit and Loss Account above

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

All operations are continuing for the financial period

The notes on pages 6 to 9 form part of these financial statements

TESCO AQUA (ILP) LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2011

| | Notes | 26 February 2011 £ | 27 February 2010 £ |
|---|-------|--------------------------|--------------------------|
| Non-current assets | | | |
| Investments | 4 | 303,500 | 303,500 |
| Current assets | | | |
| Debtors – amounts falling due within one year | 5 | 4,980,960 | 80,960 |
| Cash at bank and in hand | | 1,309,017 | 562,855 |
| | | 6,289,977 | 643,815 |
| Creditors – amounts falling due within one year | 6 | (115,661) | (115,661) |
| Net current assets | | 6,174,316 | 528,154 |
| Net assets | | 6,477,816 | 831,654 |
| Capital and reserves | | | |
| Called up share capital | 7 | 2,000 | 2,000 |
| Share premium | 8 | 301,500 | 301,500 |
| Profit and loss reserve | 8 | 6,174,316 | 528,154 |
| Total shareholder's funds | 9 | 6,477,816 | 831,654 |

The financial statements on pages 4 to 9 were approved by the board of Directors on 22 JUNE 2011 and signed on its behalf by



A Clark
Director
Tesco Aqua (ILP) Limited
Registered Number FC026996

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 26 FEBRUARY 2011

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, group financial statements have not been prepared because the Company is a wholly owned subsidiary of Tesco PLC, incorporated in England and Wales.

Cash flow statement

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

Dividends Received

Dividends are recognised when a legal entitlement to payment arises.

Taxation

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

Group relief on taxation

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Directors received no emoluments for their services to the Company (2010 £nil).

The Company had no employees during the period (2010 none).

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

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 26 FEBRUARY 2011 (continued)

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of corporation tax in the UK is 28%

| | 52 weeks ended 26 February 2011 | 52 weeks ended 27 February 2010 |
|---|---------------------------------------|---------------------------------------|
| | £ | £ |
| Current tax: | | |
| UK Corporation tax on profit for the financial period | - | - |
| Total current tax | - | - |
| Tax on profit on ordinary activities | - | - |

The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 28%. The differences are explained below

| | 52 weeks ended 26 February 2011 | 52 weeks ended 27 February 2010 |
|---|---------------------------------------|---------------------------------------|
| | £ | £ |
| Profit on ordinary activities before tax | 5,646,162 | - |
| Profit on ordinary activities multiplied by standard rate in the UK 28% | 1,580,925 | - |
| Effects of: | | |
| Partnership distribution not taxable | (1,581,300) | - |
| Taxable share of Partnership income | 322,021 | 259,377 |
| Group relief surrendered without payment | (321,646) | (259,377) |
| Current tax charge for the financial period | - | - |

4. INVESTMENTS

| | Total £ |
|------------------------|------------|
| As at 27 February 2010 | 303,500 |
| As at 26 February 2011 | 303,500 |

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

| Company | Country of incorporation | Proportion of rights and shares held % | Nature of Business |
|---------------------------------------|-----------------------------|--|---------------------|
| The Tesco Aqua Limited Partnership | England and Wales | 49.90% | Property Investment |

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 26 FEBRUARY 2011 (continued)

5. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 26 February 2011 £ | 27 February 2010 £ |
|------------------------------------|--------------------------|--------------------------|
| Amounts owed by group undertakings | 4,980,960 | 80,960 |

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

6. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 26 February 2011 £ | 27 February 2010 £ |
|------------------------------------|--------------------------|--------------------------|
| Amounts owed to group undertakings | 115,661 | 115,661 |

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

7. CALLED UP SHARE CAPITAL

| | 26 February 2011 £ | 27 February 2010 £ |
|--|--------------------------|--------------------------|
| Allotted, called up and fully paid | | |
| 2,000 (2010 2000) Ordinary shares of £1 each | 2,000 | 2,000 |

8. RESERVES

| | Share premium £ | Profit and loss £ |
|---------------------------------|--------------------|----------------------|
| As at 27 February 2010 | 301,500 | 528,154 |
| Profit for the financial period | - | 5,646,162 |
| As at 26 February 2011 | 301,500 | 6,174,316 |

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 52 weeks ended 26 February 2011 £ | 52 weeks ended 27 February 2010 £ |
|--------------------------------------|--|--|
| Profit for the financial period | 5,646,162 | - |
| Net additions to shareholder's funds | 5,646,162 | - |
| Opening of shareholder's funds | 831,654 | 831,654 |
| Closing of shareholder's funds | 6,477,816 | 831,654 |

TESCO AQUA (1LP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 26 FEBRUARY 2011 (continued)

10. ULTIMATE PARENT UNDETAKING

The Company's immediate parent undertaking is Tesco Property Holdings Limited

The Company's ultimate parent undertaking and controlling party is Tesco PLC, which is incorporated in Great Britain and registered in England and Wales, and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

11. RELATED PARTY DISCLOSURES

Transactions with other companies within the group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC, in which the Company is included, are available at the address noted above.