

TESCO AQUA (GP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

Registered Number: 5721654

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TESCO AQUA (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

The Directors present their report and the audited financial statements of Tesco Aqua (GP) Limited (the "Company") and Group for the 52 weeks to 31 December 2012 (prior period 52 weeks ended 31 December 2011)

Business review and principal activities

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

Results and dividends

The results for the year show a pre-tax profit of £16,468 (2011 £59,597) and sales of £nil (2011 £nil).

The Directors do not recommend a payment of a dividend for the year ended 31 December 2012 (2011 £nil).

Principal risks and uncertainties

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

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

Charitable and political contributions

There were no charitable or political donations for the year (2011 £nil).

Future outlook

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

Key performance indicators (KPI's)

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

Research and development

The Company does not undertake any research and development activities (2011 £nil).

Supplier payment policy

The Company does not have any direct supplier relationships.

The Company's payment terms and conditions are agreed with suppliers in advance and the Company pays its creditors in accordance with those terms.

TESCO AQUA (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

Employees

The Company had no employees during the period (2011 none)

Directors and their interests

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

S Barzycki	
A Clark	
J Hartley	(Appointed 2 March 2012)
B Lewis	
J Lloyd	
H Lu	(Appointed 1 August 2012)
I Mair	(Resigned 2 March 2012)
C Maudsley	
S Rigby	(Resigned 1 August 2012)

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

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

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

Cautionary statement regarding forward-looking information

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

TESCO AQUA (GP) LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the directors report and the consolidated financial statements in accordance with applicable law and regulations

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. 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). Under the Companies Act 2006, 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 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

Disclosure of information to auditors

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

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

Independent auditors

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

On behalf of the Board



A Clark
Director

Tesco Aqua (GP) Limited
Registered Number 5721654

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

18 June

2013

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

We have audited the Group and Company financial statements of Tesco Aqua (GP) Limited for the 52 weeks ended 31 December 2012 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2012 and of the Group's profit and cash flows for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

18 June 2013

TESCO AQUA (GP) LIMITED
GROUP PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 31 DECEMBER
2012

	Notes	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Administrative expenses		(154)	(30)
Operating loss	2	(154)	(30)
Income received from investment		8,000	11,000
Impairment of investment		(40,834)	-
Interest receivable and similar income	3	6,787,913	6,568,383
Interest payable and similar charges	4	(6,738,457)	(6,519,756)
Profit on ordinary activities before taxation		16,468	59,597
Tax on profit on ordinary activities	5	(11,528)	(11,144)
Profit for the financial period	12,13	4,940	48,453

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

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

All operations are continuing for the financial period

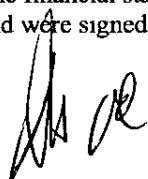
The notes on pages 9 to 15 form part of these financial statements

TESCO AQUA (GP) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2012

		Group	Group	Company	Company
		31 December	31 December	31 December	31 December
		2012	2011	2012	2011
	Notes	£	£	£	£
Fixed assets					
Investments	6	291,500	332,334	291,601	332,435
		291,500	332,334	291,601	332,435
Current assets					
Debtors Amounts falling due within one year	7	971,752	1,427,140	7,450	910
Debtors Amounts falling due after more than one year	8	487,501,000	487,501,000	-	-
Cash at bank and in hand		248,965	199,287	46,805	46,690
		488,721,717	489,127,427	54,255	47,600
Creditors Amounts falling due within one year	9	(989,454)	(1,440,938)	(20,504)	(20,143)
Net current assets		487,732,263	487,686,489	33,751	27,457
Total assets less current liabilities		488,023,763	488,018,823	325,352	359,892
Creditors Amounts falling due after more than one year	10	(487,873,537)	(487,873,537)	(374,537)	(374,537)
Net assets/(liabilities)		150,226	145,286	(49,185)	(14,645)
Capital and reserves					
Called up share capital	11	2,102	2,102	2,102	2,102
Share premium	12	119,500	119,500	119,500	119,500
Profit and loss account	12	28,624	23,684	(170,787)	(136,247)
Total shareholders' funds/(deficit)	13	150,226	145,286	(49,185)	(14,645)

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



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

18 JUNE

2013

TESCO AQUA (GP) LIMITED

GROUP CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

	Notes	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Cash generated from operations		-	-
Net cash (outflow)/inflow from operating activities	14	(154)	674
Returns on investments and servicing of finance			
Interest received		7,243,247	6,340,622
Interest paid		(7,193,577)	(6,292,030)
Tax paid		(7,838)	(5,028)
Partnership distribution received		8,000	11,000
Increase in cash	15	49,678	55,238

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012 £	2011 £
Increase in cash	49,678	55,238
Increase in net funds	49,678	55,238
Opening net debt	(487,674,250)	(487,729,488)
Closing net debt	(487,624,572)	(487,674,250)

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and of its subsidiary undertakings drawn up to 31 December 2012. The results of subsidiary undertakings acquired are included from the date of acquisition. Profits or loss on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Fixed asset investments

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

Impairment of fixed assets

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

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis.

Current taxation

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

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

2. OPERATING LOSS

The Directors received no emoluments for their services to the Company (2011 £nil)

The Company had no employees during the period (2011 none)

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

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Interest receivable from The Tesco Aqua Limited Partnership	6,787,340	6,568,000
Interest receivable on bank deposits	518	380
Other interest receivable	55	3
	6,787,913	6,568,383

4. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Interest payable on other loans	(6,738,457)	(6,519,756)
	(6,738,457)	(6,519,756)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of Corporation Tax for small companies is 20% (2011 20%)

	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Current tax		
UK Corporation tax on profit for the financial period	11,528	11,144
Adjustments in respect of previous financial periods	-	-
Total current tax	11,528	11,144
Tax on profit on ordinary activities	11,528	11,144

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is higher (2011 higher) than the standard rate of corporation tax for small companies in the UK of 20% (2011 20%) The differences are explained below

	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Profit on ordinary activities before tax	16,468	59,597
Profit on ordinary activities multiplied by tax rate in the UK 20% (2011 20%)	3,294	12,068
Effects of		
Expenses not deductible for tax purposes	8,167	-
Taxable share of partnership income	1,667	1,304
Non-taxable dividends	(1,600)	(2,228)
Current tax charge for the financial period	11,528	11,144

6. FIXED ASSET INVESTMENTS

	Group £	Company £
Cost		
At 1 January 2012	495,037	495,138
Additions	-	-
At 31 December 2012	495,037	495,138
Provision for impairment		
At 1 January 2012	(162,703)	(162,703)
Provision for impairment	(40,834)	(40,834)
At 31 December 2012	(203,537)	(203,537)
Net book value		
At 31 December 2012	291,500	291,601
At 31 December 2011	332,334	332,435

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

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

6. INVESTMENTS (continued)

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

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

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

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

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2012	2011	2012	2011
	£	£	£	£
Amounts owed by group undertakings	-	-	7,450	910
Prepayments and accrued income	971,752	1,427,140	-	-
	971,752	1,427,140	7,450	910

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

8. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2012	2011	2012	2011
	£	£	£	£
The Tesco Aqua Limited Partnership	487,500,000	487,500,000	-	-
Subordinated Loan due to The Tesco Aqua Limited Partnership	1,000	1,000	-	-
	487,501,000	487,501,000	-	-

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

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

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2012	2011	2012	2011
	£	£	£	£
Accruals and deferred income	962,400	1,417,520	-	-
Amounts owed to The Tesco Aqua Limited Partnership	18,877	18,877	18,877	18,877
Corporation tax	8,177	4,541	1,627	1,266
	989,454	1,440,938	20,504	20,143

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

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

	Group	Group	Company	Company
	2012	2011	2012	2011
	£	£	£	£
Loan with Tesco Aqua (Finco1) Limited	-	-	1,000	1,000
Amounts owed to Tesco PLC	373,537	373,537	373,537	373,537
Loans and debentures	487,500,000	487,500,000	-	-
	487,873,537	487,873,537	374,537	374,537

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

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

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

11. CALLED UP SHARE CAPITAL

	Group	Company	Group	Company
	2012	2012	2011	2011
	£	£	£	£
Allotted, called up and fully paid				
1,051 Ordinary 'A' shares of £1 each	1,051	1,051	1,051	1,051
1,051 Ordinary 'B' shares of £1 each	1,051	1,051	1,051	1,051
	2,102	2,102	2,102	2,102

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

12. RESERVES

	Group		Company	
	Share Premium	Profit and loss reserve	Share Premium	Profit and loss reserve
	£	£	£	£
As at 1 January 2012	119,500	23,684	119,500	(136,247)
Profit for the financial period	-	4,940	-	(34,540)
As at 31 December 2012	119,500	28,624	119,500	(170,787)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT) AS AT 31 DECEMBER 2012

	Group	Group	Company	Company
	2012	2011	2012	2011
	£	£	£	£
Profit for the financial period	4,940	48,453	(34,540)	9,675
Net additions/(deductions) to shareholders' funds	4,940	48,453	(34,540)	9,675
Opening shareholders' funds/(deficit)	145,286	96,833	(14,645)	(24,320)
Closing shareholders' funds/(deficit)	150,226	145,286	(49,185)	(14,645)

14. NET CASHFLOWS FROM OPERATING ACTIVITIES

Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	31 December 2012	31 December 2011
	£	£
Operating loss	(154)	(30)
Change in debtors	-	704
Change in creditors	-	-
Net cash (outflow)/inflow from operating activities	(154)	674

15. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012	Cash flow	31 December 2012
	£	£	£
Cash at bank and in hand	199,287	49,678	248,965
Movement in loans	(487,873,537)	-	(487,873,537)
	(487,674,250)	49,678	(487,624,572)

TESCO AQUA (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

17. RELATED PARTY TRANSACTIONS

Tesco Aqua (GP) Limited received distribution from The Tesco Aqua Limited Partnership of £8,000 (2011 £11,000)

Tesco Aqua (Finco1) Limited received interest from The Tesco Aqua Limited Partnership for the 52 weeks ended 31 December 2012 of £7,242,728 (2011 £6,340,649)

Tesco Aqua (Finco1) Limited has interest receivable from The Tesco Aqua Limited Partnership at 31 December 2012 of £971,749 (2011 £1,427,137)

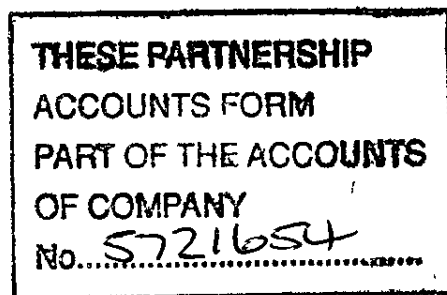
Tesco Aqua (Finco1) Limited has a loan receivable from The Tesco Aqua Limited Partnership at 31 December 2012 of £487,500,000 (2011 £487,500,000)

There were no other related party transactions during the period

TESCO AQUA (GP) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012**

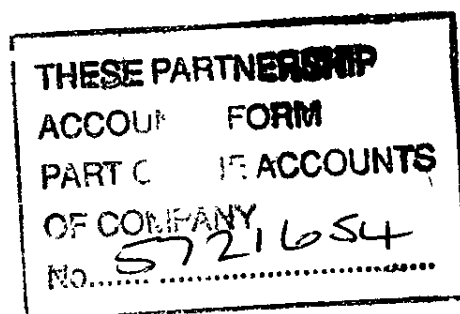
	Notes	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Administrative expenses		(48)	(27)
Operating loss		(48)	(27)
Share of partnership distributions		8,000	11,000
Impairment of assets		(40,834)	-
(Loss)/Profit for the financial period		(32,882)	10,973
Tax on (loss)/profit on ordinary activities		(1,658)	(1,298)
(Loss)/Profit for the financial period		(34,540)	9,675

This page does not form part of the audited financial statements



THE TESCO AQUA LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

Registered Number: LP011520



THE TESCO AQUA LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

Tesco Aqua GP Limited (the "General Partner") presents its report and the audited financial statements of The Tesco Aqua Limited Partnership (the "Partnership") for the 52 weeks ended 31 December 2012 (prior period 31 December 2011). During the period, Tesco Aqua (GP) Limited acted as the General Partner and Tesco Aqua (ILP) Limited and Tesco Aqua Unit Trust acted as limited partners of the Partnership.

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

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

Business review and principal activities

The principal activity of the Partnership is to carry out property investment in retail stores for which a rental income is received. There has been no significant change in the nature or level of this activity during the period and the General Partner does not expect this to change significantly throughout the next financial period.

The results for the period show a pre-tax profit of £4,169,408 (2011: £3,218,883) and rental income of £32,827,343 (2011: £31,740,747). The Partnership has net assets at the period end of £75,825,889 (2011: £56,756,481).

During the period the Partnership distributed £4,000,000 (2011: £5,500,000).

Principal risks and uncertainties

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

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

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

Charitable and political donations

There were no charitable or political donations for the period (2011: none).

Future outlook

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

Key performance indicators

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

Research and development

The Partnership does not undertake any research and development activities (2011: none).

THE TESCO AQUA LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

Supplier payment policy

The Partnership pays its suppliers directly

The Partnership's payment terms and conditions are agreed with suppliers in advance and the Partnership pays its creditors in accordance with those terms

Employees

The Partnership had no employees during the period (2011 none)

Partners

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

Interest in land

As shown within the accounting policies, the Partnership's land and buildings are revalued periodically at open market value and are disclosed as such within the financial statements

Cautionary statement regarding forward-looking information

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

THE TESCO AQUA LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

Statement of Partners' responsibilities in respect of the financial statements

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

The Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the partners to prepare financial statements for each financial year. Under that law the partners have prepared the partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under The Companies Act 2006 as applied to qualifying partnerships the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership and group will continue in business

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

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

Disclosure of information to auditors

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

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

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

On behalf of Tesco Aqua (GP) Limited

16 JUL

2013



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

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

We have audited the financial statements of The Tesco Aqua Limited Partnership for the 52 weeks ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of members and auditors

As explained more fully in the Statement of General Partner's Responsibilities set out on page 4, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements


In our opinion the financial statements

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you 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 members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


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

18 June

2013

THE TESCO AQUA LIMITED PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

	Notes	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Rental income		32,827,343	31,740,747
Administrative expenses		(335,608)	(277,743)
Operating profit	4	32,491,735	31,463,004
Interest receivable and similar income	5	13,093	13,880
Interest payable and similar charges	6	(28,335,420)	(28,258,001)
Profit on ordinary activities before taxation		4,169,408	3,218,883
Tax on profit on ordinary activities	7	-	-
Profit for the financial period		4,169,408	3,218,883

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

All operations are continuing for the financial period

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

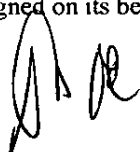
		52 weeks to December 2012 £	52 weeks to December 2011 £
Profit for the financial period		4,169,408	3,218,883
Surplus on revaluation of properties	8	18,900,000	20,400,000
Total recognised gains for the period		23,069,408	23,618,883

THE TESCO AQUA LIMITED PARTNERSHIP

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	31 December 2012 £	31 December 2011 £
Fixed assets			
Investment properties	8	634,250,000	615,350,000
Current assets			
Debtors amounts falling due within one year	9	252,885	252,890
Cash at bank and in hand		11,064,066	10,446,227
		11,316,951	10,699,117
Creditors: amounts falling due within one year	10	(14,933,866)	(14,742,142)
Net current liabilities		(3,616,915)	(4,043,025)
Total assets less current liabilities		630,633,085	611,306,975
Creditors: amounts falling due after more than one year	11	(554,807,196)	(554,550,494)
Net assets		75,825,889	56,756,481
Partners' interests			
Partners' capital accounts	12	898,500	898,500
Revaluation reserve	13	80,377,675	61,477,675
Profit and loss reserve	13	(5,450,286)	(5,619,694)
Partners' interests		75,825,889	56,756,481

The financial statements on pages 6 to 13 were approved by the General Partner on 18 June 2013 and were signed on its behalf by



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

THE TESCO AQUA LIMITED PARTNERSHIP

CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

	Note	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Net cash inflow from operating activities	14	32,836,900	32,012,139
Returns on investments and servicing of finance			
Interest received		13,093	13,880
Interest paid		(28,232,154)	(28,002,000)
Partner distribution		(4,000,000)	(5,500,000)
Increase/(decrease) in cash and cash equivalents	15	617,839	(1,475,981)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 December 2012 £	31 December 2011 £
Increase/(decrease) in cash and cash equivalents	617,839	(1,475,981)
Decrease/(increase) in net debt	617,839	(1,475,981)
Opening net debt	(545,438,982)	(543,963,001)
Closing net debt	(544,821,143)	(545,438,982)

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012

1. ORGANISATION AND CONTROL

The Partnership was established on 14 August 2006 and is registered as a limited partnership in England and Wales under the Limited Partnership Act 1907. The Partnership was originally constituted under the Initial Partnership agreement, which was then superseded by the amended and restated Limited Partnership Agreement on 5 December 2006, 20 December 2006, 20 March 2007 and again on 28 August 2009.

2. ACCOUNTING POLICIES

Basis of accounting

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

Investment properties

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

In accordance with SSAP 19, no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated, is, in the opinion of the General Partner, necessary to show a true and fair view. The financial effect of this departure cannot be reasonably quantified, as amortisation or depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Leases and rental income

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

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

The leases are subject to annual uplifts which are linked to the Retail Price Index (RPI), subject to a minimum annual increase of 0% and a maximum annual increase of 5%.

Impairment of fixed assets

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

Allocation of profits and drawings

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

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

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

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

2. ACCOUNTING POLICIES (continued)

Interest payable and receivable

Interest payable and receivable is calculated on an accruals basis

Amortisation of loan arrangement fee

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

3. PRINCIPAL ACTIVITY

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

4. OPERATING PROFIT

The General Partner received no emoluments in respect of its services to the Partnership (2011: none).

There were no employees of the Partnership during the period (2011: none).

The Auditor's remuneration in respect of audit services in the period amounted to £18,000 (2011: £18,000).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Interest receivable on bank deposits	13,093	13,880

6. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 31 December 2012 £	52 weeks to 31 December 2011 £
Interest payable on other loans	(28,078,718)	(28,002,000)
Amortisation of loan issue costs	(256,702)	(256,001)
	28,335,420	(28,258,001)

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

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

8 INVESTMENT PROPERTIES

	Investment Properties £
Valuation	
As at 1 January 2012	615,350,000
Revaluation	18,900,000
As at 31 December 2012	634,250,000

The investment properties have been valued by Cushman Wakefield Limited who is deemed to be a suitably qualified valuer of the General Partner on the basis of open market value at 31 December 2012. The valuation was carried out in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2012 £	31 December 2011 £
Prepayments and accrued income	427	432
Amounts owed by group undertakings	252,458	252,458
	252,885	252,890

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2012 £	31 December 2011 £
Accrued interest payable	5,370,246	5,523,682
VAT	1,669,704	1,620,615
Accrued expenses	159,151	85,869
Deferred income	7,734,765	7,511,976
	14,933,866	14,742,142

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

	31 December 2012 £	31 December 2011 £
Loan and other debt due to Tesco PLC	34,192,105	34,192,105
Loan and other debt due to Tesco British Land Company PLC	34,192,105	34,192,105
Loan and other debt due to Tesco Aqua (Finco 1) Limited	486,421,986	486,165,284
Subordinated Loan due to Tesco Aqua (Finco 1) Limited	1,000	1,000
	554,807,196	554,550,494

The loan with Tesco Aqua (Finco 1) Limited incurs interest at a variable rate based on a 3-month average LIBOR +51 basis points and is repayable on 20 October 2017. The total value of the loan is £487,500,000 and unamortised issue costs of £1,078,014 have been netted off the total value of the loan.

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

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

12. CUMULATIVE PARTNERS' ACCOUNTS

Partners' Accounts as at 31 Dec 2012	Capital Contributions £	Revaluation Reserve £	Profit and loss reserve £	Distributions £	Total £
Tesco Aqua 1LP Limited	303,500	40,108,460	(723,693)	(1,996,000)	37,692,267
Tesco Aqua Unit Trust	303,500	40,108,460	(723,693)	(1,996,000)	37,692,267
Tesco Aqua (GP) Limited	291,500	160,755	(2,900)	(8,000)	441,355
Total	898,500	80,377,675	(1,450,286)	(4,000,000)	75,825,889

The Partnership was formed on 14 August 2006. The Partnership was originally constituted under the Initial Partnership Agreement, which was then superseded by the amended and restated Limited Partnership Agreement on 20 March 2007, with capital injections totalling £898,500.

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

13. RESERVES

	Profit and loss reserve £	Revaluation reserve £
As at 1 January 2012	(5,619,694)	61,477,675
Property revaluation	-	18,900,000
Profit for the financial period	4,169,408	-
Distributions paid	(4,000,000)	-
As at 31 December 2012	(5,450,286)	80,377,675

14. NET CASHFLOWS FROM OPERATING ACTIVITIES

Reconciliation of operating profit to net cash inflow from operating activities

	31 December 2012 £	31 December 2011 £
Operating profit	32,491,735	31,463,004
Change in debtors	5	1,620
Change in creditors	345,160	547,515
Net cash inflow from operating activities	32,836,900	32,012,139

15. ANALYSIS OF CHANGES IN NET DEBT

	31 December 2011 £	Cash flow £	31 December 2012 £
Cash at bank and in hand	10,446,227	617,839	11,064,066
Debt due after one year	(555,885,209)	-	(555,885,209)
	(545,438,982)	617,839	(544,821,143)

THE TESCO AQUA LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2012 (continued)

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

17. RELATED PARTY TRANSACTIONS

During the 52 weeks ended December 2012 the partnership received rental income from Tesco Stores Limited of £32,827,343 (2011: £31,740,747).

During the 52 weeks ended 31 December 2012 management fees of £127,304 (2011: £113,592) were paid to Spen Hill Management Limited, a subsidiary of Tesco PLC in respect of property management and accounting, and £10,000 (2011: £10,000) was paid to British Land Property Management Limited, a subsidiary of British Land Company PLC in respect of secretarial fees.

During the 52 weeks ended 31 December 2012 interest of £7,242,728 (2011: £6,340,649) was paid to Tesco Aqua (Finco1) Limited.

At 31 December 2012 The Tesco Aqua Limited Partnership had a loan payable to Tesco Aqua (Finco1) Limited of £487,500,000 (2011: £487,500,000), and interest payable on that loan totalled £971,749 (2011: £1,427,137).