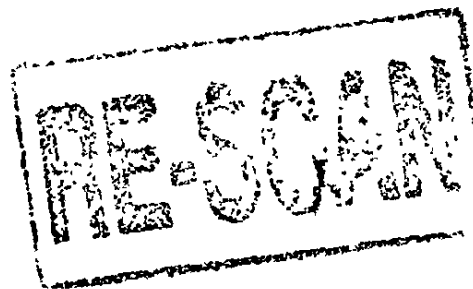


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JOHN LEWIS PROPERTIES plc

COMPANY INFORMATION

Directors	Charlie Mayfield Helen Weir Nigel Keen
Company Secretary and Director of Legal Services	Margaret Casely-Hayford
Registered Office	171 Victoria Street, London, SW1E 5NN
Company Number	303301
Independent Auditors	PricewaterhouseCoopers LLP
Solicitors	Hogan Lovells International LLP
Bankers	Royal Bank of Scotland plc

DIRECTORS' REPORT FOR THE YEAR ENDED 26 JANUARY 2013

The directors present their report and the audited financial statements of the company for the year ended 26 January 2013

Directors

The directors of the company at the date of this report are shown above. Helen Weir was appointed a director on 1 September 2012. Marisa Cassoni resigned as a director on 31 August 2012. All other directors served throughout the period under review.

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.

Review of the business and future developments

John Lewis Properties plc is a subsidiary of John Lewis plc, and acts as a property holding company for the John Lewis Partnership plc group. Financial and operational issues are managed on a group wide basis and so, where it is relevant, the Directors' report provides this information in respect of the John Lewis Partnership plc group.

John Lewis Properties plc's revenue at £40.1m was £2.5m (5.9%) lower than last year. Operating profit decreased by £16.0m (40.2%) to £23.8m. Profit for the year decreased by £11.6m (34.5%) to £22.0m, which was mainly due to profit on disposal of property of £12.9m in the prior year.

Net assets were up by £22.0m (2.8%) to £805.1m, and the fair value of investment property is estimated to be £642.5m, down by 1.2% from £650.3m last year.

The business acts as a property holding company for the John Lewis Partnership plc (Partnership) group, and owns some of the properties occupied by that group. Most of its rental income derives from tenancy agreements with other group companies. There are no plans to change these arrangements.

The company is exposed to volatility in the market value of its investment properties. This is monitored by means of an annual assessment of fair values.

JOHN LEWIS PROPERTIES plc

Market rental values are also reassessed annually, and are reflected periodically in revised charges to group companies occupying the properties

Key performance indicators

Given the nature of the company's activities, the company's directors believe that key performance indicators are not necessary or appropriate for an understanding of the company's specific development, performance or the position of its business. However, key performance indicators relevant to the John Lewis Partnership plc group and which may be relevant to the company, are disclosed under the Business Review of John Lewis Partnership plc, and do not form part of this report

Financial risk management

John Lewis Properties plc's financial risks are managed within the framework of the John Lewis Partnership plc group's arrangements. The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy the John Lewis Partnership plc group's business needs, to meet our Partners' expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from risks identified in the John Lewis Partnership plc group's business planning process crystallising. Details of the Partnership's financial risk management policies are included in note 22 of the annual report and accounts of John Lewis Partnership plc

Payments to suppliers

The Partnership's policy for the payment of its suppliers is to agree terms of payment in advance and, provided a supplier fulfils the agreement, to pay promptly in accordance with those terms. Payments to suppliers are dealt with on a Partnership basis and the Partnerships trade creditors at 26 January 2013 were equivalent to 34 days of average purchases (2012: 27 days).

Dividends

The share capital of the company is wholly owned by John Lewis plc. The directors do not recommend the payment of a dividend (2012: nil)

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

Going concern

The directors, after reviewing the company's operating budgets, investment plans and financing arrangements, consider that the company has adequate resources to continue in operation for the foreseeable future. The company has, at the date of this report, sufficient financing available for its estimated requirements for the foreseeable future and, accordingly, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements

JOHN LEWIS PROPERTIES plc

Audit information

The directors of the company have taken all the steps that they each ought to have taken as directors in order to make themselves aware of any information needed by the company's auditors in connection with preparing their report and to establish that the auditors are aware of that information. So far as the directors are aware there is no such information of which the company's auditors are unaware.

Approved by the directors and signed on behalf of the Board



Margaret Casely-Hayford
Director of Legal Services and Company Secretary

2 July 2013

JOHN LEWIS PROPERTIES plc

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 26 JANUARY 2013

Notes	Year to 26 January 2013 £m	Year to 28 January 2012 £m	
	Revenue		
	Rent receivable	40.1	42 6
	Rent payable	(3.1)	(3 0)
6	Other operating income	0.7	0 2
	Administrative expenses	(13.9)	(12 9)
2	Profit on disposal of property	-	12 9
	Operating profit	23.8	39 8
	Finance costs	(0.1)	(0 1)
3	Profit before tax	23.7	39 7
4	Taxation	(1.7)	(6 1)
	Profit and total comprehensive income for the year	22.0	33 6

JOHN LEWIS PROPERTIES plc

BALANCE SHEET AS AT 26 JANUARY 2013

Notes		2013 £m	2012 £m
	Non-current assets		
5	Investment properties	597.7	598.9
6	Investment in JLP Scottish Partnership	53.6	53.6
		651.3	652.5
	Current assets		
7	Trade and other receivables	0.8	0.4
16	Amount due from fellow group undertakings	212.2	197.9
		213.0	198.3
	Total assets	864.3	850.8
	Current liabilities		
8	Trade and other payables	(0.1)	(1.9)
9	Finance lease liabilities	-	(0.1)
	Current tax payable	(7.0)	(9.8)
		(7.1)	(11.8)
	Non-current liabilities		
9	Finance lease liabilities	(1.6)	(1.6)
10	Deferred tax liabilities	(50.5)	(54.3)
		(52.1)	(55.9)
	Total liabilities	(59.2)	(67.7)
	Net assets	805.1	783.1
	Equity		
11	Share capital	25.7	25.7
	Share premium account	1.2	1.2
	Retained earnings	778.2	756.2
	Total equity	805.1	783.1

The financial statements on pages 4 to 16 were approved by the directors on 2 July 2013 and signed on its behalf by



Directors

John Lewis Properties plc

Registered No 303301

JOHN LEWIS PROPERTIES plc

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 26 JANUARY 2013

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 29 January 2011	25.7	1.2	722.6	749.5
Profit for the year	-	-	33.6	33.6
Balance at 28 January 2012	25.7	1.2	756.2	783.1
Profit for the year	-	-	22.0	22.0
Balance at 26 January 2013	25.7	1.2	778.2	805.1

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 26 JANUARY 2013

There were no cash movements for John Lewis Properties plc as all transactions were executed by its parent, John Lewis plc. As a result no cash flow statement is presented in these accounts

JOHN LEWIS PROPERTIES plc

Notes to the accounts

1. Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention with the exception of certain land and buildings which are included at their revalued amounts and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

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.

These policies have been consistently applied to all the years presented unless otherwise stated.

The following standards amendments and interpretations were adopted by the company from 29 January 2012 and have not had a significant impact on the company's profit for the year, equity or disclosures.

- Amendment to IAS 12 'Income taxes' on deferred tax

There are a number of new accounting standards and amendments to existing standards that have been published and are applicable for the company's accounting periods beginning on or after 27 January 2013 or later periods, but which the group has not adopted early. These are as follows:

- IFRS 12 'Disclosure of interests in other entities',
- IFRS 13 'Fair value measurement',
- Amendment to IAS 1 'Presentation of financial statements',

These are not expected to have a material impact on the company's profit or equity, but may affect disclosures.

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.

JOHN LEWIS PROPERTIES plc

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 lease. 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 other assets. Property that is being constructed or developed for future use as investment property is classified as assets 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, as 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 assets 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 statement of comprehensive income. 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.

JOHN LEWIS PROPERTIES plc

Notes to the accounts (continued)

1. Accounting policies (continued)

Taxation

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

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 expected to apply to the period when the asset is realised or the liability is settled, using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity.

Impairment

Assets that are subject to amortisation or depreciation are reviewed for impairment 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 carrying amount exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to sell 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 stated 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.

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.

JOHN LEWIS PROPERTIES plc

2. Profit on disposal of property

	2013	2012
	£m	£m
Profit on disposal of properties	-	12.9

The profit on disposal of properties includes £12.9m of profit on disposal of properties to other group companies (note 18)

3. Profit on ordinary activities before taxation

	2013	2012
	£m	£m
Profit on ordinary activities before taxation is stated after (crediting)/charging the following		
Operating lease income - land and buildings	(40.1)	(42.6)
Depreciation	13.9	13.1
Profit on disposal of properties	-	(12.9)
Operating lease rentals - land and buildings	3.1	3.0

Auditors' remuneration in the year was £14,420 (2012 £14,000).

Contingent rents expensed during the year were £1.3m (2012 £1.2m). Contingent rents are determined based on store revenues.

4. Taxation

	2013	2012
	£m	£m
Analysis of tax charge/(credit)		
Corporation tax - current year	5.7	8.9
Corporation tax - previous year	(0.2)	0.2
Total current tax charge	5.5	9.1
Deferred tax - current year	(4.8)	(4.1)
Deferred tax - previous year	1.0	1.1
Total tax charge	1.7	6.1

JOHN LEWIS PROPERTIES plc

Notes to the accounts (continued)

4. Taxation (continued)

The tax charge for the period is lower (2012 lower) than the standard effective corporation tax rate of 24.33% (2012 26.33%). The differences are explained below

	2013 £m	2012 £m
Profit on ordinary activities before tax	23.7	39.7
Profit before tax multiplied by standard rate of corporation tax in the UK of 24.33% (2012 26.33%)	5.8	10.4
Effects of		
Restatement of deferred tax balances for reduction in corporation tax rate to 23% (2012 25%)	(4.4)	(4.3)
Adjustment to current tax in respect of prior years	(0.2)	0.2
Depreciation on assets not qualifying for tax relief	2.0	2.0
Differences between accounting and tax base for land and buildings	(0.6)	0.1
Adjustment to deferred tax in respect of prior years	(1.0)	1.1
Sundry disallowables	0.1	(3.4)
Non-taxable profit on intra-group property transfer	-	-
Total tax charge	1.7	6.1

The Finance Act 2012 reduced the main rate of corporation tax from 25% to 23% from 1 April 2013. Further reductions to the main rate are proposed in the Finance Bill 2013 to reduce the rate by 2% in 2014 and 1% in 2015 to 20% by 1 April 2015. The 2% reduction to 23% has been substantively enacted at the end of the reporting period, and therefore is reflected in the financial statements.

The effect of the 2% rate change on the current year was to reduce the deferred tax liability by £4.4m (2012 £4.3m) with a £4.4m tax credit (2012 £4.3m tax credit) to the statement of comprehensive income. Adjustments in future years are expected to be of a higher amount to the year ended 26 January 2013, assuming reductions proposed are substantively enacted annually and a comparable level of deferred tax.

JOHN LEWIS PROPERTIES plc

5. Investment properties

	Land and buildings £m	Assets in the course of construction £m	Total £m
Cost			
At 29 January 2011	633.2	3.4	636.6
Additions	-	8.6	8.6
Transfers	12.0	(12.0)	0.0
Additions from other group undertakings	108.7	-	108.7
Disposals to other group undertakings	(57.4)	-	(57.4)
Disposals	(7.0)	-	(7.0)
At 28 January 2012	689.5	-	689.5
Additions	12.9	0.6	13.5
Transfers	0.5	(0.5)	-
Disposals	(1.4)	-	(1.4)
At 26 January 2013	701.5	0.1	701.6
Accumulated Depreciation			
At 29 January 2011	86.0	-	86.0
Charge for the year	13.1	-	13.1
Disposals to other group undertakings	(8.5)	-	(8.5)
At 28 January 2012	90.6	-	90.6
Charge for the year	13.9	-	13.9
Disposals	(0.6)	-	(0.6)
At 26 January 2013	103.9	-	103.9
Net book values.			
At 28 January 2012	598.9	-	598.9
At 26 January 2013	597.6	0.1	597.7

Included above are land and buildings assets held under finance leases with a net book value of £1.2m (2012: £1.2m)

The fair value of investment property is estimated to be £642.5m (2012: £650.3m)

JOHN LEWIS PROPERTIES plc

Notes to the accounts (continued)

6. Investment properties

	£m
As at 29 January 2011	50.9
Additions	2.7
As at 28 January 2012	53.6
As at 26 January 2013	53.6

John Lewis Properties plc has a 35% 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 Partnership Agreement. During the year the company received income amounting to £0.7m (2012: £0.2m).

7. Trade and other receivables

	2013 £m	2012 £m
Current:		
Other receivables	0.6	0.4
Other taxation	0.2	-
	0.8	0.4

As of 26 January 2013 the company had no impaired trade and other receivables and there were no amounts overdue (2012: nil).

8. Trade and other payables

	2013 £m	2012 £m
Current:		
Other payables	0.1	0.1
Other taxation	-	1.8
	0.1	1.9

9. Finance lease liabilities

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

	2013 £m	2012 £m
Not later than one year	0.1	0.1
Later than one year but not more than five	0.3	0.4
More than five years	2.2	2.3
	2.6	2.8
Future finance charge on finance leases	(1.0)	(1.1)
Present value of finance lease liabilities	1.6	1.7
Of which:		
Current	-	0.1
Non-current	1.6	1.6

JOHN LEWIS PROPERTIES plc

10. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2012 25%) The movement on the deferred tax account is shown below:

	2013 £m	2012 £m
Opening liability	54.3	57.3
Credited to income statement	(3.8)	(3.0)
Closing liability	50.5	54.3

The movements in deferred tax assets and liabilities during the period (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12 Income Taxes) are shown below

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

Deferred tax liabilities

	Accelerated tax depreciation £m	Capital gains tax on land and buildings £m	Revaluation of land and buildings £m	Rollover gains £m	Total £m
At 29 January 2011	39.3	5.4	3.0	9.6	57.3
(Credited)/charged to income statement	(2.4)	(1.3)	0.4	0.3	(3.0)
At 28 January 2012	36.9	4.1	3.4	9.9	54.3
(Credited)/charged to income statement	(1.9)	(0.6)	(0.6)	(0.7)	(3.8)
At 26 January 2013	35.0	3.5	2.8	9.2	50.5

The deferred tax liability due after more than one year is £50.5m (2012: £54.3m)

11. Share capital

	2013 £m	2012 £m
Equity		
Authorised and issued ordinary shares		
25,700,000 shares of £1 each	25.7	25.7

12. Commitments

At 26 January 2013 contracts had been placed for future capital expenditure of £nil (2012: £nil)

JOHN LEWIS PROPERTIES plc

Notes to the accounts (continued)

13. Lease Commitments

	2013	2012
	£m	£m
Future aggregate minimum lease payments under non-cancellable operating leases, payable		
Within one year	3.1	1 8
Later than one year and less than five years	12.2	6 7
After five years	165.2	123 9

	2013	2012
	£m	£m
Amounts payable after five years comprise the following		
Later than five years and less than ten years	15.3	8 2
Later than ten years and less than twenty years	30.5	16 5
Later than twenty years and less than forty years	39.7	33 0
Later than forty years and less than eighty years	57.6	58 3
After eighty years	22.1	7 9
	165.2	123 9

Total future non group related sub-lease payments receivable relating to the above operating leases amounted to £3 3m (2012 £4 4m)

14. Reconciliation of profit before tax to cash used in operating activities

	2013	2012
	£m	£m
Profit before tax	23.7	39 7
Depreciation	13.9	13 1
Net finance costs	0.1	0 1
Profit on disposal of property	-	(12 9)
Increase in receivables	(0.4)	-
Increase/(decrease) in payables	(1.8)	1 3
Increase in amounts due from fellow group undertakings	(35.5)	(41 3)
Cash generated in operations	-	-

15. Non cash movements

The following non cash movements (decrease)/increase the amounts due from fellow group undertakings

	2013	2012
	£m	£m
Operating activities		
Taxation	(8.4)	(8 4)
Finance costs paid	(0.1)	(0 1)
Investing activities		
Investment - contribution to JLP Scottish Partnership	-	(2 7)
Investment in property, plant and equipment	(13.5)	(117 5)
Proceeds from sale of property, plant and equipment	0.8	68 8
	(21.2)	(59 9)

JOHN LEWIS PROPERTIES plc

16.	Amount due from fellow group undertakings	£m
	At 28 January 2012	197.9
	Cash generated in operations	35.5
	Non cash movements	(21.2)
	At 26 January 2013	212.2

17. 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 period (2012 nil). All staff engaged in the service of the company are employees of John Lewis plc. No charges were made for their services (2012 £nil).

18. Related party transactions

During the year John Lewis Properties plc received rental income from other group companies of £40.1m (2012 £42.6m)

In addition, other transactions were settled on behalf of John Lewis Properties plc by other group companies for administrative convenience, such as supplier settlement. All such transactions were charged to John Lewis Properties plc at cost. It is not practical to quantify these non trading charges.

In September 2011, John Lewis Properties plc withdrew properties with a market value of £70.0m from JLP Scottish Partnership, which is included in additions from other group undertakings in investment properties. John Lewis Properties plc also transferred properties to JLP Scottish Partnership with a net book value of £48.9m, which is included in disposals to other group undertakings in investment properties, and recognised profit on disposal of £9.5m relating to these properties. The remaining profit on disposal of properties of £3.4m relates to the sale of a property to the John Lewis Partnership main pension scheme in December 2011. There were no properties disposed to companies within the John Lewis Partnership plc group in the current year.

Included in current assets is a balance of £212.2m (2012. £197.9m) for amounts owed by fellow group undertakings.

19. Parent company

John Lewis plc is the parent company of the smallest group to consolidate the accounts of the company. John Lewis Partnership plc, the company's ultimate parent company, is the parent company of the largest group to consolidate these accounts. Ultimate control rests with John Lewis Partnership Trust Limited, which holds the equity of John Lewis Partnership plc in trust for the benefit of the employees. All of these companies are registered in England and Wales. Copies of these accounts may be obtained from the Company Secretary, John Lewis Partnership, Partnership House, Carlisle Place, London, SW1P 1BX.

JOHN LEWIS PROPERTIES plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent, and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Margaret Casely-Hayford

Director of Legal Services and Company Secretary

2 July 2013

JOHN LEWIS PROPERTIES plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN LEWIS PROPERTIES plc

We have audited the financial statements of John Lewis Properties Plc for the year ended 26 January 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 26 January 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

JOHN LEWIS PROPERTIES plc

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

R. S.

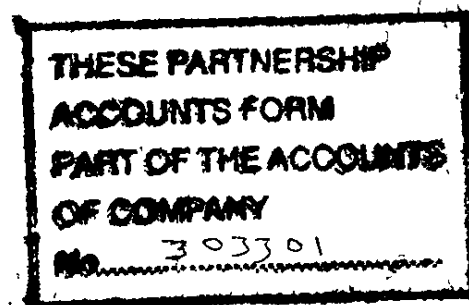
Ranjan Sriskandan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 July 2013

JLP Scottish Partnership

Financial Statements

26 January 2013

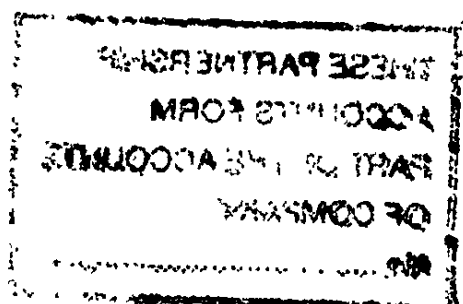


PARTNERSHIP
ACCOUNTS

COMPANIES HOUSE

JLP Scottish Partnership

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JLP Scottish Partnership

Partnership information

Partners	JLP Scottish Limited Partnership John Lewis Properties plc
Company Secretary	Margaret Casely-Hayford
Independent Auditors	PricewaterhouseCoopers LLP
Solicitors	Hogan Lovells
Bankers	Royal Bank of Scotland PLC

Partners' report

The Partners present their report and the audited financial statements of JLP Scottish Partnership for the year to 26 January 2013

Principal activity

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

The partnership was formed on 17 December 2009 between JLP Scottish Limited Partnership and John Lewis Properties plc. The 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.

The freehold properties, which are held as investment properties, are leased to John Lewis plc or Waitrose Limited, and the partnership receives rental income. In addition, the 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.

Business review

The statement of comprehensive income on page 4 shows a profit for the year ended 26 January 2013 of £8,186,800 (2012: £6,272,200) principally due to rental income received, the fair value change on revaluing the investment properties and loss on disposal of investment properties.

The balance sheet on page 5 shows the partnership's financial position at the year end. The partnership has increased its partners' funds from £169,298,300 to £169,938,000 reflecting the profit for the year.

The partnership is currently in a net asset position. The partners are of the opinion that the partnership has adequate resources to continue in operational existence for the foreseeable future. The partners are satisfied with the partnership's results and its financial position and will continue to pursue suitable business opportunities.

Financial risk management

JLP Scottish Partnership's financial risks are managed within the framework of the John Lewis Partnership plc group's arrangements. The principal financial risk that the John Lewis Partnership plc faces is the ability to generate and access sufficient funds to satisfy the business needs of the John Lewis Partnership plc group, to meet its Partners' expectations for Partnership Bonus and to mitigate against any adverse financial impact resulting from the risks crystallising as identified in its business planning process. Details of John Lewis Partnership plc's financial risk management policies are included in note 22 of the annual report and accounts of John Lewis Partnership plc.

Partners

John Lewis Properties plc
171 Victoria Street
London
SW1E 5NN

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

JLP Scottish Partnership

Disclosure of information to the independent auditors

Each of the partners at the date of approval of this report confirm that

- 1 so far as the partners are aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- 2 the partners have taken all the steps that they ought to have taken as partners in order to make themselves aware of any relevant audit information and to establish the partnership's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Partners' responsibility statement

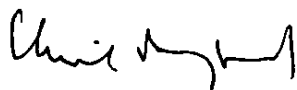
The partners are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the partners to prepare financial statements for each financial year. Under that law the partners have elected to prepare the financial statements for the partnership in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the partners 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 partnership and of the profit or loss of the partnership for that period. In preparing those financial statements, the partners are required to


- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs 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 partnership will continue in business

The partners are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applicable to qualifying partnerships. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the partners


Director
John Lewis Properties plc

22 April 2013


Director
John Lewis plc (as General Partner of JLP Scottish
Limited Partnership)
22 April 2013

JLP Scottish Partnership

Independent auditors' report to the partners of JLP Scottish Partnership

We have audited the financial statements of JLP Scottish Partnership for the year ended 26 January 2013 which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of the partners and auditors

As explained more fully in the Partners' responsibilities statement set out on page 2, the 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.

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with the Partnership Agreement and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the partnership's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the partners, and
- the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the partnership's affairs as at 26 January 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been properly prepared in accordance with the provisions of the Partnership Agreement



PricewaterhouseCoopers LLP
Chartered Accountants
London
22 April 2013

JLP Scottish Partnership

Statement of comprehensive income For the year ended 26 January 2013

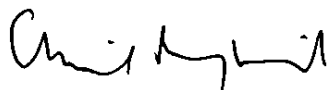
	Note	2013 £'000	2012 £'000
Rental income		7,653.8	7,153.4
Administrative expenses	2	(9.5)	(9.0)
Fair value gains/(losses) on revaluation of investment properties	3	455.0	(100.0)
Loss on sale of investment properties		-	(800.0)
Operating profit		8,099.3	6,244.4
Finance income		87.5	27.8
Profit and total comprehensive income for the year		8,186.8	6,272.2

JLP Scottish Partnership

Balance sheet As at 26 January 2013

	Note	2013 £'000	2012 £'000
Non current assets			
Investment property	3	166,105.0	165,650.0
Current assets			
Cash and cash equivalents		3.7	0.2
Loan to John Lewis plc		5,466.0	5,152.4
		5,469.7	5,152.6
Total assets		171,574.7	170,802.6
Current Liabilities			
Trade and other payables	4	(1,636.7)	(1,504.3)
Total Liabilities		(1,636.7)	(1,504.3)
Net assets attributable to partners		169,938.0	169,298.3
Represented by			
Partners' interests			
Partners' capital	5	153,625.2	153,650.2
Partners' other interests	5	16,312.8	15,648.1
		169,938.0	169,298.3

These financial statements were approved by the partners on 22 April 2013, and signed on its behalf by



Director
John Lewis Properties plc

22 April 2013



Director
John Lewis plc (as General Partner of JLP Scottish
Limited Partnership)
22 April 2013

JLP Scottish Partnership

Statement of cash flows As at 26 January 2013

	Note	2013 £'000	2012 £'000
Cash generated from operations	6	7,776.7	7,332.5
Cash flows from investing activities			
Purchase of investment properties		-	(72,750.0)
Finance income received		87.5	27.8
Cash outflow from loan to John Lewis plc		(313.6)	(471.2)
Net cash used in investing activities		(226.1)	(73,193.4)
Cash flows from financing activities			
Cash inflow from partners		-	2,750.0
Repayment of capital to partners		(25.0)	-
Proceeds from disposal of investment properties		-	70,000
Income distribution to partners		(7,522.1)	(6,889.1)
Net cash generated from financing activities		(7,547.1)	65,860.9
Net cash generated in the year		3.5	-
Net cash at beginning of the year		0.2	0.2
Net cash at end of year		3.7	0.2
Net cash at end of year comprise:			
Cash		3.7	0.2

Notes to the financial statements

1. Accounting convention and basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The particular accounting policies adopted are described below and have been applied consistently throughout the year.

The financial statements are prepared under the historical cost convention, with the exception of the revaluation of investment properties. These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to qualifying partnerships.

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

There were no standards and amendments adopted by the partnership from 29 January 2012 which have had a significant impact on the partnership's profits for the year, equity or disclosures.

There are a number of new accounting standards and amendments that have been published and are applicable for the partnership's accounting period beginning on or after 27 January 2013 or later periods, but which the partnership has not adopted early. These are as follows:

- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosure of interests in other entities'
- IFRS 13 'Fair value measurement'
- Amendment to IAS 1 'Presentation of financial statements'

These are not expected to have a material impact on the partnership's profit for the year or equity for future years, but may affect disclosures.

Rental income

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

Operating costs

Operating costs 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 that is not occupied by the partnership is classified as investment property. Investment property comprises freehold land and buildings. Investment properties are 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.

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 partnership, as all tax liabilities are liabilities of the partners and not the partnership.

JLP Scottish Partnership

2. Administrative expenses

Administrative expenses includes auditors remuneration of £9,270 (2012 £9,000)

The partnership had no employees during the current year

3 Investment Property

	£'000
As at 29 January 2011	163,800.0
Additions	72,750.0
Disposals	(70,800.0)
Fair value loss on revaluation	(100.0)
As at 28 January 2012	165,650.0
Fair value gain on revaluation	455.0
As at 26 January 2013	166,105.0

The 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 26 January 2013

4. Trade and other payables

	2013 £'000	2012 £'000
Other tax	387.3	370.7
Accruals and Deferred income	1,249.4	1,133.6
	1,636.7	1,504.3

5. Partners' interests

	Partners' Capital at 28 January 2012 £'000	Capital contributed during the year £'000	Return of capital £'000	Partners' Capital at 26 January 2013 £'000
JLP Scottish Limited Partnership	100,000.1	-	(25.0)	99,975.1
John Lewis Properties plc	53,650.1	-	-	53,650.1
Total partners' interests	153,650.2	-	(25.0)	153,625.2

5. Partners' interests (continued)

	Partners' other interest at 28 January 2012 £'000	Share of income profit £'000	Share of capital profit £'000	Income distributions £'000	Total interests at 26 January 2013 £'000
JLP Scottish Limited Partnership	3,412.7	6,801.7	0.5	(6,801.6)	3,413.3
John Lewis Properties plc	12,235.4	930.1	454.5	(720.5)	12,899.5
Total partners' interests	15,648.1	7,731.8	455.0	(7,522.1)	16,312.8

The total interest of JLP Scottish Limited Partnership at 26 January 2013 was £103,388,400 (2012 £103,412,800) and John Lewis Properties plc was £66,549,600 (2012 £65,885,500)

6 Reconciliation of profit to cash generated from operations

	2013 £'000	2012 £'000
Profit for the period	8,186.8	6,272.2
Fair value (gains)/losses on revaluation of investment properties	(455.0)	100.0
Loss on sale of investment properties	-	800.0
Finance income	(87.5)	(27.8)
Increase in payables	132.4	188.1
Cash generated from operations	7,776.7	7,332.5

7. Operating leases

	2013 £'000	2012 £'000
The future minimum lease payments receivable under non cancellable operating leases are as follows		
Within one year	7,940.2	7,704.5
Later than one year and less than five years	31,761.0	30,818.0
After five years	105,705.1	110,252.4
	145,406.3	148,774.9

8. Related party transactions

During the year JLP Scottish Partnership received rental income of £7,653,800 (2012 £7,153,400) and finance income of £87,500 (2012 £27,800) from other group companies within the John Lewis Partnership plc group

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. This resulted in a loss on sale of investment properties of £800,000.

Included in current assets is a balance of £5,466,000 (2012 £5,152,400) owed by John Lewis plc, a fellow group undertaking. The loan is receivable within 90 days and interest calculated using Libor plus a margin of 0.7%.

9. Ultimate controlling party

John Lewis plc is the parent company of the smallest group to consolidate the financial statements of JLP Scottish Partnership. John Lewis Partnership plc, the 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 Limited, which holds the equity of John Lewis Partnership plc in trust for the benefit of the employees. All of these companies are registered in England and Wales.

Copies of these financial statements may be obtained from the Company Secretary, John Lewis Partnership, Partnership House, Carlisle Place, London, SW1P 1BX.