

REGISTERED COMPANY NUMBER: 3896030

STAMFORD PROPERTIES THREE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS TO 22 MARCH 2008

MONDAY



AIP1H6NS

A06

19/01/2009

121

COMPANIES HOUSE

Stamford Properties Three Limited
Directors' report
for the 52 weeks to 22 March 2008

The Directors present their report and the audited financial statements of Stamford Properties Three Limited ('the Company') for the 52 weeks to 22 March 2008.

Principal activities and review of business

The principal activity of the Company is property investment.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of J Sainsbury plc group ('the Group') and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on page 17 of the J Sainsbury plc Annual Report and Financial Statements 2008, which do not form part of this report.

The Company's loss for the financial year of £1,024,021 (2007: loss £203,141) was due to interest expense being recognised on inter-company loans. The financial position as at 22 March 2008 is shown in the balance sheet on page 5.

Future developments

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

Key performance indicators (KPIs)

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

Dividends

The Directors do not recommend the payment of a dividend on ordinary shares (2007: £nil, nil pence per share).

Financial risk management

The financial risk management and policies of the Company are disclosed in note 15 of the financial statements.

Directors

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

R Chadwick	(resigned 13 June 2008)
R Learmont	
T Fallowfield	
G Willits	(resigned 18 May 2007)
Sainsbury's Corporate Director Limited	(appointed 4 June 2007)

Directors' and Officers' insurance

The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2007, which was renewed for 2008/09. The insurance does not provide cover in the event that the Director or Officer is proved to have acted fraudulently.

Disclosure of Information to auditors

Each of the Directors confirms that, so far as he is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. There is no requirement on the Company to hold an Annual General Meeting.

Stamford Properties Three Limited

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumption or qualifications as necessary.

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

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

By order of the Board:



Hazel Jarvis

Company Secretary

Date: 7 January 2009

Stamford Properties Three Limited

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

We have audited the financial statements of Stamford Properties Three Limited for the 52 weeks to 22 March 2008 which comprise the Income statement, the Statement of recognised income and expense, the Balance sheet, the Cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

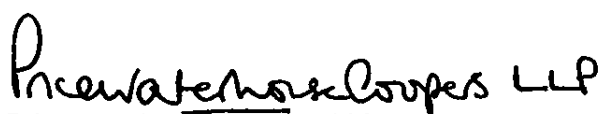
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Company's affairs as at 22 March 2008 and of its loss and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

Date: 14 January 2009.

Stamford Properties Three Limited
Income statement
for the 52 weeks to 22 March 2008

		2008	2007
	Note	£	£
Continuing operations			
Revenue		1,754,596	684,112
Cost of sales		(1,435,084)	(348,054)
Gross profit	4	319,512	336,058
Finance income	5	25,833	-
Finance costs	5	(872,569)	(509,033)
Loss before taxation		(527,224)	(172,975)
Income tax expense	6	(496,797)	(30,166)
Loss for the financial year		(1,024,021)	(203,141)
Attributable to:			
Equity holders of the Company	13	(1,024,021)	(203,141)

Statement of recognised income and expense
for the 52 weeks to 22 March 2008

		2008	2007
	Note	£	£
Available-for-sale financial assets fair value movements	8	(30,600,000)	24,300,000
Tax on items recognised directly in equity	11	(712,000)	(7,290,000)
Net income recognised directly in equity	13	(31,312,000)	17,010,000
Loss for the financial year	13	(1,024,021)	(203,141)
Total recognised income and expense for the financial year		(32,336,021)	16,806,859
Attributable to:			
Equity holders of the Company		(32,336,021)	16,806,859

Stamford Properties Three Limited
Balance sheet
as at 22 March 2008

	Note	2008 £	2007 £
Non-current assets			
Property, plant and equipment	7	30,654,806	13,086,983
Available-for-sale financial assets	8	105,400,000	136,000,000
		136,054,806	149,086,983
Current assets			
Trade and other receivables	9	1,442,144	640,890
Cash and cash equivalents	14b	3,517,227	186,920
Value added tax		-	2,351,131
		4,959,371	3,178,941
Total assets		141,014,177	152,265,924
Current liabilities			
Taxes payable	6	-	-
Trade and other payables	10	(36,170,678)	(16,295,201)
		(36,170,678)	(16,295,201)
Non-current liabilities			
Deferred income tax liability	11	(30,052,996)	(28,844,199)
Total liabilities		(66,223,674)	(45,139,400)
Net assets		74,790,503	107,126,524
Equity			
Called up share capital	12	1	1
Available-for-sale financial assets	13	75,888,000	107,200,000
Accumulated loss	13	(1,097,498)	(73,477)
Total equity	13	74,790,503	107,126,524

The financial statements on pages 4 to 17 were approved by the Board of Directors on 7 January 2009 and are signed on its behalf by:



On behalf of Sainsburys Corporate Director Limited
Director

Stamford Properties Three Limited
Cash flow statement
for the 52 weeks to 22 March 2008

	Note	2008 £	2007 £
Cash flows from operating activities			
Cash generated from operations	14a	3,304,474	43,222
Net cash generated from operating activities		3,304,474	43,222
Cash flows from financing activities			
Interest received		25,833	-
Increase in amounts due from Group companies		-	71,598
Net cash from financing activities		25,833	71,598
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Net cash from investing activities		-	-
Net increase in cash and cash equivalents		3,330,307	114,820
Cash and cash equivalents at beginning of the period		186,920	72,100
Cash and cash equivalents at end of the period	14b	3,517,227	186,920

Stamford Properties Three Limited
Notes to the financial statements
for the 52 weeks to 22 March 2008

1. General information

Stamford Properties Three Limited ('the Company') is a private limited company incorporated and domiciled in England. Its registered address is 33 Holborn, London EC1N 2HT.

The Company's financial year represents the 52 weeks to 22 March 2008 and the prior year represents the 52 weeks to 24 March 2007.

2. Summary of significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

b) Basis of preparation

The financial statements are presented in sterling, rounded to the nearest pound unless otherwise stated and have been prepared on the going concern basis under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

New standards, interpretations and amendments to published standards

Effective for the Company in these financial statements:

- Amendment to IAS 1, 'Presentation of Financial Statements – Capital Disclosures'
- IFRS 7 'Financial Instruments: Disclosure'
- IFRIC 8 'Scope of IFRS 2'
- IFRIC 9 'Re-assessment of embedded derivatives'
- IFRIC 10 'Interim Financial Reporting and Impairment'
- IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions'

The above new standards, interpretations and amendments to published standards have had no material impact on the results or the financial position of the Company for the 52 weeks to 22 March 2008.

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

2. Accounting policies (continued)

Effective for the Company for the 52 weeks beginning 23 March 2008:

- IFRIC 12 'Service Concession Arrangements'
- IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

Effective for the Company for future financial years:

- Revised IAS 1 'Presentation of financial statements'
- Revised IAS 23 'Borrowing Costs'
- Revised IAS 27 'Consolidated and separate financial statements'
- Amendment to IAS 32 'Financial instruments: Presentation'
- Amendment to IFRS 2 'Share-based payment'
- Revised IFRS 3 'Business Combinations'
- IFRIC 13 'Customer Loyalty Programmes'
- Amendment to IAS 39 'Financial Instruments: Recognition and measurement on eligible hedged items'
- IFRIC 16 'Hedges of a net investment in a foreign operation'
- IFRIC 15 'Agreements for construction of real estates'

The Company has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements, apart from additional disclosures.

Revenue

Revenue consists of the income derived from the Company's interest in a property pool and rental income.

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Taxation

Income tax on the profit or loss for the year comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

2. Accounting policies (continued)

Property, plant and equipment

Land and buildings

Land and buildings are stated at cost less accumulated depreciation and any recognised impairment loss. Properties in the course of construction are held at cost less any recognised impairment loss.

Fixtures and equipment

Fixtures and equipment are held at cost less accumulated depreciation and any recognised impairment loss.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated to write down the cost of the asset to their residual values, on a straight-line method on the following bases:

- Freehold buildings and leasehold properties – 50 years
- Fixtures and equipment – 3 to 15 years

Land, buildings and fixtures under construction are not depreciated.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Any impairment charge is recognised in the income statement in the year it occurs.

Trade and other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial instruments

Financial assets

Loans and receivables are non-derivative financial assets and are initially recognised at fair value, then subsequently carried at amortised cost.

Available-for-sale ("AFS") investments are those financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or equity prices. Subsequent to initial recognition, these assets are recorded at fair value with the movements in fair value taken directly to equity until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Financial liabilities

Other payables are initially recorded at fair value, which are generally the proceeds received. They are then subsequently carried at amortised cost.

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

2. Accounting policies (continued)

c) Judgements and estimates

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below:

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which includes management assumptions and estimates of future performance.

Income taxes

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items.

Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Administrative expenses

Administrative charges, including the auditors' remuneration for the current and prior financial year have been borne by Sainsbury's Supermarkets Ltd or other Group companies.

4. Gross profit

	2008 £	2007 £
Gross profit is stated after charging crediting the following items:		
Depreciation expense	1,435,084	348,054

All of the Directors are also employees of the ultimate parent company, J Sainsbury plc or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors' emoluments as they serve as Directors to a number of Group companies. Accordingly, the income statement does not include emoluments in respect of the Directors.

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

5. Finance Income and finance costs

	2008	2007
	£	£
Finance income		
Interest on deposits	25,833	-
Finance cost		
Interest on amounts due to Group companies	(872,569)	(509,033)

6. Income tax expense

	2008	2007
	£	£
Current tax expense		
Current period	-	-
Over provision in prior periods	-	(14,033)
	-	(14,033)
Deferred tax expense		
Origination and reversal of temporary differences	302,276	8,287
Under provision in prior periods	233,164	35,912
Deferred tax rate change from 30% to 28%	(38,643)	-
	496,797	44,199
Total income tax expense in income statement	496,797	30,166

The reconciliation between the profit before tax multiplied by the standard rate of tax and the income tax expense as per the income statement is explained as follows:

	2008	2007
	£	£
Loss before taxation	(527,224)	(172,975)
Income tax at corporation rate of 30% (2007: 30%)	(158,167)	(51,893)
Non-qualifying depreciation	302,996	60,180
Under-provision in prior years – deferred tax	233,164	35,912
Under/(over) provision in prior years – current tax	-	(14,033)
Group relief surrendered for nil consideration	157,447	-
Deferred tax rate change from 30% to 28%	(38,643)	-
Income tax expense per income statement	496,797	30,166

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

7. Property, plant and equipment

	Land and Buildings £	Fixtures and Equipment £	Total £
Cost			
At 25 March 2007	9,495,700	3,939,337	13,435,037
Additions (see note 16)	16,123,765	2,879,142	19,002,907
At 22 March 2008	25,619,465	6,818,479	32,437,944
Accumulated depreciation and impairment			
At 25 March 2007	(200,600)	(147,454)	(348,054)
Depreciation expense	(1,009,985)	(425,099)	(1,435,084)
At 22 March 2008	(1,210,585)	(572,553)	(1,783,138)
Net book value at 22 March 2008	24,408,880	6,245,926	30,654,806

	Land and Buildings £	Fixtures and Equipment £	Total £
Cost			
At 26 March 2006	720,208	480,139	1,200,347
Additions (see note 16)	8,775,492	3,459,198	12,234,690
At 24 March 2007	9,495,700	3,939,337	13,435,037
Accumulated depreciation and impairment			
At 26 March 2006	-	-	-
Depreciation expense	(200,600)	(147,454)	(348,054)
At 24 March 2007	(200,600)	(147,454)	(348,054)
Net book value at 24 March 2007	9,295,100	3,791,883	13,086,983

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

8. Available-for-sale financial assets

	2008	2007
	£	£
Non-current		
Other financial asset	105,400,000	136,000,000

The other financial asset represents the Group's beneficial interest in a commercial property investment pool. The fair value of other financial asset is based on discounted cash flows assuming a property rental growth rate of three per cent (2007: three per cent) and a weighted average cost of capital of ten per cent (2007: ten per cent). All available-for-sale financial assets are denominated in sterling. There were no disposals or impairment provisions on available-for-sale financial assets in either the current or the previous year. Refer to note 15 for sensitivity analysis.

The movements in the financial asset during the financial year are shown below.

Other financial asset	£
At 25 March 2007	136,000,000
Fair value movement	(30,600,000)
At 22 March 2008	105,400,000
At 26 March 2006	111,700,000
Fair value movement	24,300,000
At 24 March 2007	136,000,000

9. Trade and other receivables

	2008	2007
	£	£
Current		
Accrued income	1,442,144	640,890

10. Trade and other payables

	2008	2007
	£	£
Current		
Amounts due to Group companies	36,170,678	16,295,201

Amounts due to Group companies carry floating rates of interest, and are payable on demand. The interest income is calculated on the Bank of England base rate plus 0.25 per cent.

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

11. Deferred income tax liability

The movements in deferred income tax liability during the financial year are shown below.

	Accelerated capital allowances £	Tax Losses £	Fair value movements £	Total £
Deferred income tax liabilities				
At 25 March 2007	(278,148)	233,949	(28,800,000)	(28,844,199)
Prior year adjustment to income statement	785	(233,949)	-	(233,164)
Charge to income statement	(302,276)	-	-	(302,276)
Charge to equity	-	-	(2,820,000)	(2,820,000)
Rate change adjustment to the income statement	38,643	-	-	38,643
Rate change adjustment to equity	-	-	2,108,000	2,108,000
At 22 March 2008	(540,996)	-	(29,512,000)	(30,052,996)
At 26 March 2006	-	-	(21,510,000)	(21,510,000)
(Charge) / credit to income statement	(278,148)	233,949	-	(44,199)
Charged to equity	-	-	(7,290,000)	(7,290,000)
At 24 March 2007	(278,148)	233,949	(28,800,000)	(28,844,199)

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

12. Called up share capital

	2008 £	2007 £
Authorised		
100 ordinary shares of £1 each	100	100
Issued and fully paid		
1 ordinary share of £1 each	1	1

13. Reconciliation of movements in equity

	Share capital £	Available-for- sale assets £	Retained earnings £	Total equity £
At 25 March 2007	1	107,200,000	(73,477)	107,126,524
Loss for the year	-	-	(1,024,021)	(1,024,021)
Available-for-sale financial assets				
fair value movements (net of tax)	-	(31,312,000)	-	(31,312,000)
At 22 March 2008	1	75,888,000	(1,097,498)	74,790,503
At 26 March 2006	1	90,190,000	129,664	90,319,665
Loss for the year	-	-	(203,141)	(203,141)
Available-for-sale financial assets				
fair value movements (net of tax)	-	17,010,000	-	17,010,000
At 24 March 2007	1	107,200,000	(73,477)	107,126,524

14. Notes to the cash flow statements**a) Reconciliation of operating profit to cash generated from operations**

	2008 £	2007 £
Gross profit	319,512	336,058
Adjustments for:		
Depreciation expense	1,435,084	348,054
Operating cash flows before changes in working capital	1,754,596	684,112
Changes in working capital:		
Increase/(decrease) in trade and other receivables	1,549,878	(640,890)
Cash generated from operations	3,304,474	43,222

Cash and cash equivalents**b) For the purposes of the cash flow statements, cash and cash equivalents comprise the following:**

	2008 £	2007 £
Cash and cash equivalents	3,517,227	186,920

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

15. Financial risk management

Treasury management

Treasury policies are reviewed and approved by the ultimate parent company's board. The J Sainsbury plc Chief Executive and Chief Financial Officer have joint delegated authority from the ultimate parent company's board to approve finance transactions.

The Group operates a central treasury function which is responsible for managing the Company's liquid resources, funding requirements and interest rate and currency exposures.

Interest rate risk

The Company's exposure to interest rate fluctuations are limited to amounts receivable from and payable to Group companies. The Company is exposed to interest rate fluctuations as interest receivable is calculated on the Bank of England base rate.

Sensitivity analysis for variable rate instruments

The Company had a principal amount of £15,786,168 (2007: £13,435,037) payable to Group companies as at the balance sheet date. A change of 100 basis points in interest rates at the balance sheet date would have increased or decreased post-tax profit or loss by £105,315 (2007: £68,932).

Fair value sensitivity for available-for-sale financial assets

The available-for-sale financial assets of £105,400,000 (2007: £136,000,000) relates to the Group's beneficial interest in a property investment pool. The net present value of the Group's interest in the various freehold reversions owned by the property investment pool has been derived by assuming a property growth rate of three per cent per annum and a discount rate of ten per cent.

A change of one per cent in the assumed rate of property rental growth to two per cent and four per cent, holding other assumptions constant, would result in values for this asset of £90,000,000 (2007: £113,000,000) and £130,000,000 (2007: £163,000,000) respectively. A change of one per cent in the discount rate to nine per cent and 11 per cent, holding other assumptions constant, would result in values of £121,000,000 (2007: £152,000,000) and £92,000,000 million (2007: £113,000,000) respectively.

Liquidity risk

The Company's exposure to liquidity risk is managed by funding cash flow requirements from the parent company.

Credit risk

The Company's exposure to credit risk is limited to amounts receivable and payable to Group companies.

Fair value estimation

The fair values of receivables, overdrafts, payables and loans of a maturity of less than one year are approximate their book values. The fair values of amounts due from Group companies are discounted using current market rates of interest.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide services to the Group and to maintain an optimal capital structure.

Stamford Properties Three Limited
Notes to the financial statements (continued)
for the 52 weeks to 22 March 2008

16. Related party transactions

The immediate and ultimate parent company and controlling party of the company 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 company's financial statements may be obtained from www.j-sainsbury.co.uk

(a) Key management personnel

The key management personnel of the Company comprise members of the Board of Directors. The Directors do not receive any remuneration from the Company (2007: £nil) as their emoluments are borne by Group companies. The Company did not have any transactions with the Directors during the financial period (2007: £nil).

(b) Transactions with Group companies

During the year, fixed assets totalling £19,002,907 (2007: £12,234,690) were transferred to the Company from Sainsbury's Supermarkets Ltd. During the year interest expenses of £872,569 (2007: £509,033) were charged on amounts due to Group companies. Furthermore rental income from Sainsbury's Supermarkets Ltd of £1,754,596 (2007: £684,112) was earned during the period. Details of the outstanding balances are shown in note 10.

(c) Transactions with other related parties

There have been no transactions with other related parties in the financial year (2007: £nil).