

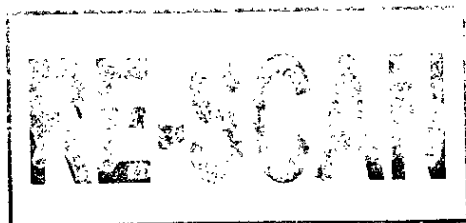
Company number: 00303301

JOHN LEWIS PROPERTIES PLC

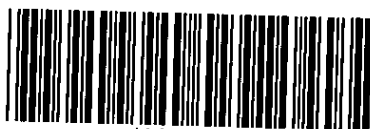
Financial Statements for the year ended 28 January 2017

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JOHN LEWIS PROPERTIES PLC

Company information

Company number:	00303301
Directors:	Sir Charlie Mayfield Patrick Lewis Nigel Keen
Company Secretary:	Keith Hubber
Registered office:	171 Victoria Street, London, SW1E 5NN
Independent auditor:	KPMG LLP
Bankers:	Royal Bank of Scotland plc

JOHN LEWIS PROPERTIES PLC

Strategic report for the year ended 28 January 2017

Review of the business and future developments

John Lewis Properties plc ("the Company") primarily acts as a property holding company for the John Lewis Partnership plc group ("the Partnership") and owns some of the properties occupied by that group. Most of its rental income derives from tenancy agreements with other group companies.

John Lewis Properties plc's revenue at £44.1m was £3.2m (7.8%) higher than last year. Operating profit before exceptional items increased by £4.6m (16.7%) to £32.2m.

Exceptional operating income of £0.8m was recognised on the finalisation of a prior year property disposal, which was previously recorded as exceptional. Profit for the year decreased by £50.9m (67.2%) to £24.8m predominately due to the exceptional property disposal in the prior year.

Net assets were up by £24.8m (2.7%) to £947.5m, and the fair value of investment property is estimated to be £803.6m, up 22.3% from £657.0m last year.

Given the nature of the Company's activities, the Company's Directors believe that specific KPIs are not necessary or appropriate for an understanding of the Company's development, performance, or the position of its business.

Financial risk management

John Lewis Properties plc's financial risks are managed within the Partnership's framework. The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy the Partnership's business needs, to meet employees' ("Partners") expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from risks identified in the Partnership's business planning process crystallising. Details of the Partnership's financial risk management policies are included in note 7 of the Partnership's Annual Report and Accounts.

Principal risks and uncertainties

John Lewis Properties plc's principal risks and uncertainties are in line with those of John Lewis Partnership plc. Details of the Partnership's principal risks and uncertainties are included within pages 32 to 35 of the Partnership's Annual Report and Accounts. However, the risks that are most relevant to John Lewis Properties plc are: competition and economic environment and in addition property valuation, which is the risk that the market shifts against the retail sector and current channel format causes a fall in freehold estate valuation.

Details of key mitigations to these principal risks and uncertainties are presented on pages 32 to 35 of the Partnership's Annual Report and Accounts.

Approved by the Directors and signed on behalf of the Board



Director/~~Company Secretary~~

Patrick Lewis

22 June 2017

JOHN LEWIS PROPERTIES PLC

Directors' report for the year ended 28 January 2017

The Directors present their report and the audited financial statements for the year ended 28 January 2017.

Principal activity

John Lewis Properties plc is incorporated and registered in England and Wales. The Company is primarily a property owning Company and is a wholly owned subsidiary of John Lewis plc, within the John Lewis Partnership plc group.

There are no plans to change the business activities of the Company.

Directors and Company Secretary

The Directors of the Company and the Company Secretary who served during the year and at the date of the signing of this report include:

Sir Charlie Mayfield (Chairman)
Patrick Lewis (appointed 22 February 2016)
Nigel Keen
Lorraine Woodhouse (resigned 22 February 2016)
Keith Hubber (Company Secretary)

Results and dividends

The Company's profit before taxation for the year ended 28 January 2017 is £33.0m (2016: £103.8m). The share capital of the Company is wholly owned by John Lewis plc. The Directors do not recommend the payment of a dividend (2016: £nil).

John Lewis Properties plc guarantee

In January 2017 John Lewis Properties plc entered into a corporate guarantee in favour of John Lewis Partnership Pensions Trust with regards to pension obligations due to the Pensions Trust from John Lewis plc.

The effect of the 2017 guarantee is that in the event John Lewis plc fails to make any payments due to the scheme for any reason, then the pension scheme can claim against John Lewis Properties plc for those payments.

Associated with the provision of the 2017 guarantee, John Lewis Properties plc entered into a 10-year Deed of Undertaking with John Lewis Partnership Trust for Pensions which sets out a number of undertakings which John Lewis Properties plc must comply with during the 10-year period of the Deed, the principal undertaking being that John Lewis Properties plc must maintain an adjusted net asset value of at least £800m from 2018 until the end of the Deed.

Health and safety

The Company adopts the Partnership's arrangements in respect of health and safety. The Partnership is committed to going about its business in a way that avoids, so far as is reasonably practicable, causing harm to people or property, and to promoting, through its extensive occupational health service, the wellbeing of its workforce. The Partnership cannot expect to eliminate health and safety risk totally from the workplace but its current priority is to ensure that management at all levels know and understand the risks within their areas of responsibility.

Directors' responsibilities

The Statement of Directors' responsibilities in relation to the financial statements is set out on page 15.

Directors' interests

Under the constitution of the Partnership all the Directors, as employees of John Lewis plc, are necessarily interested in the 612,000 Deferred Ordinary Shares in John Lewis Partnership plc which are held in trust for the benefit of employees of John Lewis plc and of certain other group companies. No Director has or had a material interest in any contract or arrangement to which the Company is or was a party.

JOHN LEWIS PROPERTIES PLC

Directors' report for the year ended 28 January 2017 (continued)

Going concern

The Directors, after reviewing the Company's operating budgets, investment plans and financing arrangements, consider that the Company has sufficient financing available at the date of this report. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Independent auditor

During the year ended 28 January 2017 PricewaterhouseCoopers LLP resigned as auditor. KPMG LLP was subsequently appointed. KPMG LLP has indicated their willingness to continue in office, and a resolution for their reappointment as auditor will be proposed to the sole Member of the Company on the date of signing of these accounts.

Disclosure of information to the auditor

Each of the persons who are Directors at the date of approval of this report confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. The Director has taken all steps that he/she ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish the Company's auditor is aware of that information.

Approved by the Directors and signed on behalf of the Board



Director/~~Company Secretary~~

Patrick Lewis

22 June 2017

JOHN LEWIS PROPERTIES PLC

Statement of comprehensive income for the year ended 28 January 2017

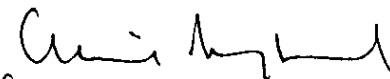
<i>Notes</i>		2017	2016
		£m	£m
	Revenue		
	Rent receivable	44.1	40.9
	Rent payable	(3.6)	(4.0)
7	Other operating income	3.4	3.6
	Administrative expenses	(13.4)	(12.9)
2	Profit on disposal of property	1.7	-
	Operating profit before exceptional items	32.2	27.6
3	Exceptional items	0.8	76.3
	Operating profit	33.0	103.9
	Finance costs	-	(0.1)
4	Profit before tax	33.0	103.8
5	Taxation	(8.2)	(28.1)
	Profit and total comprehensive income for the year	24.8	75.7

JOHN LEWIS PROPERTIES PLC

Balance sheet as at 28 January 2017

Notes		2017 £m	2016 £m
	Non-current assets		
6	Investment properties	491.4	528.6
7	Investment in JLP Scottish Partnership	44.6	44.6
		536.0	573.2
	Current assets		
8	Trade and other receivables		
	- due in less than one year	4.2	9.2
	- due in greater than one year	1.1	4.0
9	Assets held for sale	8.1	-
	Amount due from fellow group undertakings	475.1	412.2
		488.5	425.4
	Total assets	1,024.5	998.6
	Current liabilities		
10	Trade and other payables	(2.6)	(2.9)
	Current tax payable	(8.5)	(6.6)
		(11.1)	(9.5)
	Non-current liabilities		
11	Finance lease liabilities	(1.5)	(1.5)
5	Deferred tax liabilities	(64.4)	(64.9)
		(65.9)	(66.4)
	Total liabilities	(77.0)	(75.9)
	Net assets	947.5	922.7
	Equity		
12	Share capital	25.7	25.7
	Share premium account	1.2	1.2
	Retained earnings	920.6	895.8
	Total equity	947.5	922.7

The financial statements on pages 5 to 14 were approved by the Directors on 22 June 2017 and signed on their behalf by


Charles Mayfield
Director
John Lewis Properties plc

Company number 00303301

JOHN LEWIS PROPERTIES PLC

Statement of changes in equity for the year ended 28 January 2017

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 31 January 2015	25.7	1.2	820.1	847.0
Profit for the year	-	-	75.7	75.7
Balance at 30 January 2016	25.7	1.2	895.8	922.7
Profit for the year	-	-	24.8	24.8
Balance at 28 January 2017	25.7	1.2	920.6	947.5

Notes to the financial statements

1. Accounting policies

Basis of accounting

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 disclosures 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present a cash flow statement;
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries; and
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective.

The Company is an intermediate parent company and is exempt from preparing consolidated financial statements as noted in section 400 of the Companies Act 2006.

The financial year is the 52 weeks ended 28 January 2017 (prior year 52 weeks ended 30 January 2016).

The following standards, amendments and interpretations were adopted by the Company for the year ended 28 January 2017 and have not had a significant impact on the Company's profit for the year, equity or disclosures:

- Annual Improvements to IFRSs 2010-2012 Cycle – various standards
- Annual Improvements to IFRSs 2011-2013 Cycle – various standards
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to IAS 1: Disclosure Initiative

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

1. Accounting policies (continued)

Property valuation

The Company's freehold and long leasehold department store properties were valued by the Directors, after consultation with CB Richard Ellis, Chartered Surveyors, at 31 January 2004, at fair value. These values have been incorporated as deemed cost, subject to the requirement to test for impairment, in accordance with IAS 36. The Company has decided not to adopt a policy of revaluation since 31 January 2004.

Other assets are held at cost.

Investment property

Property that is held for either long term rental yields or for capital appreciation, or for both, and that is not occupied by the Company is classified as investment property. Investment property comprises freehold land, freehold buildings and buildings held under finance leases. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses. The disclosed fair value of investment property is deemed to be market value.

If an investment property becomes owner occupied it is reclassified as a tangible fixed asset. Property that is being constructed or developed for future use as investment property is classified as an asset in the course of construction and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Depreciation

No depreciation is charged on freehold land and assets in the course of construction. Depreciation is calculated for all other assets to write off the cost or valuation, less residual value, on a straight line basis over their expected useful life, at the following rates:

- Freehold and long leasehold buildings - 2% to 4%
- Other leaseholds - over the shorter of the useful economic life and the remaining period of the lease

Property residual values are assessed as the price in current terms that a building would be expected to realise if it were at the end of its useful economic life. The assets' residual values and useful lives are reviewed at least at each balance sheet date.

Leased assets

Assets used by the Company which have been funded through finance leases on terms that transfer to the Company substantially all the risks and rewards of ownership are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of finance lease rentals is charged to the income statement. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the Company does not retain substantially all their risks and rewards of ownership of the assets are classified as operating leases. Operating lease rental payments, other than contingent rentals, are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the statement of comprehensive income when incurred.

Lease premiums and inducements are recognised in current and non-current assets and liabilities accordingly, and amortised on a straight line basis over the lease term.

Sub-lease income is recognised as income on a straight line basis over the sub-lease term, less allowances for situations where recovery is doubtful.

Taxation

The charge for current income tax is based on the results for the year adjusted for items which are not taxed or are disallowed. It is calculated using tax rates in legislation that have been enacted or substantively enacted by the balance sheet date.

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred income tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged to other comprehensive income/(expense), in which case the deferred tax is also dealt with in other comprehensive income/(expense).

Impairment

Assets that are subject to amortisation or depreciation are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's net book value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and value in use. Value in use calculations are performed using cash flow projections, discounted at a pre-tax rate which reflects the asset specific risks and the time value of money.

Offsetting

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for situations where recovery is doubtful. Such allowances are based on an individual assessment of each receivable.

Investments

Investments are valued at cost, less allowances for impairment.

Exceptional items

Exceptional items are material, non-recurring items of income and/or expense arising from events or transactions that fall within the activities of the Company.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment

The Partnership is required to test whether assets in use in operations have suffered any impairment. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs to sell and value in use. The calculation of value in use requires the estimation of future cash flows expected to arise from the continuing operation of the cash generating unit and the selection of a suitable discount rate in order to calculate the present value. Given the degree of subjectivity involved, actual outcomes could vary significantly from these estimates.

Depreciation

Depreciation is recorded to write down non-current assets to their residual values over their estimated useful lives. The selection and review of these residual values and estimated useful lives requires the exercise of management judgement.

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

2. Profit on disposal of properties (before exceptional items)

	2017	2016
	£m	£m
Profit on disposal of properties (before exceptional items)	1.7	-

3. Exceptional items

Exceptional operating income of £0.8m was recognised on finalisation of a prior year property disposal, which was previously recorded as exceptional. On 16 April 2015, the Company disposed of a property which was previously held for sale. The profit on disposal of £76.3m was recorded as exceptional operating income in the year to 30 January 2016. A tax charge of £0.1m was recognised in the year ended 28 January 2017 (2016: £25.1m).

4. Profit on ordinary activities before taxation

	2017	2016
	£m	£m
Profit on ordinary activities before taxation is stated after crediting/(charging) the following:		
Operating lease income - land and buildings	44.1	40.9
Depreciation	(10.0)	(12.9)
Operating lease expense - land and buildings	(3.6)	(4.0)

Auditor's remuneration in the year was £15,521 (2016: £15,787).

Contingent rents expensed during the year were £0.2m (2016: £1.0m). Contingent rents are determined based on store revenues.

5. Taxation

5.1 Analysis of tax charge for the year

	2017	2016
	£m	£m
Analysis of tax (charge)/credit:		
Current tax - current year	(8.5)	(6.6)
Current tax - adjustments in respect of previous years	(0.2)	0.1
Total current tax charge	(8.7)	(6.5)
Deferred tax - current year	(3.2)	(28.3)
Deferred tax - adjustments in respect of previous years	(0.2)	(0.1)
Deferred tax - changes in tax rate	3.9	6.8
Total tax charge	(8.2)	(28.1)

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

5. Taxation (continued)

5.2 Factors affecting tax charge in the year

The tax charge for the year is higher (2016: higher) than the standard corporation tax rate of 20.00% (2016: 20.17%). The differences are explained below:

	2017	2016
	£m	£m
Profit on ordinary activities before tax	33.0	103.8
Profit before tax multiplied by standard rate of corporation tax in the UK of 20.00% (2016: 20.17%)	(6.6)	(20.9)
Effects of:		
Changes in tax rate	3.9	6.8
Adjustment to current tax in respect of prior years	(0.2)	0.1
Depreciation on assets not qualifying for tax relief	(1.5)	(1.5)
Differences between accounting and tax base for land and buildings	(3.6)	(14.2)
Adjustment to deferred tax in respect of prior years	(0.2)	(0.1)
Sundry disallowables	-	0.5
Other permanent differences on sale of property	-	1.2
Total tax charge	(8.2)	(28.1)
Effective tax rate	24.8%	27.1%

5.3 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% for deferred tax assets or liabilities expected to reverse before 1 April 2017, 19% for deferred tax assets and liabilities expected to reverse before 1 April 2020 and 17% for those assets or liabilities expected to reverse after 1 April 2020. In the year to 30 January 2016, a tax rate of 20% was used for deferred tax assets or liabilities expected to reverse before 1 April 2017, 19% for deferred tax assets and liabilities expected to reverse before 1 April 2020 and 18% for those assets or liabilities expected to reverse after 1 April 2020.

The movement on the deferred accounts is shown below:

	2017	2016
	£m	£m
Opening liability	(64.9)	(43.3)
Credited/(charged) to statement of comprehensive income	0.5	(21.6)
Closing liability	(64.4)	(64.9)

The movements in deferred tax assets and liabilities during the year are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle the balances net.

	Accelerated tax depreciation	Capital gains tax on land and buildings	Revaluation of land and buildings	Rollover gains/ (losses)	Total
	£m	£m	£m	£m	£m
At 31 January 2015	(30.9)	(3.9)	(1.5)	(7.0)	(43.3)
Credited/(charged) to statement of comprehensive income	2.6	0.9	0.2	(25.3)	(21.6)
At 30 January 2016	(28.3)	(3.0)	(1.3)	(32.3)	(64.9)
Credited/(charged) to statement of comprehensive income	1.8	0.9	(4.0)	1.8	0.5
At 28 January 2017	(26.5)	(2.1)	(5.3)	(30.5)	(64.4)

The deferred tax liability due after more than one year is £64.4m (2016: £64.9m).

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

5. Taxation (continued)

5.4 Factors affecting tax charges in current and future years

The Finance Act 2015 reduced the main rate of corporation tax from 21% to 20% from 1 April 2015. Further reductions to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020 have also been enacted. In the March 2016 Budget a further reduction to 17% applicable from 1 April 2020 was also announced. The 17% rate was substantively enacted in September 2016.

The effect of these rate changes was to decrease the deferred tax liability by £3.9m, with a £3.9m tax credit to the statement of comprehensive income.

6. Investment properties

	Land and buildings	Assets in the course of construction	Total
	£m	£m	£m
Cost			
At 30 January 2016	662.3	1.0	663.3
Additions	-	1.2	1.2
Transfers	(13.5)	(0.5)	(14.0)
Disposals	(11.4)	-	(11.4)
Transfers to assets held for sale	(14.5)	-	(14.5)
At 28 January 2017	622.9	1.7	624.6
Accumulated Depreciation			
At 30 January 2016	(134.7)	-	(134.7)
Charge for the year	(10.0)	-	(10.0)
Disposals and other movements	5.1	-	5.1
Transfers to assets held for sale	6.4	-	6.4
At 28 January 2017	(133.2)	-	(133.2)
Net book values:			
At 30 January 2016	527.6	1.0	528.6
At 28 January 2017	489.7	1.7	491.4

Included above are land and buildings assets held under finance leases with a net book value of £1.1m (2016: £1.1m).

The fair value of investment property is estimated to be £803.6m (2016: £657.0m). The valuation basis used excludes John Lewis Partnership plc from being a potential tenant of the property (2016: valuation basis used included John Lewis Partnership plc as a potential tenant of the property).

7. Investments in JLP Scottish Partnership

	£m
As at 28 January 2017 and 30 January 2016	44.6

John Lewis Properties plc has a 31% investment in JLP Scottish Partnership, a property holding partnership. JLP Scottish Partnership allocates and distributes income and capital to its partners in accordance with the Scottish Partnership Agreement. During the year the Company received income amounting to £3.4m (2016: £3.6m).

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

8. Trade and other receivables

	2017 £m	2016 £m
Due in less than one year:		
Other receivables	4.0	7.8
Other taxation	0.2	1.4
	4.2	9.2
Due in greater than one year:		
Other receivables	-	3.0
Prepayments	1.1	1.0
	1.1	4.0

As of 28 January 2017 the Company had no impaired trade and other receivables and there were no amounts overdue (2016: nil).

9. Assets held for sale

At 28 January 2017, one property asset was recorded as held for sale totalling £8.1m (2016: £nil).

10. Trade and other payables

	2017 £m	2016 £m
Current:		
Other payables	(2.6)	(2.9)

11. Finance lease liabilities

The minimum lease payments under finance leases fall due as follows:

	2017 £m	2016 £m
Not later than one year	(0.1)	(0.1)
Later than one year but not more than five	(0.3)	(0.3)
More than five years	(1.9)	(2.0)
	(2.3)	(2.4)
Future finance charge on finance leases	0.8	0.9
Present value of finance lease liabilities	(1.5)	(1.5)
Of which:		
Not later than one year	-	-
Later than one year but no more than five	(0.1)	(0.1)
More than five	(1.4)	(1.4)

12. Share Capital

	2017 £m	2016 £m
Equity:		
Authorised and issued ordinary shares		
25,700,000 shares of £1 each	25.7	25.7

JOHN LEWIS PROPERTIES PLC

Notes to the financial statements (continued)

13. Lease Commitments

	2017 £m	2016 £m
Future aggregate minimum lease payments under non-cancellable operating leases, payable:		
Within one year	(2.5)	(5.0)
Later than one year and less than five years	(11.7)	(18.5)
After five years	(159.7)	(172.0)
	2017 £m	2016 £m
Amounts payable after five years comprise the following:		
Later than five years and less than ten years	(17.3)	(22.8)
Later than ten years and less than twenty years	(38.9)	(39.5)
Later than twenty years and less than forty years	(33.0)	(35.3)
Later than forty years and less than eighty years	(51.6)	(54.7)
After eighty years	(18.9)	(19.7)
	(159.7)	(172.0)

Total future non group related sub-lease payments receivable relating to the above operating leases amounted to £0.3m (2016: £0.6m).

14. Directors and employees

The Directors are full time executives of John Lewis plc and no part of their remuneration relates to services to this Company. The Company had no employees during the year (2016: nil). All staff engaged in the service of the Company are employees of John Lewis plc. No charges were made for their services (2016: £nil).

15. Parent Company and qualifying undertakings

John Lewis plc¹ is the parent Company of the smallest group to consolidate the financial statements of the Company and qualifying undertakings. John Lewis Partnership plc¹, the Company's ultimate parent Company, is the parent Company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited¹, which holds the Deferred Ordinary Shares issued by John Lewis Partnership plc in trust for the benefit of employees. All of these companies are registered in England and Wales.

The consolidated financial statements of these groups and these financial statements are available to the public and may be obtained from the Company Secretary, John Lewis Partnership plc, Partnership House, Carlisle Place, London, SW1P 1BX.

¹The address of the registered office is 171 Victoria Street, London SW1E 5NN.

JOHN LEWIS PROPERTIES PLC

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.


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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board


Charles Mayfield
Director

22 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES PLC

We have audited the financial statements of John Lewis Properties plc for the year ended 28 January 2017 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 15, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Aimie Keki (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL

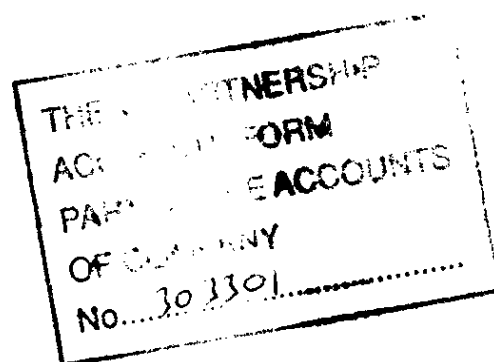
27 June 2017

JLP Scottish Limited Partnership

Financial Statements

28 January 2017

Registered number: SL007561



JLP Scottish Limited Partnership

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JLP Scottish Limited Partnership

Partnership information

General partner	John Lewis plc
Limited partners	JLP Scotland Limited John Lewis Partnership Pensions Trust
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Bankers	The Royal Bank of Scotland plc
Registered office	John Lewis, 69 St James Centre, Edinburgh, EH1 3SP
Registered in Scotland No.	SL007561

JLP Scottish Limited Partnership

Strategic report for the year ended 28 January 2017

Review of performance

Key performance indicators:

	2017 £'000	2016 £'000
Profit for the year	4,290.9	4,291.6
Investment in JLP Scottish Partnership	99,875.1	99,900.1
Net assets/partners' interests	99,875.2	99,900.2

The statement of comprehensive income on page 6 shows a profit for the year ended 28 January 2017 of £4,290,900 (2016: £4,291,600) principally as a result of the distribution received from JLP Scottish Partnership.

The balance sheet on page 6 shows the JLP Scottish Limited Partnership's financial position at the year end. The partners' funds as at 28 January 2017 were £99,875,200 (2016: £99,900,200).

No significant changes in the activities of the JLP Scottish Limited Partnership are anticipated in the forthcoming year.

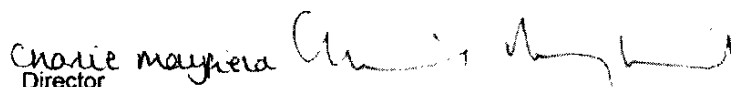
Principal risks and uncertainties

JLP Scottish Limited Partnership's financial and operational issues are managed on a Partnership wide basis by John Lewis Partnership plc (the Partnership) and so, where it is relevant, the Strategic report and General partner's report provides information in respect of the Partnership. Details of principal risks and uncertainties are included within pages 32 to 35 of the Partnership's Annual Report and Accounts.

JLP Scottish Limited Partnership's principal risks and uncertainties are in line with those of the Partnership. However, the risks that are most relevant to the JLP Scottish Limited Partnership are economic environment and property valuation, which is the risk that the market shifts against the retail sector and current channel format causes a fall in freehold estate valuation.

Details of key mitigations to these principal risks and uncertainties are presented in pages 32 and 35 of the Partnership's Annual Report and Accounts.

For and on behalf of the general partner


Director
John Lewis plc
26 April 2017

JLP Scottish Limited Partnership

General partner's report for the year ended 28 January 2017

The general partner presents its report and the audited financial statements of JLP Scottish Limited Partnership for the year to 28 January 2017.

Principal activity

The principal activity of JLP Scottish Limited Partnership is an investment holding partnership.

The JLP Scottish Limited Partnership was registered (number SL007561) in Scotland as a limited partnership by the Registrar of Companies in Scotland on 17 December 2009 and is a partnership between John Lewis plc, JLP Scotland Limited and John Lewis Partnership Pensions Trust as trustee of the John Lewis Partnership Trust for Pensions. The JLP Scottish Limited Partnership allocates and distributes income to its partners in accordance with an Amended and Restated Limited Partnership Agreement dated 26 January 2010, which has been further revised on 27 January 2012, following agreement of the partners.

The JLP Scottish Limited Partnership has an interest in JLP Scottish Partnership, which is a property holding partnership established pursuant to a Partnership Agreement with John Lewis Properties plc and it receives income and capital distributions from JLP Scottish Partnership in accordance with that agreement.

General partner and manager

John Lewis plc
171 Victoria Street
London
SW1E 5NN

Political donations

JLP Scottish Limited Partnership made no political donations during the year (2016: £nil).

Going concern

The JLP Scottish Limited Partnership is currently in a net assets position. The Directors of the general partner are of the opinion that the JLP Scottish Limited Partnership has sufficient financing available at the date of this report. The Directors of the general partner are satisfied with the JLP Scottish Limited Partnership's results and its financial position and will continue to pursue suitable business opportunities.

Appointment of auditor

During the year ended 28 January 2017 PricewaterhouseCoopers LLP resigned as auditor. KPMG LLP was subsequently appointed by the general partner. KPMG LLP has indicated their willingness to continue in office.


Disclosure of information to the independent auditor

Each of the persons who are a Director of the general partner at the date of approval of this report confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the JLP Scottish Limited Partnership's auditor is unaware; and
2. The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

For and on behalf of the general partner

Director
John Lewis plc
26 April 2017


Charlie Mayfield

JLP Scottish Limited Partnership

Statement of partner's responsibilities

The Directors of the general partner are responsible for preparing the Strategic report, General partner's report and the JLP Scottish Limited Partnership's financial statements in accordance with applicable law and regulations.

The partnership agreement requires the Directors of the general partner to prepare financial statements for each financial year. Under that law the Directors of the general partner have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

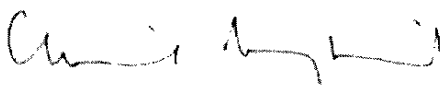
Under the partnership agreement the Directors of the general partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the JLP Scottish Limited Partnership and of the profit of the JLP Scottish Limited Partnership for that year. In preparing these financial statements, the Directors of the general partner are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 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 JLP Scottish Limited Partnership will continue in business.

The Directors of the general partner have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of JLP Scottish Limited Partnership and to prevent and detect fraud and other irregularities.

For and on behalf of the general partner

Director
John Lewis plc
26 April 2017


Charlie Mayfield

JLP Scottish Limited Partnership

Statement of comprehensive income for the year ended 28 January 2017


		2017	2016
Note		£'000	£'000
	Distribution received	4,293.9	4,294.6
2	Administrative expenses	(3.0)	(3.0)
	Profit and total comprehensive income for the year	4,290.9	4,291.6

Balance sheet as at 28 January 2017

		2017	2016
Notes		£'000	£'000
	Non current assets		
3	Investment in JLP Scottish Partnership	99,875.1	99,900.1
	Current assets		
	Cash and cash equivalents	22.5	19.5
		22.5	19.5
	Total assets	99,897.6	99,919.6
	Current liabilities		
	Amounts due to John Lewis plc	(19.4)	(16.4)
4	Other payables	(3.0)	(3.0)
	Total liabilities	(22.4)	(19.4)
	Net assets attributable to partners	99,875.2	99,900.2
	Represented by:		
	Partners' interests		
5	Partners' capital and other interests	99,875.2	99,900.2

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

These financial statements on pages 6 to 9 were approved by the general partner on 26 April 2017 and signed on its behalf by:


Charlie Mayfield
 Director
 John Lewis plc

Registered number:
SL007561

JLP Scottish Limited Partnership

Notes to the financial statements

1 Accounting Policies

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 in accordance with the Companies Act 2006 as applicable to qualifying partnerships.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The JLP Scottish Limited Partnership is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the JLP Scottish Limited Partnership in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present on cash flow statements and related notes;
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries; and
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new issued standards but which are not yet effective.

The following standards, amendments and interpretations were adopted by the JLP Scottish Limited Partnership for the year ended 28 January 2017 and have not had a significant impact on the JLP Scottish Limited Partnership's profit for the year, equity or disclosures:

- Annual Improvements to IFRSs 2010-2012 Cycle – various standards
- Annual Improvements to IFRSs 2011-2013 Cycle – various standards
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to IAS 1: Disclosure Initiative

The JLP Scottish Limited Partnership is an intermediate parent entity and is exempt from preparing consolidated financial statements as noted in section 400 of the Companies Act 2006.

Administrative expenses

Administrative expenses are charged to the statement of comprehensive income on an accruals basis.

Distributions

Distributions received from JLP Scottish Partnership are credited to the statement of comprehensive income when received.

Investments

Investments are carried at cost and consist of an interest in JLP Scottish Partnership.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank.

Taxation

No tax is recorded in the financial statements of the JLP Scottish Limited Partnership, as all tax liabilities are liabilities of the partners and not the JLP Scottish Limited Partnership.

JLP Scottish Limited Partnership

Notes to the financial statements (continued)

2 Administrative expenses

Administrative expenses comprise auditor remuneration of £3,000 (2016: £3,000).

The JLP Scottish Limited Partnership had no employees during the current year (2016: nil).

3 Investment in JLP Scottish Partnership

Cost	£'000
As at 31 January 2015	99,925.1
Decrease in investment	(25.0)
As at 30 January 2016	99,900.1
Decrease in investment	(25.0)
As at 28 January 2017	99,875.1

JLP Scottish Limited Partnership has a 69% (2016: 69%) investment in JLP Scottish Partnership, a property holding partnership, as set out in the General partner's report on page 4. JLP Scottish Limited Partnership jointly shares control over the operation and the management of JLP Scottish Partnership with John Lewis Properties plc. As such, JLP Scottish Limited Partnership does not have control to direct the relevant activities of JLP Scottish Partnership and therefore consolidated financial statements are not prepared.

JLP Scottish Limited Partnership's investment in JLP Scottish Partnership has a carrying value of £102,021,800 at 28 January 2017 (2016: £102,058,800) including capital (£99,875,100) and other interests (£2,146,700). The value of the investment in JLP Scottish Partnership decreased during the year following the return of capital from JLP Scottish Partnership and the share of profits and income distributions in accordance with the terms of the Amended and Restated Limited Partnership Agreement.

4 Other payables

	2017	2016
	£'000	£'000
Accruals	3.0	3.0

JLP Scottish Limited Partnership

Notes to the financial statements (continued)

5 Partners' interests

	Total interests at 30 January 2016 £'000	Share of income profit £'000	Distribution £'000	Return of capital £'000	Total interests at 28 January 2017 £'000
Limited partners:					
JLP Scotland Limited	0.1	-	-	-	0.1
John Lewis Partnership Pensions Trust	95,000.0	4,269.5	(4,269.5)	-	95,000.0
General partner:					
John Lewis plc	4,900.1	21.4	(21.4)	(25.0)	4,875.1
Total partners' interests	99,900.2	4,290.9	(4,290.9)	(25.0)	99,875.2

	Total interests at 31 January 2015 £'000	Share of income profit £'000	Distribution £'000	Return of capital £'000	Total interests at 30 January 2016 £'000
Limited partners:					
JLP Scotland Limited	0.1	-	-	-	0.1
John Lewis Partnership Pensions Trust	95,000.0	4,270.2	(4,270.2)	-	95,000.0
General partner:					
John Lewis plc	5,000.1	21.4	(21.4)	(100.0)	4,900.1
Total partners' interests	100,000.2	4,291.6	(4,291.6)	(100.0)	99,900.2

The partners' interests include the initial capital contribution plus Share of income profit less Distributions and Return of capital since incorporation.

6 Ultimate controlling party

John Lewis plc¹ is the parent company of the smallest group to consolidate the financial statements of JLP Scottish Limited Partnership. John Lewis Partnership plc¹, JLP Scottish Limited Partnership's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited¹, which holds the Deferred Ordinary Shares issued by John Lewis Partnership plc in trust for the benefit of employees. These companies are registered in England and Wales. JLP Scottish Limited Partnership is registered in Scotland.

The consolidated financial statements of these groups and of these financial statements are available to the public and may be obtained from the Company Secretary, John Lewis Partnership, Partnership House, Carlisle Place, London, SW1P 1BX.

¹ The address of the registered office is 171 Victoria Street, London SW1E 5NN.

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNER OF JLP SCOTTISH LIMITED PARTNERSHIP

We have audited the financial statements of JLP Scottish Limited Partnership for the year ended 28 January 2017 set out on pages 6 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the qualifying partnership's general partner, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's general partner 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 JLP Scottish Limited Partnership and JLP Scottish Limited Partnership's general partner, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of general partner and auditor

As explained more fully in the Statement of partner's responsibilities set out on page 5, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 28 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 general partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the general partner was not entitled to take advantage of the small companies exemption, as applied to qualifying partnerships, from the requirement to prepare a strategic report.



Michael Maloney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
26 April 2017

JLP Scottish Partnership

Financial Statements

28 January 2017

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 101301

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JLP Scottish Partnership

Partnership information

General partners	JLP Scottish Limited Partnership John Lewis Properties plc
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Bankers	The Royal Bank of Scotland plc

JLP Scottish Partnership

Strategic report for year ended 28 January 2017

Review of performance and future developments

Key performance indicators:

	2017 £'000	2016 £'000
Loss for the year	(4,328.2)	(414.4)
Investment property valuation	144,250.0	156,270.0
Net assets/partners' interests	147,972.5	159,973.1

The statement of comprehensive income on page 6 shows a loss for the year ended 28 January 2017 of £4,328,200 (2016: loss £414,400) principally due to the fair value loss on revaluation of investment properties which exceeded the rental income received during the year.

The balance sheet on page 6 shows the JLP Scottish Partnership's financial position at the year end. The value of investment properties has decreased from £156,270,000 to £144,250,000 and the partners' interests have decreased from £159,973,100 to £147,972,500. These movements principally reflect the fair value loss on revaluation of investment properties.

No significant changes in the activities of the JLP Scottish Partnership are anticipated in the forthcoming year.

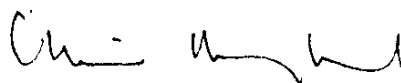
Principal risks and uncertainties

JLP Scottish Partnership's financial and operational issues are managed on a Partnership wide basis by John Lewis Partnership plc (the Partnership) and so, where it is relevant, the Strategic report and General partners' report provide information in respect of the Partnership. Details of principal risks and uncertainties are included within pages 32 to 35 of the Partnership's Annual Report and Accounts.

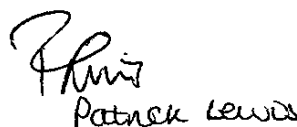
JLP Scottish Partnership's principal risks and uncertainties are in line with those of the Partnership. However, the risks that are most relevant to the JLP Scottish Partnership are: economic environment and property valuation, which is the risk that the market shifts against the retail sector and current channel format causes a fall in freehold estate valuation.

Details of key mitigations to these principal risks and uncertainties are presented in pages 32 and 35 of the Partnership's Annual Report and Accounts.

For and on behalf of the partners



Director
John Lewis Properties plc
Charlie Maynard
26 April 2017



Director
John Lewis plc (as General Partner of
JLP Scottish Limited Partnership)
26 April 2017

JLP Scottish Partnership

General partners' report for year ended 28 January 2017

The general partners present their report and the audited financial statements of JLP Scottish Partnership for the year ended 28 January 2017.

Principal activity

The principal activity of JLP Scottish Partnership is a property holding partnership.

The JLP Scottish Partnership was formed on 17 December 2009 between JLP Scottish Limited Partnership and John Lewis Properties plc. The JLP Scottish Partnership acquired freehold properties at their market value of £150,900,000 on 30 January 2010, that were owned by the John Lewis Partnership plc group, which was funded by the capital it received from its partners.

In September 2011, following agreement by the partners, the John Lewis Partnership plc group withdrew properties with a market value of £70,000,000 and substituted these with other properties with a market value of £72,750,000. In January 2015, following agreement by the partners, John Lewis Properties plc, on behalf of the John Lewis Partnership plc group withdrew a property with a market value of £9,000,000. In accordance with the Scottish Partnership agreement, there was no requirement for this property to be substituted with any other properties.

The freehold properties, which are held as investment properties, are leased to John Lewis plc or Waitrose Limited, and the JLP Scottish Partnership receives rental income. In addition, the JLP Scottish Partnership fair values the investment properties on an annual basis and allocates and distributes income and capital to the partners in accordance with an Amended and Restated Limited Partnership Agreement dated 26 January 2010 between JLP Scottish Limited Partnership and John Lewis Properties plc, which has been further revised on 27 January 2012, following agreement of the partners.

General partners

John Lewis Properties plc
171 Victoria Street
London
SW1E 5NN

JLP Scottish Limited Partnership
John Lewis
69 St James Centre
Edinburgh
EH1 3SP

Political donations

JLP Scottish Partnership made no political donations during the year (2016: £nil).

Going concern

The JLP Scottish Partnership is currently in a net assets position. The partners are of the opinion that the JLP Scottish Partnership has sufficient financing available at the date of this report. The partners are satisfied with the JLP Scottish Partnership's results and its financial position and will continue to pursue suitable business opportunities.

Appointment of auditor

During the year ended 28 January 2017 PricewaterhouseCoopers LLP resigned as auditor. KPMG LLP was subsequently appointed by the general partner. KPMG LLP has indicated their willingness to continue in office

Disclosure of information to the independent auditor

Each of the persons who are a Director of the general partners at the date of approval of this report confirms that:


1. So far as the Director is aware, there is no relevant audit information of which the JLP Scottish Partnership's auditor is unaware; and
2. The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

For and on behalf of the general partners

Director


John Lewis Properties plc
Charlie Mayfield
26 April 2017

Director


Patricia Lewis
John Lewis plc (as General Partner of
JLP Scottish Limited Partnership)
26 April 2017

JLP Scottish Partnership

Statement of partners' responsibilities

The Directors of the general partners are responsible for preparing the Strategic report, General partners' report and the JLP Scottish Partnership's financial statements in accordance with applicable law and regulations.

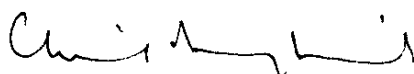
The partnership agreement requires the Directors of the general partners to prepare financial statements for each financial year. Under that law the Directors of the general partners have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under the partnership agreement the Directors of the general partner 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 JLP Scottish Partnership and of the loss of the JLP Scottish Partnership for that year. In preparing these financial statements, the Directors of the general partners are required to:

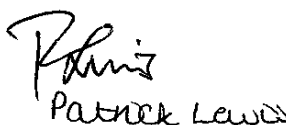
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the JLP Scottish Partnership will continue in business.

The Directors of the general partners have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of JLP Scottish Partnership and to prevent and detect fraud and other irregularities.

For and on behalf of the general partners



Director
John Lewis Properties plc
Charlie Mayfield
26 April 2017



Director
John Lewis plc (as General Partner of
JLP Scottish Limited Partnership)
26 April 2017

JLP Scottish Partnership

Statement of comprehensive income for the year ended 28 January 2017

Note		2017 £'000	2016 £'000
	Rental income	7,670.4	7,577.5
2	Administrative expenses	(10.2)	(10.4)
3	Fair value losses on revaluation of investment properties	(12,020.0)	(8,020.0)
	Operating loss	(4,359.8)	(452.9)
	Finance income	31.6	38.5
	Loss and total comprehensive expense for the year	(4,328.2)	(414.4)

Balance sheet as at 28 January 2017

Note		2017 £'000	2016 £'000
	Non current assets		
3	Investment property	144,250.0	156,270.0
	Current assets		
	Cash and cash equivalents	0.2	0.3
	Intercompany with John Lewis plc	5,372.3	5,246.4
		5,372.5	5,246.7
	Total assets	149,622.5	161,516.7
	Current liabilities		
4	Trade and other payables	(1,650.0)	(1,543.6)
	Total liabilities	(1,650.0)	(1,543.6)
	Net assets attributable to partners	147,972.5	159,973.1
	Represented by:		
	Partners' interests		
5	Partners' capital	144,525.2	144,550.2
5	Partners' other interests	3,447.3	15,422.9
	Total Partners' interests	147,972.5	159,973.1

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

These financial statements on pages 6 to 9 were approved by the partners on 26 April 2017 and signed on its behalf by:


 Charlie Mayfield
 Director
 John Lewis Properties plc


 Patrick Lewis
 Director
 John Lewis plc (as General Partner of
 JLP Scottish Limited Partnership)

JLP Scottish Partnership

Notes to the financial statements

1 Accounting policies

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 in accordance with the Companies Act 2006 as applicable to qualifying partnerships.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The JLP Scottish Partnership is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions adopted by the JLP Scottish Partnership in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present on cash flow statements and related notes;
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries; and
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new issued standards but which are not yet effective.

The following standards, amendments and interpretations were adopted by the JLP Scottish Partnership for the year ended 28 January 2017 and have not had a significant impact on the JLP Scottish Partnership's loss for the year, equity or disclosures:

- Annual Improvements to IFRSs 2010-2012 Cycle – various standards
- Annual Improvements to IFRSs 2011-2013 Cycle – various standards
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards
- Amendment to IAS 1: Disclosure Initiative

Rental income

Rental income is credited to the statement of comprehensive income on an accruals basis.

Administrative expenses

Administrative expenses are charged to the statement of comprehensive income on an accruals basis.

Finance income

Finance income is credited to the statement of comprehensive income on an accruals basis.

Investment property

Property that is held for long term rental yields, for capital appreciation or both, and is not occupied by the JLP Scottish Partnership is classified as investment property. Investment property comprises freehold land and buildings. Investment properties are stated at fair value and revalued on an annual basis to fair value after consultation with external independent valuers.

Fair value gains or losses arising on revaluation of investment properties are credited or debited to the statement of comprehensive income in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank.

JLP Scottish Partnership

Notes to the financial statements (continued)

Taxation

No tax is recorded in the financial statements of the JLP Scottish Partnership, as all tax liabilities are liabilities of the partners and not the JLP Scottish Partnership.

2 Administrative expenses

Administrative expenses include auditor remuneration of £9,978 (2016: £10,149).

The JLP Scottish Partnership had no employees during the current year (2016: nil).

3 Investment Property

	£'000
As at 31 January 2015	164,290.0
Fair value loss on revaluation	(8,020.0)
As at 30 January 2016	156,270.0
Fair value loss on revaluation	(12,020.0)
As at 28 January 2017	144,250.0

The JLP Scottish Partnership's investment properties were valued by the partners after consultation with CB Richard Ellis and BNP Paribas Real Estate UK, Chartered Surveyors, as at 28 January 2017.

4 Trade and other payables

	2017 £'000	2016 £'000
Other tax	(384.4)	(282.5)
Accruals and Deferred income	(1,265.6)	(1,261.1)
	(1,650.0)	(1,543.6)

5 Partners' interests

	Partners' Capital at 30 January 2016 £'000	Return of capital £'000	Partners' Capital at 28 January 2017 £'000
JLP Scottish Limited Partnership	99,900.1	(25.0)	99,875.1
John Lewis Properties plc	44,650.1	-	44,650.1
Total partners' capital	144,550.2	(25.0)	144,525.2

	Total other interests at 30 January 2016 £'000	Share of income profit £'000	Share of capital loss £'000	Distributions £'000	Total other interests at 28 January 2017 £'000
JLP Scottish Limited Partnership	2,158.7	4,293.9	(12.0)	(4,293.9)	2,146.7
John Lewis Properties plc	13,264.2	3,397.9	(12,008.0)	(3,353.5)	1,300.6
Total partners' other interests	15,422.9	7,691.8	(12,020.0)	(7,647.4)	3,447.3

The total interest of JLP Scottish Limited Partnership at 28 January 2017 was £102,021,800 (2016: £102,058,800) and John Lewis Properties plc was £45,950,700 (2016: £57,914,300). The partners' interests include the initial capital contribution plus Share of income profit less Share of capital loss, Distributions and Return of capital since incorporation.

Notes to the financial statements (continued)

6 Operating leases

JLP Scottish Partnership's operating leases relate primarily to supermarkets and department stores. The majority of lease payments receivable are subject to review to reflect market rentals, but because of the uncertainty over the amount of any future changes, such changes have not been reflected in the table below.

	2017	2016
	Land and buildings	Land and buildings
	£'000	£'000
The future minimum lease payments receivable under non-cancellable operating leases are as follows:		
Within one year	(7,841.5)	(7,661.5)
Later than one year and less than five years	(31,365.9)	(30,646.1)
After five years	(72,043.9)	(78,232.0)
	2017	2016
	Land and buildings	Land and buildings
	£'000	£'000
Future aggregate minimum lease payments receivable under non-cancellable operating leases, payable after five years comprise the following:		
Later than five years and less than ten years	(39,207.4)	(38,307.6)
Later than ten years and less than twenty years	(32,836.5)	(39,924.4)
	(72,043.9)	(78,232.0)

7 Ultimate controlling party

John Lewis plc¹ is the parent company of the smallest group to consolidate the financial statements of JLP Scottish Partnership. John Lewis Partnership plc¹, the JLP Scottish Partnership's ultimate parent company, is the parent company of the largest group to consolidate these financial statements. Ultimate control rests with John Lewis Partnership Trust Limited¹, which holds the Deferred Ordinary Shares issued by John Lewis Partnership plc in trust for the benefit of employees. These companies are registered in England and Wales.

The consolidated financial statements of these groups and of these financial statements are available to the public and may be obtained from the Company Secretary, John Lewis Partnership, Partnership House, Carlisle Place, London, SW1P 1BX.

¹The address of the registered office is 171 Victoria Street, London SW1E 5NN.

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNERS OF JLP SCOTTISH PARTNERSHIP

Independent auditor's report to the general partners of JLP Scottish Partnership

We have audited the financial statements of JLP Scottish Partnership for the year ended 28 January 2017 set out on pages 6 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the qualifying partnership's general partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's general partners 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 partnership and the partnership's general partners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of general partners and auditor

As explained more fully in the Statement of general partner's responsibilities set out on page 5, the general partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 28 January 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101")); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 general partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the general partners were not entitled to take advantage of the small companies exemption, as applied to qualifying partnerships, from the requirement to prepare a strategic report.



Michael Maloney (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

26 April 2017