

SPEN HILL MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013

Registered Number: 2460426

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SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013

The Directors present their report and the audited financial statements of Spen Hill Management Limited (the "Company") for the 52 week period ended 23 February 2013 (prior period 52 weeks ended 25 February 2012)

Business review and principal activities

The principal activity of the Company is to manage the property owners' interests in a portfolio of properties and to provide services in accordance with the terms of the Property Pool Management Agreements for Tesco joint ventures and certain other property owners. There has been no significant change in the nature or level of this activity during the period and we do not expect this to change significantly throughout the next financial year.

Results and dividends

The results for the period show a pre-tax profit of £1,690 (2012 £1,367) and sales of £3,403,247 (2012 £3,310,386)

The Directors do not recommend a payment of a dividend for the 52 weeks ended 23 February 2013 (2012 £nil)

Principal risks and uncertainties

The principal risks relate to the recoverability of management, accountancy and insurance fees. To manage this risk the Company periodically reviews the financial position of the entities to which the Company provides these services.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC Group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include the Company, are discussed on pages 38-41 of the Tesco PLC Group Annual Report for the 52 weeks ending 23 February 2013 which does not form part of this Report.

Going concern

It is the current intention of the parent undertakings to continue to finance the Company so as to enable it to meet its liabilities as they fall due, and to carry on its business without any significant curtailment of operations during the forthcoming year. Accordingly the accounts have been prepared on a going concern basis.

Charitable and political contributions

There were no charitable or political donations for the period (2012 £nil)

Future outlook

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

Key performance indicators (KPIs)

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 (2012 none)

Supplier payment policy

The Company pays its suppliers directly.

The Company's ultimate parent company, Tesco PLC, is a signatory to the Prompt Payment Code in the UK. More information about the Code can be found at www.promptpaymentcode.org.uk. Payment terms and conditions are agreed with suppliers in advance and the Group pays its creditors in accordance with those terms. Payment terms vary according to the type of product and territory in which the suppliers operate. Tesco PLC is a holding company and therefore has no trade creditors on its Balance Sheet.

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)

Employees

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

Directors and their interests

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

| | |
|------------------------|-----------------------------|
| J Lloyd | |
| H Lu | (Appointed 1 August 2012) |
| L Neville-Rolfe | (Resigned 2 January 2013) |
| S Rigby | (Resigned 1 August 2012) |
| Tesco Services Limited | (Appointed 24 January 2013) |

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

L Neville-Rolfe is also a former director of Tesco PLC, the Company's ultimate parent company, and as such her disclosable interests in Tesco PLC are all 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 the former Tesco PLC Director 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.

SPEN HILL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the 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/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The independent auditor of the Company, PricewaterhouseCoopers LLP, is proposed for reappointment.

On behalf of the Board 12 November 2013



J Lloyd
Director
Spenn Hill Management Limited
Registered Number 2460426
Registered Office Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEN HILL MANAGEMENT LIMITED

We have audited the financial statements of Spen Hill Management Limited for the 52 weeks ended 23 February 2013 which comprise the Profit and Loss Account, the Balance Sheet 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 Company's affairs as at 23 February 2013 and of its profit 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.

Wendy Russell

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

13 November 2013

SPEN HILL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013

| | Notes | 52 weeks to 23 February 2013 £ | 52 weeks to 25 February 2012 £ |
|--|-------|---|---|
| Turnover | | 3,403,247 | 3,310,386 |
| Administrative expenses | | (3,403,247) | (3,310,386) |
| Gross profit | | - | - |
| Other operating income | | - | 394 |
| Administrative expenses | | (108) | (198) |
| Operating (loss)/profit | 2 | (108) | 196 |
| Interest receivable and similar income | 3 | 1,798 | 1,171 |
| Profit on ordinary activities before taxation | | 1,690 | 1,367 |
| Tax on profit on ordinary activities | 4 | - | - |
| Profit for the financial period | 8,9 | 1,690 | 1,367 |

There are no recognised gains or losses other than those shown in the Profit and Loss Account above and accordingly 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 period stated above and their historical cost equivalents

All operations are continuing for the financial period


The notes on pages 8 to 11 form part of these financial statements

SPEN HILL MANAGEMENT LIMITED

BALANCE SHEET AS AT 23 FEBRUARY 2013

| | Notes | 23 February 2013 £ | 25 February 2012 £ |
|---|-------|--------------------------|--------------------------|
| Current assets | | | |
| Debtors amounts falling due within one year | 5 | 4,965,513 | 4,073,730 |
| Cash at bank and in hand | | 3,135,024 | 5,448,006 |
| | | 8,100,537 | 9,521,736 |
| Creditors amounts falling due within one year | 6 | (8,415,623) | (9,838,512) |
| Net current liabilities | | (315,086) | (316,776) |
| Net liabilities | | (315,086) | (316,776) |
| Capital and reserves | | | |
| Called up share capital | 7 | 2 | 2 |
| Profit and loss account | 8 | (315,088) | (316,778) |
| Total shareholder's deficit | 9 | (315,086) | (316,776) |

The financial statements on pages 6 to 11 were approved by the board of Directors on 12 November 2013 and were signed on its behalf by


 J Lloyd
 Director
 Spen Hill Management Limited
 Registered Number 2460426

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

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 "Cash Flow Statements".

Turnover

The company provides property and financial management services for which it charges an annual fee outlined by each individual Property Pool Management Agreement.

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.

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.

Going concern

It is the current intention of the parent undertakings to continue to finance the Company so as to enable it to meet its liabilities as they fall due, and to carry on its business without any significant curtailment of operations during the forthcoming year. Accordingly the accounts have been prepared on a going concern basis.

2. OPERATING (LOSS)/PROFIT

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

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

The auditor's remuneration for the current period and prior period was borne by Tesco Stores Limited.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 52 weeks to 23 February 2013 £ | 52 weeks to 25 February 2012 £ |
|--------------------------------------|---|---|
| Interest receivable on bank deposits | 1,798 | 1,171 |
| | 1,798 | 1,171 |

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Factors that have affected the tax charge

The standard rate of corporation tax in the UK was changed from 26% to 24% with effect from 1 April 2012. This gives an overall blended Corporation Tax rate for the company for the full year of 24.2%.

| | 52 weeks to 23 February 2013 £ | 52 weeks to 25 February 2012 £ |
|---|---|---|
| Current tax | | |
| UK Corporation tax on result for the financial period | - | - |
| Total current tax | - | - |
| Tax on profit on ordinary activities | - | - |

The tax assessed for the period is lower than (2012: lower than) the blended rate of corporation tax in the UK of 24.2% (2012: 26%). The differences are explained below:

| | 52 weeks to 23 February 2013 £ | 52 weeks to 25 February 2012 £ |
|--|---|---|
| Profit on ordinary activities before tax | 1,690 | 1,367 |
| Profit on ordinary activities multiplied by the blended rate in the UK 24.2% (2012: 26%) | 409 | 358 |
| Effects of: | | |
| Group relief claimed without payment | (409) | (358) |
| Current tax charge for the financial period | - | - |

The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013. The reduction from 24% to 23% was substantively enacted at the balance sheet date and has therefore been reflected in these financial statements.

In addition to the changes in the rates of corporation tax disclosed above, it was announced in the December 2012 Budget Statement that the rate would be reduced from 23% to 21% from 1 April 2014 and in the March 2013 Budget Statement it was announced that the rate would be further reduced to 20% from 1 April 2015. None of these expected rate reductions had been substantively enacted at the balance sheet date and are therefore not reflected in these financial statements.

5. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 23 February 2013 £ | 25 February 2012 £ |
|------------------------------------|--------------------------|--------------------------|
| Trade debtors | 2,115,511 | 1,223,728 |
| Amounts owed by group undertakings | 2,850,002 | 2,850,002 |
| | 4,965,513 | 4,073,730 |

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

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)

6. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 23 February 2013 £ | 25 February 2012 £ |
|------------------------------------|--------------------------|--------------------------|
| Amounts owed to group undertakings | 8,313,576 | 9,749,045 |
| Accruals and deferred income | 29,015 | 20,398 |
| Other creditors | 73,032 | 69,069 |
| | 8,415,623 | 9,838,512 |

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

7. CALLED UP SHARE CAPITAL

| | 23 February 2013 £ | 25 February 2012 £ |
|---------------------------------------|--------------------------|--------------------------|
| Allotted, called up and unpaid | | |
| 2 Ordinary shares of £1 each (2012 2) | 2 | 2 |
| | 2 | 2 |

8. RESERVES

| | Profit and loss account £ |
|---------------------------------|---------------------------------|
| At as 26 February 2012 | (316,778) |
| Profit for the financial period | 1,690 |
| As at 23 February 2013 | (315,088) |

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 23 FEBRUARY 2013

| | 2013 £ | 2012 £ |
|--|------------------|------------------|
| Profit for the financial period | 1,690 | 1,367 |
| Net increase in shareholder's funds | 1,690 | 1,367 |
| Opening shareholder's deficit | (316,776) | (318,143) |
| Closing shareholder's deficit | (315,086) | (316,776) |

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertakings are Tesco PLC and Spen Hill Properties (Holdings) PLC

The Company's ultimate parent undertaking and controlling party is Tesco PLC which is 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

SPEN HILL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 23 FEBRUARY 2013 (continued)

11. RELATED PARTY TRANSACTIONS

Transactions with other subsidiary companies within the Tesco PLC Group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 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

| Entity | Relationship | Transaction |
|---|--|--|
| The Blackpool Unit Trust | Joint Venture of ultimate parent undertaking | The Company received £67,006 (2012 £141,527) for property management fees At the year end the Company was owed £35,794 |
| The Broadstairs Unit Trust | Joint Venture of ultimate parent undertaking | The Company received £106,747 (2012 £268,164) for property management fees At the year end the Company was owed £71,091 |
| The Coventry Unit Trust | Joint Venture of ultimate parent undertaking | The Company received £160,952 (2012 £379,759) for property management fees At the year end the Company was owed £126,805 |
| The Tesco Aqua Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £133,417 (2012 £136,563) for property management and accounting fees At the year end the Company was owed £63,713 |
| The Tesco British Land Holdings Limited | Joint Venture of ultimate parent undertaking | The Company received £218,491 (2012 £260,245) for property management fees |
| The Tesco British Land Property Partnership | Joint Venture of ultimate parent undertaking | The Company received £66,687 (2012 £68,503) for property management fees |
| The Tesco Red Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £43,019 (2012 £103,245) for property management fees At the year end the Company was owed £91,072 |
| The Tesco Coral Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £65,636 (2012 £76,377) for property management fees |
| The Tesco Atrato Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £139,453 (2012 £320,025) for property management fees At the year end the Company was owed £283,832 |
| The British Land Tesco Partnership | Joint Venture of ultimate parent undertaking | The Company received £240,080 (2012 £292,462) for property management fees |
| The Brookmaker Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £282,520 (2012 £44,618) for property management fees |
| The Tesco Blue Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £213,373 (2012 £242,633) for property management fees At the year end the Company was owed £111,116 |
| The Tesco Passaic Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £692,255 (2012 £787,200) for property management fees At the year end the Company was owed £360,493 |
| The Tesco Navona Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £379,469 (2012 £192,000) for property management fees At the year end the Company was owed £186,257 |
| The Tesco Jade Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £90,553 (2012 £54,810) for property management and accounting fees |
| Shopping Centres Limited | Joint Venture of ultimate parent undertaking | The Company received £159,472 (2012 £267,781) for property management and accounting fees At the year end the Company was owed £25,000 |
| The Teesport Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £16,410 (2012 £18,664) for property management fees At the year end the Company was owed £8,544 |
| The Tesco Sarum Limited Partnership | Joint Venture of ultimate parent undertaking | The Company received £102,426 (2012 £nil) for property management fees At the year end the Company was owed £88,598 |