

4945945

TESCO PROPERTY PARTNER (NO.1) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 26 FEBRUARY 2006



DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 26 February 2006.

Principal activity

The principal activity of the company is to act as a holding company.

Review of the business and future developments

The company has not traded during the year.

Results and dividends

The company made a profit of £1,623,421 for the year.

Directors and their interests

The directors who served during the year were:

Martin Field	(resigned 31 May 2005)
J Lloyd	(appointed 31 May 2005)
A T Higginson	(appointed 28 October 2003)
N Mourant	(appointed 20 November 2003)

None of the directors had any disclosable beneficial interests in the company.

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 9 the company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards, which they consider to be applicable, have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company which enables them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board on 23rd October 2006


Jonathan Lloyd
Director

Tesco Property Partner (No 1) Ltd
Registered Number 4945945

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO PROPERTY PARTNER (NO 1) LIMITED

We have audited the financial statements of Tesco Property Partner (NO 1) Limited for the year ended 26 February 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors: As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

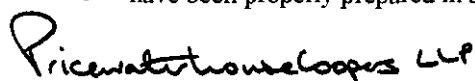
We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion : We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 February 2006 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

1 November 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 26 FEBRUARY 2006

	Note	52 weeks ended 26 Feb 2006 £	17 weeks ended 26 Feb 2005 £
Other operating income		-	-
GROSS PROFIT		-	-
Administrative expenses		-	-
OPERATING PROFIT	2	-	-
Distributions from joint venture		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Taxation on profit on ordinary activities	3	1,623,421	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,623,421	-
Dividends: ordinary dividends on equity shares		-	-
RETAINED PROFIT FOR THE PERIOD		1,623,421	-

The company had no recognised gains or losses other than those reflected in the profit and loss account.

Turnover and results are derived from continuing operations in the United Kingdom.


The notes on pages 7 to 9 form part of these financial statements

TESCO PROPERTY PARTNER (NO 1) LIMITED

BALANCE SHEET AS AT 26 FEBRUARY 2006

	Note	26 Feb 2006 £	26 Feb 2005 £
FIXED ASSETS			
Investments	4	1,000	1,000
CURRENT ASSETS			
Cash at bank		47,255	47,255
CREDITORS (amounts falling due within one year)	6	-	(1,623,421)
NET CURRENT ASSETS / (LIABILITIES)		47,255	(1,576,166)
Debtors (amounts falling due after more than one year)	5	20,844,154	21,458,268
TOTAL ASSETS LESS CURRENT LIABILITIES		20,892,409	19,883,102
CREDITORS (amounts falling due after more than one year)	7	(20,843,151)	(21,457,268)
NET ASSETS / (LIABILITIES)		49,255	(1,574,166)
CAPITAL AND RESERVES			
Called up share capital	8	2,000	2,000
Profit and loss account	9	47,255	(1,576,166)
EQUITY SHAREHOLDERS FUNDS	10	49,255	(1,574,166)

Approved by the Board of Directors on 23rd October, 2006


Jonathan Lloyd
Director

The notes on pages 7 to 9 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2006**1. ACCOUNTING POLICIES****Basis of accounting**

These financial statements have been prepared in accordance with the applicable accounting standards in the United Kingdom, under the historical cost convention, and in accordance with the Companies Act 1985.

In accordance with FRS 2, Group accounts are not prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in Great Britain.

In accordance with FRS 1 (revised), the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself.

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis.

2. OPERATING PROFIT

The directors received no emoluments in respect of their services to the company (2005 - £nil).

There were no employees of the company during the year (2005 - £nil).

Auditors remuneration for the year has been borne by another company.

3. TAXATION

	26 Feb 2006 £	26 Feb 2005 £
(a) Analysis of credit in the year:		
Current Tax		
UK corporation tax at 30% (2005: 30%)	(1,623,421)	-
Tax on (profit) / loss on ordinary activities	(1,623,421)	-

The company's share of tax of the profit of the underlying partnership (Tesco Property Limited Partnership) is included above.

(b) Factors affecting tax charge for the year

	26 Feb 2006 £	26 Feb 2005 £
The tax assessed for the year is lower than the standard rate of corporation Tax in the UK (30%). The difference are explained below:		
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by the standard rate of Corporation Tax of 30% (2005:30%)	-	-
Effects of:		
Prior year adjustment	(1,623,421)	2,996,419
Non taxable income	-	-
Taxable share of partnership income	184,683	16,315
Group relief received without making payment	(184,683)	(3,012,734)
	(1,623,421)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2006
(CONTINUED)**3. TAXATION (CONTINUED)**

The Company is subject to transfer pricing legislation under which arms length terms are applied with UK connected parties. Any adjustments required under this legislation would not have any impact on the amount of tax payable as compensating payments will be made between the parties affected to restore them to their position before application of this legislation.

4. FIXED ASSET INVESTMENTS

	26 Feb 2006	26 Feb 2005
	Company	Company
	Shares in Group undertakings (a)	Shares in Group undertakings (a)
	£	£
At beginning of the period	1,000	1,000
At end of the period	1,000	1,000

(a) The company's subsidiary undertakings are:

Subsidiary	Business	Share of Equity capital	Country of incorporation
The Tesco Property Limited Partnership	Property investment	49.95%	Registered in England

5. DEBTORS DUE AFTER ONE YEAR

	26 Feb 2006	26 Feb 2005
	£	£
Amount owed by group undertakings	20,844,151	21,458,268
	20,844,151	21,458,268

The amounts owed by group undertakings are unsecured, interest free and are repayable on the 28 February 2029.

6. CREDITORS - DUE WITHIN ONE YEAR

	26 Feb 2006	26 Feb 2005
	£	£
Corporation tax	-	1,623,421
	-	1,623,421

7. CREDITORS - DUE AFTER ONE YEAR

	26 Feb 2006	26 Feb 2005
	£	£
Amounts owed to Group undertakings	21,843,151	21,457,268
	21,843,151	21,457,268

Amounts owed to group undertakings are unsecured, interest free and repayable on 28 February 2029.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 26 FEBRUARY 2006
(CONTINUED)**

8. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid: Equity	26 Feb 2006 No.	26 Feb 2006 £	26 Feb 2005 No.	26 Feb 2005 £
Ordinary Shares	2,000	2,000	2,000	2,000
Total	2,000	2,000	2,000	2,000

9. PROFIT AND LOSS RESERVE

Profit and Loss Reserve	26 Feb 2006 £	26 Feb 2005 £
As at start of period	(1,576,166)	(1,576,166)
Profit for the year	1,623,421	-
As at end of period	47,255	(1,576,166)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS FOR THE YEAR ENDED 26 FEBRUARY 2006

	26 Feb 2006 £	26 Feb 2005 £
Opening shareholder's funds	(1,574,166)	(1,574,166)
Issue of ordinary share capital	-	-
Profit for the period	1,623,421	-
Closing shareholder's funds	49,255	(1,574,166)

11. ULTIMATE CONTROLLING PARTY

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

12. RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under 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 above.