

REGISTERED COMPANY NUMBER: 03896030

STAMFORD PROPERTIES THREE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS TO 17 MARCH 2012

MONDAY



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Stamford Properties Three Limited
Directors' report
For the 52 weeks to 17 March 2012
Registered Company Number: 03896030

The Directors present their report and the audited financial statements of Stamford Properties Three Limited (the 'Company') for the 52 weeks to 17 March 2012. The prior year financial year was the 52 weeks to 19 March 2011.

Business review and principal activities

The principal activity of the Company is property investment and rental of supermarkets to Sainsbury's Supermarkets Ltd.

The Company's loss for the financial year was £43,079 (2011 profit £326,905). The financial position as at 17 March 2012 is shown in the balance sheet on page 6.

Principal risks and uncertainties

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 pages 50 to 51 of the J Sainsbury plc Annual Report and Financial Statements 2012, which do not form part of this report.

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 the ordinary shares (2011 £nil).

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 and up to the date of signing are shown below:

R Learmont
T Fallowfield
Sainsbury's Corporate Director Limited

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. The ultimate parent company, J Sainsbury plc, will continue to support the Company. For this reason, they have adopted the going concern basis in preparing the financial statements.

Directors' and Officers' insurance

The Directors are entitled to be indemnified by the parent company, J Sainsbury plc, to the extent permitted by law and the Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The parent company purchased and maintained Directors' and Officers' liability insurance throughout 2011/12, which was renewed for 2012/13. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently.

Stamford Properties Three Limited
Directors' report (continued)
For the 52 weeks to 17 March 2012

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.

By Order of the Board:

A handwritten signature in black ink, appearing to be 'P. Davies', written over a horizontal line.

Philip Davies
Company Secretary
27 September 2012

Stamford Properties Three Limited
Statement of Director's responsibilities
For the 52 weeks to 17 March 2012

The Directors are responsible for preparing the Directors' 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 financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law 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 these 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 International Financial Reporting Standards ('IFRSs') as adopted by the European Union 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 Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

By order of the Board



Philip Davies
Company Secretary
27 September 2012

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 ended 17 March 2012 which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Cash flow statement, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS's) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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 Directors' report and financial statements 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 17 March 2012 and of its loss and cash flows for the 52 weeks then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

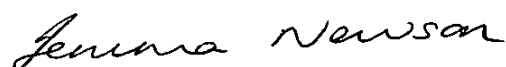
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year 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



Jemma Newson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2012

Stamford Properties Three Limited
Income statement
For the 52 weeks to 17 March 2012

| | | 2012 | 2011 |
|---|-------------|--------------------|--------------------|
| | Note | £ | £ |
| Revenue | | 3,301,449 | 3,280,703 |
| Cost of sales | | (3,171,349) | (3,051,151) |
| Gross Profit | | 130,100 | 229,552 |
| Other Income | | 16,122 | - |
| Operating profit | 4 | 146,222 | 229,552 |
| Finance costs | 6 | (778,420) | (224,373) |
| (Loss)/profit before taxation | | (632,198) | 5,179 |
| Income tax credit | 7 | 589,119 | 321,726 |
| (Loss)/profit for the financial year | | (43,079) | 326,905 |
| Attributable to: | | | |
| Equity holders of the Company | | (43,079) | 326,905 |

Statement of comprehensive income
For the 52 weeks to 19 March 2011

| | | 2012 | 2011 |
|--|-------------|------------------|--------------------|
| | Note | £ | £ |
| (Loss)/profit for the financial year | | (43,079) | 326,905 |
| Other comprehensive income/(expense): | | | |
| Available-for-sale financial assets fair value movements | 9 | 6,100,178 | 11,638,550 |
| Tax on Available-for-sale financial assets fair value movements | 12 | 1,127,927 | (2,217,609) |
| Total other comprehensive income for the financial year | | 7,185,026 | 9,747,846 |

Stamford Properties Three Limited
Balance sheet
As at 17 March 2012 and 19 March 2011

| | Note | 2012 £ | 2011 £ |
|-------------------------------------|------|---------------------|---------------------|
| Non-current assets | | | |
| Investment property | 8 | 31,265,194 | 34,435,694 |
| Available-for-sale financial assets | 9 | 146,038,728 | 139,938,550 |
| | | 177,303,922 | 174,374,244 |
| Current assets | | | |
| Trade and other receivables | 10 | 3,016,763 | 1,138,546 |
| | | 3,016,763 | 1,138,546 |
| Total assets | | 180,320,685 | 175,512,790 |
| Current liabilities | | | |
| Trade and other payables | 11 | (39,272,248) | (39,932,336) |
| Taxes payables | | - | (247,241) |
| | | (39,272,248) | (40,179,577) |
| Net current liabilities | | (36,255,485) | (39,041,031) |
| Non-current liabilities | | | |
| Deferred income tax liability | 12 | (39,053,052) | (40,522,854) |
| | | (39,053,052) | (40,522,854) |
| Net assets | | 101,995,385 | 94,810,359 |
| Equity | | | |
| Called up share capital | 13 | 1 | 1 |
| Available-for-sale financial assets | | 107,729,048 | 100,500,943 |
| Accumulated Losses | 14 | (5,733,664) | (5,690,585) |
| Total equity | | 101,995,385 | 94,810,359 |

The financial statements on pages 5 to 18 were approved by the Board of Directors on 27 September 2012 and are signed on its behalf by



Ed Barker
On behalf of Sainsburys Corporate Director Limited
Director

Stamford Properties Three Limited
Cash flow statement
For the 52 weeks to 17 March 2012

There were no cash flows arising in the Company during the year or in the prior year

Stamford Properties Three Limited
Statement of changes in equity
For the 52 weeks to 17 March 2012

| | Share capital £ | Available-for- sale assets £ | Accumulated Losses £ | Total equity £ |
|--|-----------------------|------------------------------------|----------------------------|--------------------|
| At 20 March 2011 | 1 | 100,500,943 | (5,690,585) | 94,810,359 |
| Loss for the year | - | - | (43,079) | (43,079) |
| Other comprehensive income | | | | |
| Available-for-sale financial assets fair value movements (net of tax) | - | 7,228,105 | - | 7,228,105 |
| Total comprehensive income/(expense) | - | 7,228,105 | (43,079) | 7,185,026 |
| At 17 March 2012 | 1 | 107,729,048 | (5,733,664) | 101,995,385 |
| At 21 March 2010 | 1 | 91,080,000 | (6,017,490) | 85,062,511 |
| Profit for the year | - | - | 326,905 | 326,905 |
| Other comprehensive income | | | | |
| Available-for-sale financial assets fair value movements (net of tax) | - | 9,420,943 | - | 9,420,943 |
| Total comprehensive income/(expense) | - | 9,420,943 | 326,905 | 9,747,848 |
| At 19 March 2011 | 1 | 100,500,943 | (5,690,585) | 94,810,359 |

Stamford Properties Three Limited
Notes to the financial statements
For the 52 weeks to 17 March 2012

1. General information

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

The Company's financial period represents the 52 weeks to 17 March 2012 and the prior period represents the 52 weeks to 19 March 2011.

2. Accounting policies

(a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and International Financial Reporting Interpretations Committee ('IFRICs') interpretations and with those parts of the Companies Act 2006 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. They have been prepared on a going concern basis under the historical cost convention, except for derivative financial instruments that have been measured at fair value.

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2c.

New standards, interpretations and amendments to published standards

Effective for the Company in these financial statements

- IAS 24 'Related Party Disclosures' revised definition of related parties
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'
- Amendments to certain IFRSs and IASs arising from the April 2010 Annual Improvements to IFRS by the International Accounting Standards Board ('IASB')
- Amendments to IFRIC 14 'Prepayments of a minimum funding requirement'

The Company has considered the above interpretations, revisions and amendments to published standards that are 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.

Effective for the Company for the financial year beginning 18 March 2012:

- Amendments to IFRS 7 'Financial Instruments: Transfers of Financial Assets' *
- Amendments to IAS 12 'Income Taxes', Deferred tax accounting for investment property at fair value
- Amendments to IFRS 1, Severe hyperinflation and removal of fixed dates for first time adopters
- Amendments to IAS 1 'Presentation of financial statements' on other comprehensive income
- IAS 1 Other comprehensive income

* These standards and interpretations have been endorsed by the EU

Stamford Properties Three Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

2 Accounting policies (continued)

The Company has considered the above 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

The following standards and revisions will be effective for future periods:

- IFRS 10 'Consolidated financial statements' *
- IFRS 11 'Joint arrangements' *
- IFRS 12 'Disclosure of interests in other entities' *
- IFRS 13 'Fair value measurement' *
- Amendments to certain IFRSs and IASs arising from the April 2011 Annual Improvements to IFRS by the International Accounting Standards Board ('IASB')
- Amendment to IAS 32 'Offsetting Financial Assets and Liabilities' ^
- IAS 19 (Revised) 'Employee benefits' *
- IFRS 9 'Financial Instruments' ^
- IAS 27 (Revised) 'Separate Financial Statements' *
- IAS 28 (Revised) 'Associates and Joint Ventures' *

* These standards are effective for accounting periods starting on or after 1 January 2013

^ This standard is effective for accounting periods starting on or after 1 January 2015 and beyond

The Company has considered the impact of the above standards and revisions and has concluded that they will not have a significant impact on the Company's financial statements, apart from additional disclosures

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

Revenue

Revenue consists of rental income for the provision of Supermarkets

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. Rental income is recognised on an accruals basis

Cost of sales

The cost of sales is made up solely of depreciation expenses relating to the Company's land and buildings, and fixtures and equipment

Finance income

Finance income comprises of interest on a loan to the parent company recognised in the income statement as it accrues

Cash and cash equivalents

There were no cash transactions during the year and the Company does not hold any cash or cash equivalents

Financial instruments

Financial assets

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

Financial liabilities

Payables are initially recorded at fair value, which is 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 17 March 2012

2. Accounting policies (continued)

Investment property

Investment property assets are carried at cost less accumulated depreciation and any recognised impairment in value

Depreciation

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

- Freehold buildings and leasehold properties – 50 years, or the lease term if shorter
- Fixtures and equipment – 3 to 15 years
- Freehold land is not depreciated

Land and buildings under construction and non-current assets held for sale are not depreciated

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised within operating profit

Consolidation

The Company is a wholly owned subsidiary of its parent company, J Sainsbury plc, and it is included in the consolidated financial statements of J Sainsbury plc, which are available at www.j-sainsbury.co.uk

Current taxation

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity, in which case the current tax is also dealt with in equity

Deferred taxation

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 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 substantively 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

(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

Stamford Properties Three Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

2. Accounting policies (continued)

Fair value estimation

The methods and assumptions applied in determining the fair values of financial assets and financial liabilities are disclosed in note 15

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. Details of the tax charge are set out in note 7 and note 12.

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 and have not been recharged to the Company.

4. Operating profit

| | 2012 | 2011 |
|--|-----------|-----------|
| | £ | £ |
| Operating profit is stated after charging the following item | | |
| Depreciation expense | 3,171,349 | 3,051,151 |

5. Employee Costs

The average monthly number of persons (including Directors) employed by the Company during the financial period was nil (2011: nil). 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.

6. Finance costs

| | 2012 | 2011 |
|--|---------|---------|
| | £ | £ |
| Finance costs | | |
| Interest on amounts due to Group companies | 778,420 | 224,373 |

7. Income tax credit

| | 2012 | 2011 |
|--|------------------|------------------|
| | £ | £ |
| Current tax (credit)/expense | | |
| Current period | (247,241) | 247,241 |
| | (247,241) | 247,241 |
| Deferred tax (credit)/expense | | |
| Origination and reversal of temporary differences | (400,400) | (501,366) |
| Under provision in prior periods | 276,340 | 39,260 |
| Change in tax rate | (217,818) | (106,861) |
| | (341,878) | (568,967) |
| Total income tax credit in income statement | (589,119) | (321,726) |

Stamford Properties Three Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

The effective tax rate is different to the standard rate of corporation tax in the UK. The differences are explained below.

| | 2012 | 2011 |
|---|-------------|-------------|
| | £ | £ |
| (Loss)/profit before taxation | (632,198) | 5,179 |
| Income tax at corporation rate of 26.07% (2011: 28.00%) | (164,788) | 1,450 |
| Effects of: | | |
| Non-qualifying depreciation | 120,655 | 235,900 |
| Underprovision in prior years – deferred tax | 29,099 | 39,260 |
| Transfer pricing adjustment | (393) | (124,375) |
| Group relief claimed for nil consideration | (355,874) | (367,100) |
| Deferred tax rate change | (217,818) | (106,861) |
| Income tax (credit)/expense per income statement | (589,119) | (321,726) |

On 23 March 2011, the Chancellor announced that the main rate of UK corporation tax would reduce from 28.0 per cent to 26.0 per cent for the financial year commencing 1 April 2011 and to 25.0 per cent with effect from 1 April 2012. The change to 25.0 per cent was substantively enacted on 5 July 2011 and hence the effect of the change on the deferred tax balances has been included in the figures above.

In addition to this, a number of further changes to the UK corporation tax system were announced in the 21 March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24.0 per cent from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24.0 per cent to 23.0 per cent from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate by one per cent per annum to 22.0 per cent by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, their effect is not included in the financial statements.

A 1% reduction in the corporation tax rate would reduce the deferred tax liability by approximately £1,562,122.

8. Investment property

| | Land and Buildings | Fixtures and Equipment | Total |
|--|---------------------------|-------------------------------|---------------------|
| | £ | £ | £ |
| Cost | | | |
| At 20 March 2011 | 34,562,867 | 10,499,630 | 45,062,497 |
| Additions | 849 | - | 849 |
| At 17 March 2012 | 34,563,716 | 10,499,630 | 45,063,346 |
| Accumulated depreciation and impairment | | | |
| At 21 March 2011 | (7,668,632) | (2,958,171) | (10,626,803) |
| Depreciation expense | (2,276,736) | (894,613) | (3,171,349) |
| At 17 March 2012 | (9,945,368) | (3,852,784) | (13,798,152) |
| Net book value at 17 March 2012 | 24,618,348 | 6,646,846 | 31,265,194 |

Stamford Properties Three Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

| | Land and Buildings £ | Fixtures and Equipment £ | Total £ |
|--|----------------------------|--------------------------------|-------------------|
| Cost | | | |
| At 21 March 2010 | 34,562,867 | 10,499,630 | 45,062,497 |
| Additions | - | - | - |
| At 19 March 2011 | 34,562,867 | 10,499,630 | 45,062,497 |
| Accumulated depreciation and impairment | | | |
| At 22 March 2010 | (5,452,619) | (2,123,033) | (7,575,652) |
| Depreciation expense | (2,216,013) | (835,138) | (3,051,151) |
| At 19 March 2011 | (7,668,632) | (2,958,171) | (10,626,803) |
| Net book value at 19 March 2011 | 26,894,235 | 7,541,459 | 34,435,694 |

9. Available-for-sale financial assets

| | 2012 £ | 2011 £ |
|-----------------------|--------------------|-------------|
| Non-current | | |
| Other financial asset | 146,038,728 | 139,398,550 |

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 3.0 per cent (2011: 3.2 per cent) and a weighted average cost of capital of ten per cent (2011: 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 16 for sensitivity analysis.

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

| Other financial asset | £ |
|------------------------------|--------------------|
| At 20 March 2011 | 139,938,550 |
| Fair value movement | 6,100,180 |
| Contribution | - |
| At 17 March 2012 | 146,038,728 |
| At 21 March 2010 | 126,500,000 |
| Fair value movement | 11,638,550 |
| Contribution | 1,800,000 |
| At 19 March 2011 | 139,938,550 |

10. Trade and other receivables

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Current | | |
| Accrued income | 3,016,763 | 1,138,546 |
| Total Trade and other receivables | 3,016,763 | 1,138,546 |

All amounts due are not considered overdue or impaired.

Stamford Properties Three Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

11. Trade and other payables

| | 2012 | 2011 |
|--------------------------------|------------|------------|
| | £ | £ |
| Current | | |
| Amounts due to Group companies | 39,272,248 | 39,932,336 |

£39,211,927 of the amount due to Group companies carries a floating base rate of interest (2011 £25,066,321) Details of interest charged on the amounts outstanding are disclosed in note 6 All amounts are payable on demand

12. Deferred taxation

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

| | Accelerated capital allowances | Fair value movements | Other | Total |
|--|--------------------------------------|-------------------------|--------------|-------------------|
| | £ | £ | £ | £ |
| Deferred income tax liabilities | | | | |
| At 20 March 2011 | (2,775,064) | (37,637,609) | (110,181) | (40,522,854) |
| Under provision in prior period | (386,524) | - | 110,181 | (276,343) |
| Credit to income statement | 618,218 | - | - | 618,218 |
| Credit to other comprehensive income | - | 1,127,927 | - | 1,127,927 |
| At 17 March 2012 | (2,543,370) | (36,509,682) | - | 39,053,052 |
| At 21 March 2010 | (3,365,209) | (35,420,000) | (89,004) | (38,874,213) |
| Under-provision in prior period | - | - | (39,260) | (39,260) |
| Credit to income statement | 590,145 | - | 18,083 | 608,228 |
| Charge to other comprehensive income | - | (2,217,609) | - | (2,217,609) |
| At 19 March 2011 | (2,775,064) | (37,637,609) | (110,181) | (40,522,854) |

13. Share capital

| | 2012 | 2011 |
|------------------------------|------|------|
| | £ | £ |
| Issued and fully paid | | |
| 1 ordinary share of £1 each | 1 | 1 |

14. Retained Earnings

| | £ |
|-------------------------|--------------------|
| At 20 March 2011 | (5,690,585) |
| Loss for the year | (43,079) |
| At 17 March 2012 | (5,733,664) |
| At 21 March 2010 | (6,017,490) |
| Profit for the year | 326,905 |
| At 19 March 2011 | (5,690,585) |

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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 payable to Group companies. The Company is exposed to interest rate fluctuations as interest payable is calculated on the Bank of England base rate plus 1.5%.

Sensitivity analysis for variable rate instruments

The Company had a carrying amount of £39,272,248 (2011: £39,932,336) payable to Group companies as at the balance sheet date of which £39,211,927 was interest bearing (2011: £25,066,321). 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 £290,165 (2011: £305,298).

Fair value sensitivity for available-for-sale financial assets

Included within available-for-sale financial assets is £146,038,728 (2011: £139,938,550) relating to the beneficial interest in a property investment pool. The net present value of the interest in the various freehold reversions owned by the property investment pool has been derived by assuming a property growth rate of 3.0 per cent per annum (2011: 3.2 per cent) and a discount rate of 10 per cent per annum (2011: 10 per cent). The sensitivity of this balance to changes of 0.5 per cent in the assumed rate of property rental growth and one per cent in the discount rate holding other assumptions constant is shown below.

| | 2012 | | 2011 | |
|---------------------------|-----------------------------------|--|-----------------------------------|--|
| | Change in growth rate +/- 0.5% | Change in discount rate +/- 1.0% | Change in growth rate +/- 0.5% | Change in discount rate +/- 1.0% |
| | £m | £m | £m | £m |
| Available-for-sale assets | 10/(10) | (14)/16 | 9/(12) | (16)/15 |

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 accrued income, VAT receivable and amounts 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.

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 17 March 2012

16. Financial instruments

Fair value

Available-for-sale financial assets represents the Group's beneficial interest in a commercial property investment pool. The asset is initially recognised at cost and then recorded at fair value. The fair value is based on discounted cash flows. Gains and losses on available for sale financial assets are disclosed in note 9.

The fair values of receivables and payables with a maturity of less than one year are assumed to be approximately their book values.

Financial assets and liabilities by category

Set out below is the accounting classification of each class of financial assets and liabilities as at 17 March 2012 and 19 March 2011.

| | Loans and receivables | Available- for-sale | Other financial liabilities | Total |
|-------------------------------------|--------------------------|------------------------|-----------------------------------|--------------------|
| | £ | £ | £ | £ |
| At 17 March 2012 | | | | |
| Trade and other receivables | 3,016,758 | - | - | 3,016,758 |
| Available-for-sale financial assets | - | 146,038,728 | - | 146,038,728 |
| Trade and other payables | - | - | (39,272,248) | (39,272,248) |
| | 3,016,758 | 146,038,728 | (39,272,248) | 109,783,238 |
| At 19 March 2011 | | | | |
| Trade and other receivables | 1,138,546 | - | - | 1,138,546 |
| Available-for-sale financial assets | - | 139,938,550 | - | 139,938,550 |
| Trade and other payables | - | - | (39,932,336) | (39,932,336) |
| | 1,138,546 | 139,938,550 | (39,932,336) | 101,144,760 |

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are recognised subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|-------------|-------------|
| | £ | £ | £ | £ |
| At 17 March 2012 | | | | |
| Available-for-sale financial assets | | | | |
| Other financial assets | - | - | 146,038,728 | 146,038,728 |

Stamford Properties Three Limited
Notes to the financial statements (continued)
For the 52 weeks to 17 March 2012

16. Financial instruments (cont)

Reconciliation of Level 3 fair value measurements of financial assets:

| | 2012 |
|-------------------------------|--------------------|
| | £ |
| Opening balance | 139,938,550 |
| Total gains or losses | |
| In profit or loss | - |
| In other comprehensive income | 6,100,178 |
| Closing balance | 146,038,728 |
| | 2011 |
| | £ |
| Opening balance | 126,500,000 |
| Total gains or losses | |
| In profit or loss | - |
| In other comprehensive income | 13,438,550 |
| Closing balance | 139,938,550 |

17. Related party transactions

The 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 the Board of Directors. The Directors do not receive any remuneration from the Company (2011 £nil) as their emoluments are borne by Group companies. The Company did not have any transactions with the Directors during the financial period (2011 £nil)

(b) Transactions with Group companies

During the year interest expense of £778,420 (2011 £224,373) was charged on amounts due to Group companies. Furthermore rental income from Sainsbury's Supermarkets Ltd of £3,301,449 (2011 £3,280,703) was earned during the period. Details of the outstanding balances are shown in note 11

(c) Transactions with other related parties

There have been no transactions with other related parties in the financial year (2011 £nil)