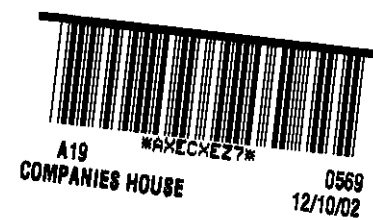


Evermere Limited

Annual report and accounts
for the year ended 30 March 2002

Registered number: 2356023



LIST OF CONTENTS

| | <u>Page</u> |
|------------------------------|-------------|
| Directors and Administration | 1 |
| Report of the Directors | 2 |
| Directors' Responsibilities | 5 |
| Independent Auditors' Report | 6 |
| Profit and Loss Account | 7 |
| Balance Sheet | 8 |
| Notes to the Accounts | 9 |

DIRECTORS AND ADMINISTRATION

| | |
|-------------------------|---|
| Country of Registration | England |
| Registered Number | 2356023 |
| Registered Office | 6 Millington Road, Hayes, Middlesex, UB3 4AY. |
| Directors | M.E. Collins G. Ellis F. Garcia-Valencia D. Wilson |
| Company Secretary | D. Wilson |
| Solicitors | Clifford Chance |
| Auditors | KPMG Audit Plc |

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 MARCH 2002

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 30 March 2002.

Principal activity and business review

During the year the company has continued to act as a property management company.

Results and dividends

The audited financial statements for the year ended 30 March 2002 are set out on pages 7 to 11.

The profit for the financial year was £230 (2001 - £380).

The directors do not recommend the payment of a final dividend in respect of the year ended 30 March 2002 (2001 - £Nil).

Directors

The directors who served during the year were as follows:-

| | |
|--------------------|---|
| M.E. Collins | - appointed 15 February 2002 |
| G. Ellis | - appointed 30 October 2001 |
| F. Garcia-Valencia | - appointed 25 March 2002 |
| S.P. Lane | - appointed 30 October 2001 and resigned 15 February 2002 |
| H.R. Mould | - resigned 30 October 2001 |
| H.J.M. Price | - resigned 30 October 2001 |
| D. Wilson | - appointed 30 October 2001 |

Mr. G. Ellis retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Directors' interests

The company is a wholly-owned subsidiary of Safeway plc and consequently none of the directors have any interests in the shares of the company.

REPORT OF THE DIRECTORS (Continued)

The directors who were not also directors of the company's ultimate holding company at 30 March 2002 had the following interests in the ordinary 25p shares of Safeway plc at the end of the year as indicated below:-

| | <u>30 March 2002</u> | | <u>31 March 2001</u> | | |
|--------------------|----------------------|----------------------|----------------------|----------------------|---|
| | <u>Shares</u> | <u>Share options</u> | <u>Shares</u> | <u>Share options</u> | |
| M.E. Collins | 7,476 | 125,248 | 7,476 | 125,248 | * |
| G. Ellis | 3,268 | 153,374 | 2,316 | 154,326 | |
| F. Garcia-Valencia | - | - | - | - | * |
| D. Wilson | - | 60,000 | - | - | * |

* At date of appointment.

Share options granted to and exercised by directors during the year are set out below:-

| | <u>Granted</u> | <u>Exercised</u> |
|--------------------|----------------|------------------|
| M.E. Collins | 25,500 | - |
| G. Ellis | - | 952 |
| F. Garcia-Valencia | - | - |
| D. Wilson | 60,000 | - |

The share options referred to above relate to options granted under the Safeway Executive Share Option Scheme and/or The Safeway Sharesave Scheme and enable the option holder to subscribe for ordinary 25p shares of Safeway plc. Details of options currently outstanding are:-

| <u>Date of Grant</u> | <u>Subscription Price</u> | <u>Last date when options exercisable</u> |
|----------------------|---------------------------|---|
| 26 November 1992 | 363.00p | 25 November 2002 |
| 6 December 1993 | 255.00p | 5 December 2003 |
| 13 December 1994 | 237.00p | 12 December 2004 |
| 19 December 1995 | 308.00p | 18 December 2005 |
| 9 December 1996 | 375.50p | 8 December 2006 |
| 26 June 1997 | 286.00p | 28 February 2003 |
| 21 November 1997 | 318.75p | 20 November 2007 |
| 25 June 1998 | 307.00p | 29 February 2004 |
| 8 December 1998 | 283.00p | 7 December 2008 |
| 23 June 1999 | 204.00p | 28 February 2005 |
| 17 August 1999 | 233.50p | 16 August 2009 |
| 29 November 1999 | 182.75p | 28 November 2009 |
| 12 June 2000 | 246.00p | 11 June 2010 |
| 28 June 2000 | 197.00p | 28 February 2006 |
| 4 January 2001 | 296.00p | 3 January 2011 |
| 27 June 2001 | 296.00p | 28 February 2007 |
| 22 November 2001 | 328.50p | 21 November 2011 |

Executive scheme options granted prior to 19 December 1995 are all available for exercise as all relevant performance criteria have been met.

REPORT OF THE DIRECTORS (Continued)

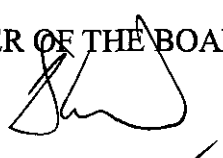
Executive scheme options granted on and since 19 December 1995 will become exercisable normally only when the earnings per share growth of the ultimate holding company, over a three year period, has exceeded the increase in the Retail Prices Index over that same three year period by an average of at least 2% per annum.

At no time during the year or subsequently did any director have a material interest in any contract or arrangement with the company which was significant in relation to the company's business.

Auditors

KPMG Audit Plc have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Evermere Limited,
6 Millington Road,
Hayes,
Middlesex,
UB3 4AY.

BY ORDER OF THE BOARD
D. Wilson
Secretary 

15 August 2002

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit for that year. In preparing the financial statements the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for safeguarding the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERMERE LIMITED

We have audited the financial statements on pages 7 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

15 August 2002

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 30 MARCH 2002**

| | <u>Notes</u> | <u>2002</u> £ | <u>2001</u> £ |
|---|--------------|------------------|------------------|
| TURNOVER | | 400 | 400 |
| Net operating expenses | 2 | <u>(50)</u> | <u>(20)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 350 | 380 |
| Tax on profit on ordinary activities | 3 | <u>(120)</u> | <u>-</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 230 | 380 |
| RETAINED PROFIT, beginning of year | | <u>2,646</u> | <u>2,266</u> |
| RETAINED PROFIT, end of year | | <u>2,876</u> | <u>2,646</u> |

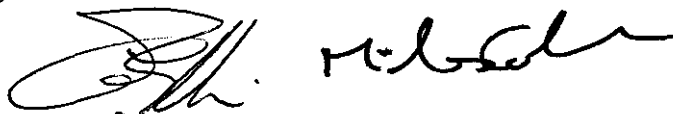
All recognised gains and losses relating to the year and the preceding period arise from continuing operations and are shown in the profit and loss account.

BALANCE SHEET AT 30 MARCH 2002

| | <u>Notes</u> | <u>2002</u> £ | <u>2001</u> £ |
|--------------------------------|--------------|------------------|------------------|
| FIXED ASSETS | 4 | 1,798 | 1,848 |
| CURRENT ASSETS | | | |
| Debtors | 5 | <u>1,200</u> | <u>800</u> |
| NET CURRENT ASSETS | | 1,200 | 800 |
| CREDITORS, due within one year | 6 | <u>(120)</u> | <u>-</u> |
| NET CURRENT ASSETS | | <u>1,080</u> | <u>800</u> |
| NET ASSETS | | <u>2,878</u> | <u>2,648</u> |
| | | | |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 7 | 2 | 2 |
| Profit and loss account | | <u>2,876</u> | <u>2,646</u> |
| EQUITY SHAREHOLDERS' FUNDS | 8 | <u>2,878</u> | <u>2,648</u> |

Approved by the Board of Directors on 15 August 2002 and signed on its behalf by:

M.E. COLLINS) DIRECTORS
G. ELLIS)



NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. These financial statements are for the 52 week period to 30 March 2002 compared to year to 31 March 2001.

Turnover

Turnover represent ground rent on eight flats and is stated net of VAT.

Taxation

Corporation tax is provided at the amount expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

With effect from 1 April 2001, the group has adopted FRS19, Deferred Tax. In accordance with this accounting standard, deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at rates expected to apply when they crystallise, based on tax and laws enacted or substantially enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation and any provision for impairment.

2. NET OPERATING EXPENSES

| | <u>2002</u> £ | <u>2001</u> £ |
|--------------|------------------|------------------|
| Depreciation | <u>50</u> | <u>20</u> |

There were no emoluments received or receivable by any of the directors in respect of their services to the company during the year (2001 - £Nil).

3. TAXATION

The tax charge is based on the profit for the year before depreciation and comprises UK corporation tax at 30%. In prior years the corporation tax liability had been reduced to nil due to the receipt of group relief from the previous parent company for nil consideration.

4. FIXED ASSETS

| | <u>Leasehold Land and Buildings</u> £ |
|-------------------------|--|
| Cost or valuation:- | |
| Beginning of year | 2,000 |
| Additions | <u>-</u> |
| End of year | <u>2,000</u> |
| Depreciation:- | |
| Beginning of year | 152 |
| Charged during the year | <u>50</u> |
| End of year | <u>202</u> |
| Net book value:- | |
| Beginning of year | <u>1,848</u> |
| End of year | <u>1,798</u> |

Following the Company's acquisition, the remaining useful life of the leasehold has been changed to 40 years, in line with group policy. Previously, depreciation was provided on the leasehold property so as to write off the lease over its term of 125 years.

5. DEBTORS

| | <u>2002</u> £ | <u>2001</u> £ |
|------------------------------------|------------------|------------------|
| Amount due from group undertakings | <u>1,200</u> | <u>800</u> |

The amount due from group undertakings is non interest bearing.

6. CREDITORS

| | <u>2002</u> £ | <u>2001</u> £ |
|-----------------|------------------|------------------|
| Corporation tax | <u>120</u> | <u>-</u> |

7. CALLED-UP SHARE CAPITAL

| | <u>2002 and 2001</u> | |
|----------------------------|------------------------|--|
| | <u>Authorised</u> £ | <u>Allotted, called-up and fully paid</u> £ |
| Ordinary shares of £1 each | <u>100</u> | <u>2</u> |

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>2002</u> | <u>2001</u> |
|---|--------------|--------------|
| | £ | £ |
| Profit for the financial year | 230 | 380 |
| Dividends paid and proposed | <u>-</u> | <u>-</u> |
| Net addition to shareholders' funds | 230 | 380 |
| Equity shareholders' funds, beginning of year | <u>2,648</u> | <u>2,268</u> |
| Equity shareholders' funds, end of year | <u>2,878</u> | <u>2,648</u> |

9. CASH FLOW STATEMENT AND RELATED PARTY TRANSACTIONS

Under the provisions of Financial Reporting Standard No.1 (Revised), the company has not presented a cash flow statement because its ultimate holding company has prepared consolidated accounts which include the company and which contain a cash flow statement.

Under the provisions of Financial Reporting Standard No.8, the company has not disclosed details of inter-group transactions because its ultimate holding company has prepared consolidated accounts which include the company and are available to the public.

10. PURCHASE OF THE COMPANY BY SAFEWAY STORES PLC

On 30 October 2001, the Company was purchased from Pillargun Limited by Safeway Stores plc.

11. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Safeway plc, which heads the largest group in which the accounts are consolidated. The smallest group in which the accounts are consolidated is headed by Safeway Stores plc. Both of these consolidated sets of accounts are available to the public and may be obtained from their registered office at 6 Millington Road, Hayes, Middlesex, UB3 4AY.