

Registration number: 05644624

Sainsbury Propco B Limited

Annual Report and Financial Statements

for the Period from 3 March 2024 to 1 March 2025

Sainsbury Propco B Limited

Company Information

Directors GJ Cowen
Sainsburys Corporate Director Limited

Company secretary Sainsbury's Corporate Secretary Limited

Registered office 33 Charterhouse Street
London
EC1M 6HA

Auditors Ernst & Young LLP
Statutory Auditor
4th Floor
2 Marischal Square
Broad Street
Aberdeen
United Kingdom
AB10 1BL

Sainsbury Propco B Limited

Strategic Report for the Period from 3 March 2024 to 1 March 2025

Principal activities and review of business

The principal activities of the company are the ownership and rental of supermarket outlets to J Sainsbury plc and its subsidiary companies (the 'Group') and to raise finance secured against its property.

The Company's profit for the financial year was £58 million (2024: £47 million). The financial position as at 1 March 2025 is shown in the balance sheet set out on page 11.

All material operations are carried out in the United Kingdom.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of 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 54 to 62 of the Group's Annual Report and Financial Statements 2025, which does not form part of this report.

Key performance indicators (KPIs)

The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 45 to 46 of the Group's Annual Report, which does not form part of this report.

Financial risk management

The financial risk management and policies of the Group, which include those of the Company, are disclosed in note 28 on pages 176 to 184 of the Group's Annual Report, which does not form part of this report.

Section 172(1) statement

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the year ended 1 March 2025. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

The Company is a wholly-owned subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the governance framework of J Sainsbury plc and its subsidiaries (the 'Group'). During the year, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group and corporate customers. It is the day-to-day responsibility of individual Directors to engage with stakeholders relevant to their roles in the Group.

Further details on how the Group engaged with its stakeholders, can be found in the 2025 Annual Report for J Sainsbury plc on pages 24 to 30 (S172).

As per Section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is published annually on our Group website. The statement covers the activities of the Group and details the steps taken during the year ended 1 March 2025 to prevent modern slavery and human trafficking in our own operations and supply chains.

Approved by the Board on 7 August 2025 and signed on its behalf by:



.....
GJ Cowen
Director

Sainsbury Propco B Limited

Directors' Report for the Period from 3 March 2024 to 1 March 2025

The directors present their report and the audited financial statements of Sainsbury Propco B Limited (the 'Company') for the period from 3 March 2024 to 1 March 2025. The prior financial year's financial statements were for the period from 5 March 2023 to 2 March 2024.

Dividends

During the financial year, there were no dividends recommended or paid (2024: nil).

Director's of the Company

The directors, who held office during the period, were as follows:

GJ Cowen

Sainsburys Corporate Director Limited

Company secretary

The Company Secretary of the Company who held office during the financial year and up to the date of signing the financial statements is shown below:

Sainsbury's Corporate Secretary Limited

Directors' liabilities

During the year and up to the date of approval of the financial statements the Company maintained liability insurance for its directors. The Group also maintains third party indemnification provisions for certain directors, under which the Group has agreed to indemnify those directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies. These indemnities are Qualifying Third Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Group during business hours on any weekday except public holidays.

Directors' indemnities

The Directors are entitled to be indemnified by the ultimate 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 2024/25, which has been renewed for 2025/26. The insurance covers all Directors and Officers of companies in the J Sainsbury plc Group. Neither the indemnities nor the insurance provides cover if the Director is proved to have acted fraudulently.

An analysis of the future developments affecting the Company and its financial risk policies are included in the Strategic report.

Going concern

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of twelve months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Energy and Carbon Reporting

As a member of the Group, the Company's Energy and Carbon Reporting is captured within the Group's Annual Report, which is prepared in accordance with the Streamlined Energy and Carbon reporting (SECR) standards. The relevant disclosures can be found on page 123 of the Group's Annual Report, which does not form part of this report.

Sainsbury Propco B Limited

Directors' Report for the Period from 3 March 2024 to 1 March 2025 (continued)

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent auditors

In accordance with s485 of the Companies Act 2006, the Company passed a resolution on 7 August 2025 to appoint PricewaterhouseCoopers as auditors of the Company with effect from 2 March 2025. The current auditors Ernst and Young, have confirmed that they will not seek reappointment.

Approved by the board on 7 August 2025 and signed on its behalf by:



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GJ Cowen
Director

Sainsbury Propco B Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with law and those regulations.

L. Smith

[L.Smith \(Aug 7, 2025 10:48:52 GMT+1\)](#)

Leon Smith

For and on behalf of Sainsburys Corporate Director Limited Director

Sainsbury Propco B Limited

Independent Auditor's Report to the Members of Sainsbury Propco B Limited

Opinion

We have audited the financial statements of Sainsbury Propco B Limited for the year ended 1 March 2025, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 March 2025 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 101 'Reduced Disclosure Framework' and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the original financial statements are authorised to issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Sainsbury Propco B Limited

Independent Auditor's Report to the Members of Sainsbury Propco B Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Sainsbury Propco B Limited

Independent Auditor's Report to the Members of Sainsbury Propco B Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 “Reduced disclosure framework”, the Companies Act 2006 and relevant UK tax compliance regulations.
- We understood how Sainsbury Propco B Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, internal audit reports and through consideration of results of our audit procedures.
- We assessed the susceptibility of the company’s financial statements to material misstatement, including how fraud might occur by considering the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of those responsible for legal and compliance procedures, internal audit and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and financial statements with all applicable reporting requirements.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

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Tom Sanders (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

08 August 2025

Sainsbury Propco B Limited

Income Statement for the Period from 3 March 2024 to 1 March 2025

	Note	2025 £ m	2024 £ m
Revenue	4	125	119
Cost of sales		<u>(6)</u>	<u>(8)</u>
Operating profit	5	119	111
Finance costs	7	<u>(41)</u>	<u>(46)</u>
Profit before tax		78	65
Income tax expense	13	<u>(20)</u>	<u>(18)</u>
Profit for the period		<u><u>58</u></u>	<u><u>47</u></u>

The above results were derived from continuing operations.

Sainsbury Propco B Limited

Statement of Comprehensive Income for the Period from 3 March 2024 to 1 March 2025

	Note	2025 £ m	2024 £ m
Profit for the period		58	47
Items that may be reclassified subsequently to profit or loss			
Loss on cash flow hedges	13	<u>(1)</u>	<u>(1)</u>
Total comprehensive income for the period		<u>57</u>	<u>46</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Sainsbury Propco B Limited

(Registration number: 05644624)

Statement of Financial Position as at 1 March 2025

	Note	2025 £ m	2024 £ m
Assets			
Non-current assets			
Investment properties	8	1,206	1,212
Current assets			
Trade and other receivables	9	24	24
Total assets		<u>1,230</u>	<u>1,236</u>
Equity and liabilities			
Equity			
Share capital	10	310	310
Cash flow hedging reserve		(1)	-
Retained earnings		<u>393</u>	<u>335</u>
		<u>702</u>	<u>645</u>
Non-current liabilities			
Loans and borrowings	11	381	442
Current liabilities			
Trade and other payables	12	56	65
Loans and borrowings	11	65	54
Taxes payable		25	29
Derivative financial liabilities		<u>1</u>	<u>1</u>
		<u>147</u>	<u>149</u>
Total liabilities		<u>528</u>	<u>591</u>
Total equity and liabilities		<u>1,230</u>	<u>1,236</u>

The financial statements on pages 9 to 23 were approved by the board on 7 August 2025 and signed on its behalf by:

L. Smith

[L.Smith \(Aug 7, 2025 10:48:52 GMT+1\)](#)

Leon Smith
For and on behalf of Sainsburys Corporate Director Limited
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

Sainsbury Propco B Limited

Statement of Changes in Equity for the Period from 3 March 2024 to 1 March 2025

	Share capital	Cash flow hedging reserve	Retained earnings	Total
	£ m	£ m	£ m	£ m
At 3 March 2024	310	-	335	645
Profit for the period	-	-	58	58
Other comprehensive loss	-	(1)	-	(1)
Total comprehensive income	-	(1)	58	57
At 1 March 2025	<u>310</u>	<u>(1)</u>	<u>393</u>	<u>702</u>
		Cash flow hedging reserve	Retained earnings	Total
	Share capital	£ m	£ m	£ m
At 5 March 2023	310	1	288	599
Profit for the period	-	-	47	47
Other comprehensive loss	-	(1)	-	(1)
Total comprehensive income	-	(1)	47	46
At 2 March 2024	<u>310</u>	<u>-</u>	<u>335</u>	<u>645</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025

1 General information

Sainsbury Propco B Limited (the 'Company') is a private company, incorporated and domiciled in England and Wales.

The address of its registered office is:

33 Charterhouse Street

London

EC1M 6HA

For the 52 weeks ended 1 March 2025 the Company's registered address was 33 Holborn, London EC1N 2HT, the registered address of the Company changed to 33 Charterhouse Street, London, EC1M 6HA with effect from 18 June 2025.

The Company is part of the J Sainsbury's plc group ('the Group'). 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.about.sainsburys.co.uk.

The Company's financial year represents the 52 weeks to 1 March 2025 (2024: 52 weeks to 2 March 2024).

2 Material accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared in accordance with United Kingdom Accounting standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the Standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of adopted International Financial Reporting Standards (IFRS).

The Company is a qualifying entity for the purposes of FRS 101. The results of the Company are consolidated into the Annual Report and Financial statements 2023 of J Sainsbury plc, available on the Group's website.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the Statement of comprehensive income, Balance sheet or Statement of changes in equity for the Company for the year ended 4 March 2023.

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 3.

The financial statements are presented in sterling, rounded to the nearest million pound (£'m) unless otherwise stated. They have been prepared on a going concern basis under the historical cost convention.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Going concern

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of twelve months from the date on which these financial statements are signed

The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 3 March 2024 have had a material effect on the financial statements.

Amendments to published standards

Effective for the Company in these financial statements:

The Company has considered the following amendments to published standards that are effective for the Company for the financial year beginning 6 March 2022 and concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements other than disclosures.

- Amendments to IFRS 16: Lease liability in a sale and leaseback
- Amendments to IAS 1: Classification of liabilities as current or non-current and non-current liabilities with covenants
- Amendments to IAS 7 and IFRS 7: Supplier finance arrangement

Standards and revisions effective for future periods:

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

- Amendments to IAS 21: Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments
- IFRS 18: Presentation and disclosure in financial statements
- IFRS 19: Subsidiaries without public accountability
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company has considered the impact of the above standards and revisions and have concluded that, the adoption of the above standards and interpretations, with the exception of the adoption of IFRS 18 and IFRS 19, is not expected to lead to any changes to the accounting policies nor to have any impact, or any material impact on the Company's financial statements. The impact of IFRS 18 and IFRS 19, subject to UK endorsement, is still under assessment.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 - 'Share-based payments' (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options).
- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - Paragraph 79(a)(iv) of IAS 1,
 - Paragraph 73(e) of IAS 16, 'Property, plant and equipment', and
 - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information), and
 - 134-136 (capital management disclosures).
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and investment property to determine whether there is any indication that the net book value is no longer supportable. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to dispose and its value-in-use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-investment property, the CGU is deemed to be each investment property.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Where there has been a change in the estimates used to determine the recoverable amount and an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. An impairment loss reversal is recognised in the income statement.

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to operating leases on investment properties. This revenue is recognised on a straight-line basis over the lease terms net of any lease incentives given to the lessee and is included in revenue in the statement of profit or loss due to its operating nature.

Cost of sales

Cost of sales consists of all costs associated with the investment properties, including depreciation.

Finance income and costs policy

Finance costs are recognised in the income statement for financial liabilities measured at amortised cost using the effective interest rate method.

Tax

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 or other comprehensive income, in which case the current tax is also dealt with in equity, or other comprehensive income, respectively.

Investment property

Investment properties are those properties held for capital appreciation and/or to earn rental income. They are initially measured at cost, which includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use, including related transaction costs. After initial recognition at cost, they are measured using the "cost method" which is cost less accumulated depreciation and any recognised impairment loss. Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised within operating profit.

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method. Freehold buildings and leasehold properties are depreciated over 50 years, or the lease term if shorter. Freehold land is not depreciated.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Financial instruments

Financial assets

The Company classifies all of its financial assets at amortised cost in accordance with IFRS 9.

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the Company, these are financial assets that are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company initially measures these financial assets at fair value plus transaction costs. Subsequently these assets are carried at amortised cost less impairment using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the income statement.

Impairment of financial assets

Measurement of Expected Credit Losses

Loan loss impairments are accounted for using a 3 stage forward-looking expected credit loss (ECL) approach in line with IFRS 9. IFRS 9 requires the Company to record an allowance for ECL for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company establishes provisions against trade receivables to reflect the lifetime expected credit loss, consistent with the simplified approach under IFRS 9.

Financial liabilities

Interest-bearing bank loans and overdrafts are recorded initially at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest rate risk. All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates. Where derivatives do not qualify for hedge accounting, any changes in the fair value of the derivative financial instrument are recognised in the income statement as finance income or costs as they arise.

Where a derivative does qualify for hedge accounting, any changes in fair value are recognised depending on the nature of the hedge relationship and the item being hedged as follows:

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Hedge accounting

To qualify for hedge accounting, the Company documents at the inception of the hedge, the hedging risk management strategy, the relationship between the hedging instrument and the hedged item or transaction and the nature of the risks being hedged. The Company also documents the assessment of the effectiveness of the hedging relationship, to show that the hedge has been and will be highly effective on an ongoing basis.

These hedging relationships are discussed below.

Cash flow hedges

Hedge relationships are classified as cash flow hedges where the derivative financial instruments hedge the interest rate risk on long term borrowings. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement for the period.

3 Critical accounting judgements and key sources of estimation uncertainty

Significant judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating leases for lessors

The Company earns rental income through commercial property leases on its portfolio of stores. At inception of each lease, the terms and conditions of the arrangements are evaluated to assess whether the lease terms constitute a major part of the economic life of the assets and whether the present value of the minimum lease payments amount to substantially all of the fair value of the commercial property. Where there is no evidence of this, management conclude that the significant risks and rewards of ownership do not transfer and these leases are accounted for as operating leases, with the underlying asset presented in the balance sheet and lease income recognised over the lease term on a straight-line basis.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to either lease the assets for additional terms or terminate the lease early (a break option). The Company applies judgement in evaluating whether it is reasonably certain to exercise these options. That is, it considers all relevant factors that create an economic incentive for it to exercise them. For leased properties, this includes the current and expected profitability of the respective site, as well as the length of time until the option can be exercised. The judgement currently applied is that the Company assumes contractual terms unless it is reasonably certain that an extension or break option will be applied.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options to renew (e.g. a change in business strategy). Any reassessment of the lease term will be reflected in a recalculation of the lease liability and respective right-of-use asset.

Significant estimates

The areas where assumptions and estimates are significant to the financial statements are as described below. 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.

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 the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and 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 year when such determination is made. Detail of the tax charge is set out in note 13.

Fair value of Investment properties

The Company carries its investment in properties using the "cost method" which is cost less accumulated depreciation and any recognised impairment loss. For disclosure purposes the fair value of investment properties as at 1 March 2025 has been determined by the Directors, with reference to market data and external valuation advice where appropriate. A valuation methodology based on a discounted cash flow (DCF) model was used. Please refer to note 8 for the key assumptions used to determine the fair value of the properties.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

4 Turnover

The analysis of the Company's turnover for the period from continuing operations is as follows:

	2025	2024
	£ m	£ m
Rental income from investment property	<u>125</u>	<u>119</u>

5 Operating profit

Arrived at after charging

	2025	2024
	£ m	£ m
Depreciation expense	<u>6</u>	<u>8</u>

There were £nil (2024: £nil) direct operating expenses arising from investment property that did not generate rental income during the year.

The auditors' remuneration, in the current and prior financial year was £3,158 (2024: £3,158), and has been borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company.

6 Employees and Directors' remuneration

The average monthly number of persons (including Directors) employed by the Company during the financial year was nil (2024: 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.

7 Finance costs

	2025	2024
	£ m	£ m
Interest on bank overdrafts and borrowings	(35)	(39)
Interest paid to group undertakings	<u>(6)</u>	<u>(7)</u>
Total finance costs	<u>(41)</u>	<u>(46)</u>

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

8 Investment properties

	2025 £ m	2024 £ m
Cost		
At beginning of financial year	1,351	1,351
At end of financial year	1,351	1,351
Depreciation		
At beginning of financial year	139	131
Depreciation charge	6	8
At end of financial year	145	139
Carrying amount		
At end of financial year	1,206	1,212
Fair value at end of financial year	1,861	1,758

The Company owns 48 (2024: 48) supermarket properties (land and buildings) with a net book value of £1,206 million (2024: £1,212 million), which has been pledged as security for long-term financing (note 11).

The fair value of the Company's investment properties at 1 March 2025 was £1,861 million (2024: £1,758 million). The valuation was determined by the Directors, with reference to market data and external valuation advice where appropriate. The basis of the valuation used in calculating the fair value was 'Investment Value' using yield rates ranging from 4.65% to 8.00% (2024: 4.75% to 8.00%).

There are no restrictions on the realisability of Investment properties or the remittance of income or the remittance of income or proceeds on disposals.

There are no contractual obligations to purchase, construct or develop Investment properties for repairs, maintenance or enhancements.

9 Trade and other receivables

	2025 £ m	2024 £ m
Current		
Receivables from related parties	1	24
Accrued income	23	-
	24	24

Current amounts due from related parties are denominated in pound sterling and are non-interest bearing and payable on demand.

Amounts due from related parties are not considered overdue or impaired.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

10 Share capital

Allotted, called up and fully paid shares

	2025		2024	
	No. m	£ m	No. m	£ m
Ordinary of £1 each	310	310	310	310

11 Loans and borrowings

	2025	2024
	£ m	£ m
Non-current loans and borrowings		
Secured loan - 25 year loan due 2031	381	442
	2025	2024
	£ m	£ m
Current loans and borrowings		
Secured loan - 25 year loan due 2031	65	54

Secured loans

This is an inflation-linked amortising loan from the finance company Longstone Finance plc with an outstanding principal value of £438 million (2024: £486 million) fixed at a real rate of 2.36 percent where principal and interest are uplifted annually by RPI subject to a cap at 5 percent and floor at 0 percent. The loan has a final repayment date of April 2031. The principal activity of Longstone Finance plc is the issuance of commercial mortgage-backed securities and applying the proceeds towards the secured loans due 2031.

The Company's long-term financing is secured over the Company's 48 supermarket properties (2024: 48) (note 8).

The Company has entered into inflation swaps with the ultimate parent company J Sainsbury plc to convert £126 million (2024: £155 million) from RPI linked interest to fixed rate interest from April 2025 until April 2026. These transactions have been designated as cash flow hedges.

12 Trade and other payables

	2025	2024
	£ m	£ m
Current		
Amounts due to related parties	56	65

Current amounts due to related parties are denominated in pound sterling, are non-interest bearing and payable on demand.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

13 Income tax

The income tax expense for the financial year was £20 million (2024: £18 million).

Tax charged/(credited) in the income statement

	2025 £ m	2024 £ m
Current taxation		
UK corporation tax	<u>20</u>	<u>18</u>

The effective tax rate of 25.6 percent (2024: 27.7 percent) is higher than the standard rate of corporation tax in the UK (2024 - higher than the standard rate of corporation tax in the UK) of 25% (2024: 24.6%).

The differences are explained below:

	2025 £ m	2024 £ m
Profit before tax	<u>78</u>	<u>65</u>
Corporation tax at standard rate	20	16
Increase from effect of capital allowances depreciation	2	2
Other decrease	<u>(2)</u>	<u>-</u>
Total tax charge	<u>20</u>	<u>18</u>

Amounts recognised in other comprehensive income

	2025			2024		
	Before tax £ m	Tax (expense) benefit £ m	Net of tax £ m	Before tax £ m	Tax (expense) benefit £ m	Net of tax £ m
(Loss)/gain on cash flow hedges	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(2)</u>	<u>1</u>	<u>(1)</u>

14 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Sainsbury Holdco B Limited.

The Company's ultimate parent 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 ultimate parent company's financial statements may be obtained from www.about.sainsburys.co.uk.