JOHN LEWIS PROPERTIES plc

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JOHN LEWIS PROPERTIES plc

COMPANY INFORMATION

Directors	Charlie Mayfield Marisa Cassoni Nigel Keen
Company Secretary & Director of Legal Services	Margaret Casely-Hayford
Auditors	PricewaterhouseCoopers LLP
Solicitors	Lovells
Bankers	Royal Bank of Scotland plc
Registered office and Transfer office	171 Victoria Street, London, SW1E 5NN

Registered in England No 303301

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JANUARY 2010

The directors present their report and the audited financial statements of the company for the year ended 30 January 2010

Directors
Gareth Thomas resigned as a director of the company on 31 March 2010, Charlie Mayfield was appointed as a director of the company on 31 March 2010 All other directors at the date of this report served throughout the period under review

Principal activity
John Lewis Properties plc 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 information in respect of the John Lewis Partnership plc group

Revenues at £43 1m were £2 3m (5 6%) better than last year Operating profit before exceptional items increased by £2 1m (7 5%) to £30 1m Profit for the year increased by £41 1m (152 8%) to £68 0m, this was mainly due to profit on disposal of property of £45 9m, partly offset by a £6 9m higher tax charge

Net assets were up by 10 3% to £728 1m, and the fair value of investment property is estimated to be £533m, down by 19 3% from £661m last year

The business acts as a property holding company for the John Lewis Partnership plc 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 The fair value of the properties as at 31 July 2009 were lower than the current net book values by £10 5m (1 9%) however the property market has improved since this valuation was carried out

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 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

Employees

Information regarding the company's policy for employment, training, career development and other employee related matters is included in the directors' report of the annual report and accounts of John Lewis Partnership plc

Financial risk management

The principal financial risk the Partnership faces is the ability to generate sufficient funds to satisfy our business needs, to meet our Partners' expectations for Partnership bonus and to mitigate against any adverse financial impact resulting from risks identified in our business planning process Details of the Partnership's financial risk management policies are included in note 23 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 30 January 2010 were equivalent to 22 days (2009 21 days) of average purchases

Dividends

The share capital of the company is wholly owned by John Lewis plc The directors do not recommend the payment of a dividend (2009 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

Audit information

The directors of the company have taken all the steps that they 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 and so far as the directors are aware there is no such information of which the company's auditors are unaware

For and by order of the Board

Margaret Casely-Hayford,
Secretary

15 July 2010

JOHN LEWIS PROPERTIES plc

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JANUARY 2010

Notes		2010 £m	2009 £m
	Revenue		
	Rent receivable	**43.1**	40 8
	Rent payable	**(3.1)**	(2 9)
	Administrative expenses	**(9.9)**	(9 9)
	Operating profit before exceptional items	**30.1**	28 0
2	Profit on disposal of property	**45.9**	-
	Operating profit	**76.0**	28 0
	Finance costs	**(0.1)**	(0 1)
3	**Profit before tax**	**75.9**	27 9
4	Taxation	**(7.9)**	(1 0)
	Profit and total comprehensive income for the year	**68.0**	26 9

JOHN LEWIS PROPERTIES plc

BALANCE SHEET AT 30 JANUARY 2010

Notes		2010 £m	2009 £m
	Non-current assets		
5	Investment properties	**543.5**	580 9
6	Investment - contribution to John Lewis Scottish Partnership	**50.9**	-
		594.4	580 9
	Current assets		
7	Trade and other receivables	**0.4**	0 4
16	Amount due from fellow group undertakings	**213.9**	148 3
		214.3	148 7
	Total assets	**808.7**	729 6
	Current liabilities		
8	Trade and other payables	**(11.5)**	(0 6)
9	Finance lease liabilities	**(0.1)**	(0 1)
	Current tax payable	**(8.9)**	(8 2)
		(20.5)	(8 9)
	Non-current liabilities		
9	Finance lease liabilites	**(1.7)**	(1 8)
10	Deferred tax liabilities	**(58.4)**	(58 8)
		(60.1)	(60 6)
	Total liabilities	**(80.6)**	(69 5)
	Net assets	**728.1**	660 1
	Equity		
11	Share capital	**25.7**	25 7
	Share premium account	**1.2**	1 2
	Retained earnings	**701.2**	633 2
	Total equity	**728.1**	660 1

Approved by the Board on 15 July 2010

Directors
John Lewis Properties plc

Registered No 303301

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JANUARY 2010

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 26 January 2008	25 7	1 2	606 3	633 2
Profit for the year	-	-	26 9	26 9
Balance at 31 January 2009	25 7	1 2	633 2	660 1
Profit for the year	-	-	68 0	68 0
Balance at 30 January 2010	**25.7**	**1.2**	**701.2**	**728.1**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JANUARY 2010

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 IFRS 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 were adopted by the company from 1 February 2009

- IAS 1 (revised) 'Presentation of Financial Statements', requires that the company presents one performance statement ('statement of comprehensive income') or two statements ('income statement' and 'statement of comprehensive income') The company has elected to present one statement a 'statement of comprehensive income' IAS 1 now also requires a 'statement of changes in equity' as a primary statement The financial statements have been prepared under the revised disclosure requirements Comparative information has been represented so it is in conformity with the revised standard

There are a number of new accounting standards and amendments to existing standards that have been published and are mandatory for the company's accounting periods beginning on or after 31 January 2010 or later periods, but which the company has not adopted early These are as follows

- Amendment to IFRS 5 'Non-current Assets held for Sale and Discontinued Operations'
- Amendment to IAS 1 'Presentation of Financial Statements'

These are not expected to have a material impact on the company's profit for the period 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 for the future

Other assets are held at cost

NOTES TO THE ACCOUNTS

Investment property
Property that is held for long term rental yields, for capital appreciation or 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
Depreciation is calculated for all other assets to write off the cost or valuation, less residual value, in equal instalments over their expected useful life, at the following rates

Freehold and long leasehold buildings -	2% to 4%
Other leaseholds -	over the remaining period of the lease
Fixtures and fittings -	10% to 33%

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 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 income statement on a straight line basis over the lease term Rentals payable under operating leases are charged to the income statement on an accruals basis Rentals receivable are credited to the income statement on an accruals basis

Lease premiums are recognised in current and non-current assets 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 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 Deferred tax is charged or credited in the income statement, 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 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

Provisions
Although provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates the judgemental nature of these items means that future amounts settled may be different from those provided

Impairment
The company 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

NOTES TO THE ACCOUNTS

2. Profit on disposal of property

	2010 £m	2009 £m
Profit on disposal of properties to group companies (note 18)	**45.9**	-

3. Profit on ordinary activities before taxation

	2010 £m	2009 £m
Profit on ordinary activities before taxation is stated after charging/(crediting) the following		
Operating lease income - land and buildings	**(43.1)**	(40 8)
Depreciation	**9.9**	9 9
Profit on sale of property, plant and equipment	**(45.9)**	-
Operating lease rentals - land and buildings	**3.1**	2 9

Auditors' remuneration in the year was £13,600 (2009 £13,600)

Contingency rents expensed during the year were £1 2m (2009 £1 1m) Contingency rents are determined based on store revenues

4. Tax on profit on ordinary activities

	2010 £m	2009 £m
Analysis of tax charge		
Corporation tax - current year	**8.9**	8 2
Corporation tax - prior years	**(0.6)**	(2 3)
Group relief - prior years	-	-
Total current tax charge	**8.3**	5 9
Deferred tax - current year	**(0.9)**	(6 2)
Deferred tax - prior years	**0.5**	1 3
Total tax charge	**7.9**	1 0

The tax charge for the period is lower (2009 lower) than the standard effective corporation tax rate of 28 0% (2009 28 33%) The differences are explained below

	2010 £m	2009 £m
Profit on ordinary activites before tax	**75.9**	27 9
Profit before tax multiplied by standard rate of corporation tax in the UK of 28 0% (2009 28 33%)	**21.2**	7 9
Effects of		
Adjustment to current tax in respect of prior years	**(0.6)**	(2 3)
Depreciation on assets not qualifying for tax relief	**1.7**	(7 8)
Differences between accounting and tax base for land and buildings	**(2.1)**	1 9
Adjustment to deferred tax in respect of prior years	**0.5**	1 3
Non-taxable profit on intra-group property transfer	**(12.8)**	-
Total tax charge	**7.9**	1 0

NOTES TO THE ACCOUNTS

5. Investment properties

	Land and buildings £m	Assets in the course of construction £m	Total £m
Cost			
At 26 January 2008	625 2	-	625 2
Additions	-	26 0	26 0
Transfers	26 0	(26 0)	-
Disposals	(0 6)	-	(0 6)
At 31 January 2009	650 6	-	650 6
Additions	-	-	-
Transfers to other group companies	(11 4)	-	(11 4)
Disposals	(19 7)	-	(19 7)
At 30 January 2010	**619.5**	-	**619.5**
Accumulated Depreciation			
At 26 January 2008	60 4	-	60 4
Charge for the year	9 9	-	9 9
Disposals	(0 6)	-	(0 6)
At 31 January 2009	69 7	-	69 7
Charge for the year	9 9	-	9 9
Disposals	(3 6)	-	(3 6)
At 30 January 2010	**76.0**	-	**76.0**
Net book values			
At 31 January 2009	580 9	-	580 9
At 30 January 2010	**543.5**	-	**543.5**

Included above are land and buildings assets held under finance leases with a net book value of £1 4m (2009 £1 4m)

The fair value of investment property as at 31 July 2009 is estimated to be £533m (2009 £681m)

6. Investment

On 29 January 2010, John Lewis Properties plc made a capital contribution to John Lewis Scottish Partnership (investment holding company) of £50 9m

7. Trade and other receivables

	2010 £m	2009 £m
Current		
Other receivables	**0.4**	0 4
	0.4	0 4

As of 30 January 2010 the company had no impaired trade and other receivables and there were no amounts overdue (2009 nil)

NOTES TO THE ACCOUNTS

8. Trade and other payables

	2010 £m	2009 £m
Current		
Other payables	**11.5**	0 6
	11.5	0 6

9. Finance lease liabilities

The mınımum lease payments under finance leases fall due as follows

	2010 £m	2009 £m
Not later than one year	**0.1**	0 1
Later than one year but not more than five	**0.4**	0 5
More than five years	**2.5**	2 6
	3.0	3 2
Future finance charge on finance leases	**(1.2)**	(1 3)
Present value of finance lease lıabılıtıes	**1.8**	1 9
Of whıch		
Current	**0.1**	0 1
Non-current	**1.7**	1 8

10. Deferred tax

Deferred tax ıs calculated ın full on temporary dıfferences under the lıabılıty method usıng a tax rate of 28% (2009 28%)

The movement on the deferred tax account ıs shown below

	2010 £m	2009 £m
Openıng lıabılıty	**58.8**	63 7
Credıted to ıncome statement	**(0.4)**	(4 9)
Closıng lıabılıty	**58.4**	58 8

The movements ın deferred tax assets and lıabılıtıes durıng the perıod (prıor to the offsettıng of balances wıthın the same jurısdıctıon as permıtted by IAS 12 Income Taxes) are shown below

Deferred tax assets and lıabılıtıes are only offset where there ıs a legally enforceable rıght of offset and there ıs an ıntentıon to settle the balances net

10. Deferred tax (continued)

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 26 January 2008	35 6	4 2	13 2	10 9	63 9
Credited to income statement	2 7	2 3	(9 5)	(0 6)	(5 1)
At 31 January 2009	38 3	6 5	3 7	10 3	58 8
Credited to income statement	1 7	(1 8)	(0 3)	-	(0 4)
At 30 January 2010	**40.0**	**4.7**	**3.4**	**10.3**	**58.4**

Deferred tax assets	**Capital losses £m**
At 26 January 2008	(0 2)
Charged to income statement	0 2
At 31 January 2009 and at 30 January 2010	-

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future profits is probable

The deferred tax liability due after more than one year is £58 4m (2009 £58 8m)

11. Share capital

	2010 £m	2009 £m
Equity		
Authorised, issued and fully paid ordinary shares		
25,700,000 shares of £1 each	**25.7**	25 7

12. Commitments

At 30 January 2010 contracts had been placed for future capital expenditure of £nil (2009 £nil)

NOTES TO THE ACCOUNTS

13. Lease Commitments

	2010 £m	2009 £m
Future aggregate minimum lease payments under non-cancellable operating leases, payable		
Within one year	**1.9**	1 9
Later than one year and less than five years	**6.8**	7 1
After five years	**124.6**	126 2

	2010 £m	2009 £m
Amounts payable after five years comprise the following		
Later than five years and less than ten years	**8.0**	8 0
Later than ten years and less than twenty years	**16.1**	16 1
Later than twenty years and less than forty years	**32.2**	32 2
Later than forty years and less than eighty years	**58.1**	58 6
After eighty years	**10.2**	11 3
	124.6	126 2

Total future non group related sub-lease payments receivable relating to the above operating leases amounted to £5 0m (2009 £5 2m)

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

	2010 £m	2009 £m
Profit before tax	**75.9**	27 9
Depreciation	**9.9**	9 9
Net finance costs	**0.1**	0 1
Profit on disposal of property	**(45.9)**	-
Decrease in receivables	**-**	0 2
Increase in payables	**10.9**	0 1
Increase in amounts due from fellow group undertakings	**(50.9)**	(38 2)
Cash used in operations	**-**	-

15. Non cash movements

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

	2010 £m	2009 £m
Operating activities		
Taxation	**(7.7)**	(7 4)
Finance costs paid	**(0.1)**	(0 1)
Investing activities		
Investment - contribution to John Lewis Scottish Partnership	**(50.9)**	-
Transfers to/(from)other group companies of property, plant and equipment	**11.4**	(26 0)
Proceeds from sale of property, plant & equipment	**62.0**	-
	14.7	(33 5)

NOTES TO THE ACCOUNTS

16. Amount due from fellow group undertakings

At beginning of year	**148.3**
Cash used in operations	**50.9**
Non cash movements	**14.7**
At end of year	**213.9**

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 (2009 nil) All staff engaged in the service of the company are employees of John Lewis plc No charges were made for their services (2009 £nil)

18. Related party transactions

During the year John Lewis Properties plc received rental income from other group companies of £42 9m (2009 £40 7m)

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

The £45 9m property profits relates to the sale of properties, to another group company, as part of an arrangement with the Pension Scheme Trustee to address an element of the current scheme deficit Full details of this arrangement are set out in note 25 of the annual report and accounts of John Lewis Partnership plc

Included in current assets is a balance of £213 9m (2009 £148 3m) 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE DIRECTORS' REPORT AND 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 elected to prepare the company 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 those 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, and
- state whether applicable 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

Secretary

15 July 2010

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 30 January 2010 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, 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 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

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 30 January 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- 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

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

Rosemary Shapland

Rosemary Shapland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London WC2N 6RH

19 July 2010

JOHN LEWIS PROPERTIES plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at 3 00 pm on 15 July 2010 at Partnership House, Carlisle Place, London, SW1P 1BX

To receive the directors' report and accounts for the year 2009/10

To consider the election of a director appointed during the year

To consider the re-election of a director retiring by rotation

To consider the re-appointment of the auditors

To consider the remuneration of the auditors

By Order of the Board
Margaret Casely-Hayford, Secretary
171 Victoria Street, London SW1E 5NN
15 July 2010

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him A proxy need not be a member