Registration number: 05644624

Sainsbury Propco B Limited

Annual Report and Financial Statements

for the Period from 02/03/2025 to 28/02/2026

Sainsbury Propco B Limited

Strategic Report for the Period from 02/03/2025 to 28/02/2026

Principal activities and review of business and future developments
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 £60 million (2025: £54 million (restated)). The financial position as at 28 February 2026 is shown in the balance sheet set out on page 11.

All material operations are carried out in the United Kingdom.

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 28 February 2026. 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 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 2026 Annual Report and Financial Statements of J Sainsbury plc (the '2026 Group Annual Report') on pages 24 to 29.

Modern Slavery Statement
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 28 February 2026 to prevent modern slavery and human trafficking in our own operations and supply chains.

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 40 to 47 of the 2026 Group 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 27 on pages 172 to 176 of the 2026 Group Annual Report, 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 18 to 19 of the 2026 Group Annual Report, which does not form part of this report.

Non-financial and sustainability information statement
The Directors consider that the climate-related risks and opportunities of the Company, including how they are identified, assessed and managed, are integrated with those of J Sainsbury plc. The principal climate-related risks and opportunities for the Company are included in the Group's scenario analysis and are monitored by the Directors.

The climate-related risks and opportunities of the Group, and its arrangements for managing them (including the related time periods and potential impacts on the Group's business model and strategy), are discussed on pages 104 to 115 of the 2026 Group Annual Report, which does not form part of this report.

Task Force on Climate-related Financial Disclosures (TCFD)

The Directors have committed to reduce Greenhouse Gas (GHG) emissions within our own operations to Net Zero by 2035 and reduce the Scope 3 emissions in-line with a 1.5°C trajectory. The Group are signatories of the TCFD, and are committed to providing consistent information to our stakeholders and the Group disclosure can be found on pages 104 to 115 of the 2026 Group Annual Report.

Approved by the Board on 11/08/2026 and signed on its behalf by:

David Pilbeam
David Pilbeam (Aug 11, 2026 12:53:38 GMT+1)

D Pilbeam
Acting as Alternate Director to P Dunne

Sainsbury Propco B Limited

Directors' Report for the Period from 02/03/2025 to 28/02/2026

The directors present their report and the audited financial statements of Sainsbury Propco B Limited (the 'Company') for the period from 02/03/2025 to 28/02/2026. The prior financial year's financial statements were for the period from 03/03/2024 to 01/03/2025.

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

Sainsburys Corporate Director Limited

G Cowen (resigned 11 December 2025)

P Dunne (appointed 11 December 2025)

The following director was appointed after the period end:

D Pilbeam (appointed 13 April 2026)

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

Dividends
During the financial year, there were no dividends recommended or paid (2025: nil). Subsequent to the balance sheet date the Company paid two interim dividends of £10.3 million and £10.7 million to its parent company Sainsbury Holdco B Limited on the 21 April 2026 and 21 July 2026 respectively.

Directors' liabilities and 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 2025/26, which has been renewed for 2026/27. 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.

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.

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 intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of at least 12 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.

Directors' Report for the Period from 02/03/2025 to 28/02/2026 (continued)

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 122 of the Group's Annual Report, which does not form part of this report.

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 Section 485 of the Companies Act 2006, the Company passed a resolution on 7 August 2025 to appoint PricewaterhouseCoopers as external auditors of the Company with effect from 2 March 2025.

Approved by the board on 11/08/2026 and signed on its behalf by:

David Pilbeam

David Pilbeam (Aug 11, 2026 12:53:39 GMT+1)

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D Pilbeam

Acting as Alternate Director to P Dunne

Sainsbury Propco B Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

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.
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101 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 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.

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.

Approved by the board on 11/08/2026 and signed on its behalf by:

L.Smith

L.Smith (Aug 11, 2026 13:09:45 GMT+1)

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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

Report on the audit of the financial statements

Opinion
In our opinion, Sainsbury Propco B Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2026 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Statement of Financial Position as at 28 February 2026;
- the Income Statement for the period then ended;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
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 at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
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 period ended 28 February 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and relevant tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting judgements. Audit procedures performed by the engagement team included:

- understanding and evaluating the design and implementation of controls designed to prevent and detect management override of controls, including irregularities and fraud;

- discussions with management, and the Group's General Counsel regarding their consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- challenging judgements made by management and assessing these for management bias;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

C. Turner

Claire Turner (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 August 2026

Sainsbury Propco B Limited

Income Statement for the Period from 02/03/2025 to 28/02/2026

	Note	2026 £ m	(As restated*) 2025 £ m
Revenue	4	130	125
Cost of sales		(10)	(10)
Operating profit	5	120	115
Finance costs	7	(39)	(41)
Profit before tax		81	74
Income tax expense	8	(21)	(20)
Profit for the period		60	54

The above results were derived from continuing operations.

* Refer to note 2 for details of prior year restatement.

Sainsbury Propco B Limited

Statement of Comprehensive Income for the Period from 02/03/2025 to 28/02/2026

		(As restated*)
	2026 £ m	2025 £ m
Profit for the period	60	54
Items that may be reclassified subsequently to profit or loss		
Loss on cash flow hedges	-	(1)
Total comprehensive income for the period	60	53

* Refer to note 2 for details of prior year restatement.

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 28/02/2026

	Note	2026 £ m	(As restated*) 2025 £ m	(As restated*) 2024 £ m
Non-current assets				
Investment properties	9	1,149	1,159	1,169
Current assets				
Trade and other receivables	10	27	24	24
Total assets		1,176	1,183	1,193
Current liabilities				
Trade and other payables	13	(47)	(57)	(66)
Loans and borrowings	12	(72)	(65)	(54)
Taxes payable		(29)	(25)	(29)
Derivative financial liabilities		-	(1)	(1)
		(148)	(148)	(150)
Non-current liabilities				
Loans and borrowings	12	(313)	(381)	(442)
Derivative financial liabilities		(1)	-	-
		(314)	(381)	(442)
Total liabilities		(462)	(529)	(592)
Net assets		**714**	**654**	**601**
Equity				
Share capital	11	310	310	310
Cash flow hedging reserve		(1)	(1)	-
Retained earnings		405	345	291
Total equity		**714**	**654**	**601**

* Refer to note 2 for details of prior year restatement.

The financial statements on pages 9 to 23 were approved by the board on 11/08/2026 and signed on its behalf by:

L.Smith

L.Smith (Aug 11, 2026 13:09:45 GMT+1)

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

Sainsbury Propco B Limited

Statement of Changes in Equity for the Period from 02/03/2025 to 28/02/2026

	Share capital £ m	Cash flow hedging reserve £ m	Retained earnings £ m	Total £ m
At 2 March 2025 (As previously reported)	310	(1)	392	701
Opening balance adjustment	-	-	(47)	(47)
At 2 March 2025 (As restated*)	310	(1)	345	654
Profit for the period	-	-	60	60
Total comprehensive income	-	-	60	60
At 28 February 2026	310	(1)	405	714

	Share capital £ m	Cash flow hedging reserve £ m	Retained earnings £ m	Total £ m
At 3 March 2024 (As previously reported)	310	-	334	644
Opening balance adjustment	-	-	(43)	(43)
At 3 March 2024 (As restated*)	310	-	291	601
Profit for the period (As restated*)	-	-	54	54
Other comprehensive loss	-	(1)	-	(1)
Total comprehensive income	-	(1)	54	53
At 1 March 2025 (As restated*)	310	(1)	345	654

* Refer to note 2 for details of prior year restatement.

Sainsbury Propco B Limited

Notes to the Financial Statements for the Period from 02/03/2025 to 28/02/2026

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, United Kingdom

The Company is part of the J Sainsbury plc Group (the 'Group').

The Company's financial year represents the 52 weeks to 28 February 2026 (2025: 52 weeks to 1 March 2025).

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 - FRS 101
The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework and the requirements of the Companies Act 2006 applicable to entities preparing financial statements under that framework.

The financial statements are presented in Pound Sterling. Unless otherwise stated, amounts are rounded to the nearest million and have been prepared under the historical cost convention except for certain financial instruments.

Prior period adjustments
Comparative periods have been re-presented to reflect the useful economic life of investment properties, which has been updated to align to the useful economic life reported within the consolidated financial statements of J Sainsbury plc group.

Income Statement

52 weeks to 1 March 2025	As previously reported £m	Investment properties £m	As restated £m
Cost of sales	(6)	(4)	(10)
Operating profit	119	(4)	115
Profit before tax	78	(4)	74
Profit for the period	58	(4)	54

2 Material accounting policies (continued)

Balance Sheet

At 1 March 2025	As previously reported £m	Investment properties £m	As restated £m
Non-current assets			
Investment properties	1,206	(47)	1,159
Total Assets	1,230	(47)	1,183
Total liabilities	(529)	-	(529)
Net assets	701	(47)	654
Equity			
Retained earnings	392	(47)	345
	701	(47)	654

At 2 March 2024	As previously reported £m	Investment properties £m	As restated £m
Non-current assets			
Investment properties	1,212	(43)	1,169
Total Assets	1,236	(43)	1,193
Total liabilities	(592)	-	(592)
Net assets	644	(43)	601
Equity			
Retained earnings	334	(43)	291
	644	(43)	601

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 Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent company, J Sainsbury plc has confirmed its intention to provide financial support for a period of at least 12 months from the date of approval such that the Company is able to repay its liabilities as they fall due.

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 02/03/2025 have had a material effect on the financial statements.

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:

- IAS 1 Presentation of Financial Statements – certain comparative and reconciliation disclosures, including those relating to property, plant and equipment and intangible assets.
- IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows – the requirement to present a cash flow statement and related disclosures.
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – disclosures in respect of new standards not yet effective.
- IAS 24 Related Party Disclosures – disclosures relating to key management personnel compensation and intra-group transactions between wholly owned members of the Group.
- IFRS 7 - Financial Instruments: Disclosures.
- IFRS 13 Fair Value Measurement – paragraphs 91–99 (disclosures of valuation techniques and inputs).
- IAS 12 Income Taxes – certain disclosure requirements.

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 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.

2 Material accounting policies (continued)

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 basis over their useful economic life. Freehold buildings and leasehold improvements are depreciated in line with the Group over 50 years, or the lease term if shorter. Freehold land is not depreciated.

Impairment of non-financial assets

Property, plant and equipment and investment properties are assessed on an ongoing basis to determine whether there is an 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.

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.

2 Material accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

Impairments on financial assets measured at amortised cost are accounted for using a three-stage forward-looking expected credit loss (ECL) approach. The Company is required to record an allowance for ECL for all loans and other debt financial assets not held at fair value through profit or loss (FVPL), together with loan commitments and financial guarantee contracts.

ECLs are based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group 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.

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.

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.

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

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. Where there is an impairment indicator, the 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. No such calculations were required in the current year.

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 28 February 2026 has been determined by the Directors, with reference to market data and external valuation advice where appropriate. A valuation methodology based on an income approach model was used. Please refer to note 9 for the key assumptions used to determine the fair value of the properties.

4 Revenue

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

	2026 £ m	2025 £ m
Property rental income	130	125

5 Operating profit

Arrived at after charging

	2026 £ m	(As restated*) 2025 £ m
Depreciation expense	10	10

* Refer to note 2 for details of prior year restatement.

There were £nil (2025: £nil) direct operating expenses arising from investment property that did not generate rental income during the year.

The auditors' remuneration, in the current financial year was £25,000 (2025: £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 (2025: 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

	2026 £ m	2025 £ m
Interest on bank overdrafts and borrowings	(27)	(35)
Interest paid to group undertakings	(12)	(6)
Total finance costs	(39)	(41)

8 Income tax

The income tax expense for the financial year was £21 million (2025: £20 million).

Tax charged/(credited) in the income statement

	2026 £ m	2025 £ m
Current taxation		
UK corporation tax	22	20
UK corporation tax adjustment to prior periods	(1)	-
	21	20

The effective tax rate of 26.1 per cent (2025: 27.1 per cent) is higher than the standard rate of corporation tax in the UK (2025 - higher than the standard rate of corporation tax in the UK of 25%).

The differences are explained below:

	2026 £ m	(As restated*) 2025 £ m
Profit before tax	81	74
Corporation tax at standard rate	20	18
Decrease in current tax from adjustment for prior periods	(1)	-
Disallowed depreciation on UK properties	2	2
Total tax charge	21	20

* Refer to note 2 for details of prior year restatement.

9 Investment properties

	2026 £ m	(As restated*) 2025 £ m
Carrying amount		
At beginning of financial year	1,159	1,169
Depreciation expense	(10)	(10)
At end of financial year	1,149	1,159
Fair value at end of financial year	1,960	1,861

* Refer to note 2 for details of prior year restatement.

The Company owns 48 (2025: 48) supermarket properties (land and buildings) with a net book value of 1,149 million (2025: £1,159 million), which has been pledged as security for long-term financing (note 12).

The fair value of the Company's investment properties at 28 February 2026 was £1,960 million (2025: £1,861 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 an income approached market value using yield rates ranging from 4.65% to 8.00% (2025: 4.65% to 8.00%). The income approach is based on capitalisation or conversion of present and predicted income (cash flows) and assumes the rental of supermarket outlets to J Sainsbury plc and its subsidiary companies remain unchanged.

There are no restrictions on the realisability of Investment properties 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.

10 Trade and other receivables

Current	2026 £ m	2025 £ m
Receivables from related parties	1	1
Accrued income	24	23
Other receivables	2	-
	27	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.

11 Share capital

Allotted, called up and fully paid shares

	2026		2025	
	No. m	£ m	No. m	£ m
Ordinary of £1 each	310	310	310	310

12 Loans and borrowings

	2026 £ m	2025 £ m
Non-current loans and borrowings		
Secured loan - 25 year loan due 2031	313	381

	2026 £ m	2025 £ m
Current loans and borrowings		
Secured loan - 25 year loan due 2031	72	65

Secured loans
This is an inflation-linked amortising loan from the finance company Longstone Finance plc with an outstanding principal value of £378 million (2025: £438 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 per cent and floor at 0 per cent. The loan has a final repayment date of April 2031.

The Company's long-term financing is secured over the Company's 48 supermarket properties (2025: 48) (note 9).

13 Trade and other payables

	2026 £ m	2025 £ m
Current		
Amounts due to related parties	47	57

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

14 Parent and ultimate parent undertaking

The Company's immediate parent and controlling entity is Sainsbury Holdco B Limited.

The ultimate parent 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 the J Sainsbury plc website at corporate.sainsburys.co.uk.