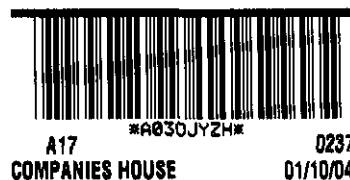


**REGISTERED COMPANY NUMBER: 3896030**

**STAMFORD PROPERTIES THREE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 27 MARCH 2004**



**Stamford Properties Three Limited  
Report of the Directors  
for the 52 weeks to 27 March 2004**

**Directors' report for the 52 weeks to 27 March 2004**

The Directors present their report and the audited financial statements of the Company for the 52 weeks to 27 March 2004.

**Principal activities and review of business**

The principal activity of the Company is to act as an intermediate holding Company on behalf of its ultimate parent undertaking, J Sainsbury plc. The majority of the Company's income is derived from its interest in a property trust.

**Future developments**

No change is planned in the activities of the Company in the next financial year.

**Results and dividends**

The Company's retained profit for the financial year is £24,846 (2003: £25,128). The Directors do not recommend the payment of a dividend.

**Directors and their interests**

The Directors of Stamford Properties Three Limited during the financial year are shown below:

R A Chadwick  
J S Lavelli  
J P Mason  
T Fallowfield

The Directors do not have any interests in the share capital of the Company, or any of its subsidiaries.

**Stamford Properties Three Limited  
Report of the Directors  
for the 52 weeks to 27 March 2004**

The number of 25p ordinary shares and options over 25p ordinary shares of J Sainsbury plc held by Directors who were not also Directors of the ultimate parent company, and their immediate families, were:

|               | <b>Ordinary shares</b>   |                          |
|---------------|--------------------------|--------------------------|
|               | <b>27 March<br/>2004</b> | <b>29 March<br/>2003</b> |
| R A Chadwick  | <b>26,140</b>            | <b>25,863</b>            |
| J S Lavelli   | <b>8,613</b>             | <b>7,248</b>             |
| J P Mason     | <b>2,307</b>             | <b>2,237</b>             |
| T Fallowfield | <b>377</b>               | <b>320</b>               |

|               | <b>Share options</b>     |  |  |   |                          |
|---------------|--------------------------|--|--|---|--------------------------|
|               | <b>27 March<br/>2004</b> | <b>Granted<br/>during<br/>financial<br/>year</b> | <b>Exercised<br/>during<br/>financial<br/>year</b> | <b>Lapsed<br/>during<br/>financial<br/>year</b> | <b>30 March<br/>2003</b> |
| R A Chadwick  | <b>359,073</b>           | <b>73,099</b>                                    | <b>-</b>   | <b>28,953</b>                                   | <b>314,927</b>           |
| J S Lavelli   | <b>178,146</b>           | <b>30,994</b>                                    | <b>689</b>   | <b>15,793</b>                                   | <b>163,634</b>           |
| J P Mason     | <b>346,252</b>           | <b>139,181</b>                                   | <b>-</b>   | <b>-</b>  | <b>207,071</b>           |
| T Fallowfield | <b>245,590</b>           | <b>113,338</b>                                   | <b>-</b>   | <b>-</b>  | <b>132,252</b>           |

| <b>Exercised during the year</b> |                         |   |  |  |   |
|----------------------------------|-------------------------|---|--|--|---|
|                                  | <b>Date of exercise</b> | <b>Number<br/>of shares<br/>exercised</b> | <b>Total<br/>exercised<br/>price<br/>(pence)</b> | <b>Market<br/>price on day<br/>of exercise<br/>(pence)</b> | <b>Gains on<br/>options<br/>exercised</b> |
| JS Lavelli                       | 26 August 03            | 689                                       | 253.00   | 284.75   | £218.76                                   |

**Auditors**

The directors have appointed PricewaterhouseCoopers LLP, as auditors of the Company

In accordance with the Provisions of Section 379A of the United Kingdom Companies Act 1985 (as amended) the Company has elected pursuant to Section 386 of the Act to dispense with the obligation to appoint auditors annually.

By Order of the Board

H D Jarvis  
Secretary  
22 September 2004



## **Stamford Properties Three Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the Company for that financial year. 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 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 assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**Stamford Properties Three Limited****Independent auditors' report to the members of Stamford Properties Three Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 7.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. 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 transactions is not disclosed.

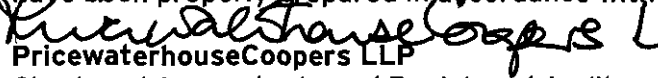
**Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs at 27 March 2004 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

24/9/ 2004

**Stamford Properties Three Limited**  
**Profit and Loss Account**  
**for the 52 weeks to 27 March 2004**

|  | <u>Note</u> | 2004<br>£     | 2003<br>£     |
|--|-------------|---------------|---------------|
| <i>Other operating income</i>                        |             | 32,189        | 34,086        |
| <b>Profit on ordinary activities before interest</b> |             | <b>32,189</b> | <b>34,086</b> |
| <i>Interest receivable</i>                           | 4           | 2,620         | 1,541         |
| <b>Profit on ordinary activities before tax</b>      |             | <b>34,809</b> | <b>35,627</b> |
| <i>Tax on profit on ordinary activities</i>          | 5           | (9,963)       | (10,499)      |
| <b>Retained profit for the financial year</b>        |             | <b>24,846</b> | <b>25,128</b> |

All activities of the Company are continuing.

*The Company has no recognised gains or losses other than the retained profit for the financial year above and therefore no separate statement of total recognised gains and losses has been presented.*

There is no difference between the profit on ordinary activities before tax and the retained profit for the financial year stated above and their historical cost equivalents.

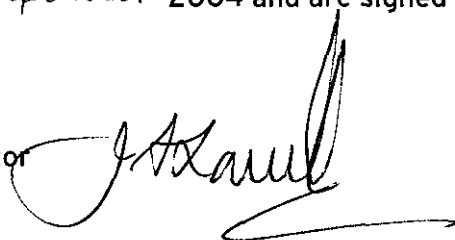
The notes on pages 7 to 9 form part of these financial statements

**Stamford Properties Three Limited**  
**Balance sheet**  
**as at 27 March 2004 and 29 March 2003**

|   | <u>Note</u>  | 2004<br>£           | 2003<br>£           |
|---|--------------|---------------------|---------------------|
| <b>Current assets</b>                                     |              |                     |                     |
| Debtors: amount due from group undertaking                |              | -                   | 8                   |
| Cash at bank and in hand                                  |              | <b>82,468</b>       | 47,659              |
|   |              | <b>82,468</b>       | 47,667              |
| <br><b>Creditors: amounts falling due within one year</b> | <br><b>6</b> | <br><b>(20,643)</b> | <br><b>(10,688)</b> |
| <b>Net current assets and total net assets</b>            |              | <b>61,825</b>       | <b>36,979</b>       |
| <br><b>Capital and reserves</b>                           |              |                     |                     |
| Called up share capital                                   | 7            | 1                   | 1                   |
| Profit and loss account                                   | 8            | <b>61,824</b>       | 36,978              |
| <b>Total shareholder's funds</b>                          | <b>9</b>     | <b>61,825</b>       | <b>36,979</b>       |

The financial statements on pages 5 to 9 were approved by the Board of Directors on  
22 September 2004 and are signed on its behalf by: -

Director



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

**Stamford Properties Three Limited  
Notes to the Financial Statements  
for the 52 weeks to 27 March 2004**

**1. Accounting Policies**

**a) Basis of financial statements**

These financial statements have been prepared on the going concern basis, under the historical cost convention, the accounting policies set out below and in accordance with the Companies Act 1985 and applicable accounting standards. The financial year represents the 52 weeks ended Saturday 27 March 2004 (prior year the 52 weeks ended Saturday 29 March 2003).

**b) Other operating income**

Other operating income consists of rental income receivable under an assigned head lease.

**c) Cash flow and related party disclosures**

The Company is a wholly owned subsidiary of the ultimate holding company J Sainsbury plc and is included in the consolidated financial statements of J Sainsbury plc, which are publicly available. Consequently, advantage has been taken of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). Also the exemption under the terms of FRS 8, has been taken from disclosing related party transactions (but not balances) with entities that are part of the J Sainsbury plc Group or investees in the J Sainsbury plc Group.

**2. Profit on ordinary activities before interest**

Any expenses incurred, including auditors' remuneration, have been borne by the ultimate parent undertaking, J Sainsbury plc or other Group undertakings.

**3. Employees and Directors' remuneration**

The average monthly number of persons (including executive Directors) employed by the Company during the financial year was Nil (2003: Nil).

All of the Directors are also employees of the parent company J Sainsbury plc, and in some cases are Directors of other group undertakings. However, the Directors do not believe it is possible to meaningfully allocate their emoluments between their respective duties. The Directors do not receive any remuneration from the Company (2003: Nil).

**4. Interest receivable**

|               | 2004<br>£ | 2003<br>£ |
|---------------|-----------|-----------|
| Bank interest | 2,620     | 1,541     |



**Stamford Properties Three Limited**  
**Notes to the Financial Statements**  
**for the 52 weeks to 27 March 2004**

**5. Tax on profit on ordinary activities**

|  | 2004<br>£    | 2003<br>£     |
|--|--------------|---------------|
| UK corporation tax charge at 30% (2002: 30%) | 10,443       | 10,688        |
| Small companies relief                       | (250)        | -             |
| Over provision in prior years - UK           | (230)        | (189)         |
| <b>Tax on profit on ordinary activities</b>  | <b>9,963</b> | <b>10,499</b> |

A reconciliation of the standard tax rate to the effective tax rate is as follows: -

|                               | 2004         | 2003         |
|-------------------------------|--------------|--------------|
| Standard tax rate             | 30.0%        | 30.0%        |
| Effects of:                   |              |              |
| Small companies relief        | (0.7%)       | -            |
| Over provision in prior years | (0.7%)       | (0.5%)       |
| <b>Effective tax rate</b>     | <b>28.6%</b> | <b>29.5%</b> |

**6. Creditors: amounts falling due within one year**

|                                 | 2004<br>£     | 2003<br>£     |
|---------------------------------|---------------|---------------|
| Amount due to group undertaking | 10,450        | -             |
| Corporation tax                 | 10,193        | 10,688        |
|                                 | <b>20,643</b> | <b>10,688</b> |

**7. Called up share capital**

The authorised share capital comprises 100 Ordinary shares of £1 each. The issued fully paid share capital comprises 1 Ordinary share of £1.

**Stamford Properties Three Limited**  
**Notes to the Financial Statements**  
**for the 52 weeks to 27 March 2004**

**8. Profit and loss account**

|                                    | Profit and<br>loss<br>£ |
|------------------------------------|-------------------------|
| At 29 March 2003                   | 36,978                  |
| Retained profit for financial year | 24,846                  |
| <u>At 27 March 2004</u>            | <u>61,824</u>           |

**9. Reconciliation of movements in equity shareholder's funds**

|                                    | 2004<br>£     | 2003<br>£     |
|------------------------------------|---------------|---------------|
| Profit for the financial year      | 24,846        | 25,128        |
| Opening shareholder's funds        | 36,979        | 11,851        |
| <u>Closing shareholder's funds</u> | <u>61,825</u> | <u>36,979</u> |

**10. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking and controlling party is J Sainsbury plc, which is registered in England and Wales, and forms the only group into which the financial statements of the Company are consolidated. Copies of the parent undertaking's consolidated financial statements may be obtained from The Secretary, J Sainsbury plc, 33 Holborn, London EC1N 2HT.