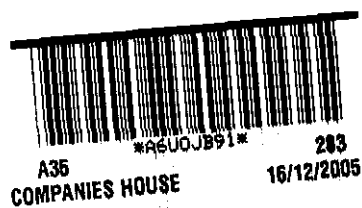


REGISTERED COMPANY NUMBER: 3896030

STAMFORD PROPERTIES THREE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 MARCH 2005



Stamford Properties Three Limited
Report of the Directors
for the 52 weeks to 26 March 2005

The Directors present their report and the audited financial statements of the Company for the 52 weeks to 26 March 2005.

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 £35,096 (2004: £24,846). The Directors do not recommend the payment of a dividend (2004: £nil).

Directors and their interests

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

R A Chadwick	
J S Lavelli	(resigned 29 July 2005)
J P Mason	(resigned 9 November 2005)
T Fallowfield	
G Willits	(appointed 9 November 2005)

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 26 March 2005 (continued)

The number of 28 ⁴/₇p (2004: 25p) ordinary shares, B shares of 35p (2004: nil) and options over 28 ⁴/₇p (2004: 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:

	Ordinary shares		B shares	
	26 March 2005	27 March 2004	26 March 2005	27 March 2004
Beneficially owned:				
T Fallowfield	329	377	-	-
J S Lavelli	8,768	8,613	894	-
R A Chadwick	22,871	26,140	22,689	-
J P Mason	2,017	2,307	2,250	-

The B shares receive a preference dividend of 75% of the 6 month LIBOR, until their redemption which is fixed at 35 pence per B share. The future redemption dates are 18 January and 18 July each year until 18 July 2007. B shareholders have no voting rights except in a resolution for the winding up of the Company.

	26 March 2005	Share options			28 March 2004
		Granted during year	Exercised during year	Lapsed during year	
T Fallowfield	345,607	100,017	-	-	245,590
J S Lavelli	216,770	40,036	-	(1,412)	178,146
R A Chadwick	432,026	72,953	-	-	359,073
J P Mason	484,787	138,535	-	-	346,252

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
1 December 2005

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 26 March 2005 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

1/12/ 2005

Stamford Properties Three Limited
Profit and Loss Account
for the 52 weeks to 26 March 2005

	<u>Note</u>	2005 £	2004 £
Other operating income		34,872	32,189
Profit on ordinary activities before interest	2	34,872	32,189
Interest receivable	4	3	2,620
Profit on ordinary activities before tax		34,875	34,809
Tax on profit on ordinary activities	5	221	(9,963)
Retained profit for the financial year		35,096	24,846

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.

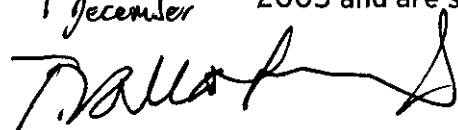
There is no difference between the profit on ordinary activities before tax and the retained profit for the financial year stated above and their historical cost equivalents.

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

Stamford Properties Three Limited
Balance sheet
as at 26 March 2005 and 27 March 2004

	<u>Note</u>	2005 £	2004 £
Current assets			
Cash at bank and in hand		106,885	82,468
Creditors: amounts falling due within one year	6	(9,964)	(20,643)
Net assets		96,921	61,825
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	96,920	61,824
Total shareholder's funds	9	96,921	61,825

The financial statements on pages 5 to 9 were approved by the Board of Directors on
1 December 2005 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 26 March 2005

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 26 March 2005. The prior year represents the 52 weeks ended Saturday 27 March 2004.

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 (2004: 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 (2004: £ nil).

4. Interest receivable

	2005	2004
	£	£
Bank interest	-	2,620
Other	3	-
	3	2,620

Stamford Properties Three Limited
Notes to the Financial Statements
for the 52 weeks to 26 March 2005 (continued)

5. Tax on profit on ordinary activities

	2005	2004
	£	£
UK corporation tax charge at 30% (2004: 30%)	-	10,443
Small companies relief	-	(250)
Over provision in prior years - UK	(221)	(230)
Tax on profit on ordinary activities	(221)	9,963

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

	2005	2004
	30.0%	30.0%
Standard tax rate		
Effects of:		
Group relief claimed at no cost	(30%)	-
Small companies relief	-	(0.7%)
Over provision in prior years	(0.6%)	(0.7%)
Effective tax rate	(0.6%)	28.6%

6. Creditors: amounts falling due within one year

	2005	2004
	£	£
Amount due to group undertaking	9,964	10,450
Corporation tax	-	10,193
	9,964	20,643

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.

8. Profit and loss account

	£
At 28 March 2004	61,824
Retained profit for financial year	35,096
At 26 March 2005	96,920

Stamford Properties Three Limited
Notes to the Financial Statements
for the 52 weeks to 26 March 2005 (continued)

9. Reconciliation of movements in equity shareholder's funds

	2005	2004
	£	£
Retained profit for the financial year	35,096	24,846
Opening shareholder's funds	61,825	36,979
Closing shareholder's funds	96,921	61,825

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.