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JOHN LEWIS PROPERTIES plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-sixth annual general meeting of the company will be held at 12.10pm on 19 June 2002 at 171 Victoria Street, London SW1E 5NN:

To receive the directors' report and accounts for the year 2001/02.

To consider the re-election of retiring directors.

To consider the re-appointment of the auditors.

To consider the remuneration of the auditors.

By order of the Board
Terence Neville Secretary
171 Victoria Street London SW1E 5NN
1 May 2002

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.

JOHN LEWIS PROPERTIES plc

BOARD OF DIRECTORS

Chairman

Sir Stuart Hampson

Nigel Keen

Howard King FRICS

Luke Mayhew

Michael Milner

OFFICERS AND PROFESSIONAL ADVISERS

Company Secretary & Director of Legal Services

Terence Neville

Director of Financial Control

Ros Haigh FCA

Auditors

PricewaterhouseCoopers

Solicitors

Lovells

Bankers

Royal Bank of Scotland plc

Registered office and Transfer office

171 Victoria Street London SW1E 5NN

Registered in England No. 303301

JOHN LEWIS PROPERTIES plc

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2002

Directors

The directors of the company are as listed on page 3. All directors served throughout the period under review, with the exception of Nigel Keen who was appointed as a director on 22 November 2001. David Young resigned as a director on 11 March 2002.

Principal activity

John Lewis Properties plc is primarily a property owning company and is a wholly owned subsidiary of John Lewis plc.

Review of the business

The company is a wholly owned subsidiary within the John Lewis Partnership plc group; a review of the group's activities is given in the statement by the Chairman of John Lewis Partnership plc, which is included within that company's report and accounts.

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 group basis and full details of the group's supplier payment practice are provided in the accounts of John Lewis plc.

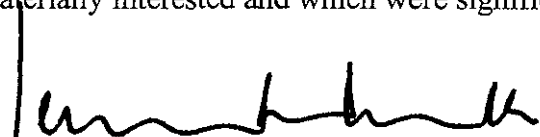
Use of profits

The share capital of the company is wholly owned by John Lewis plc. The profit for the year amounted to £2.8m and has been transferred to reserves. The directors do not recommend the payment of a dividend.

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 companies.

There were no contracts during or at the end of the financial year in which the directors were materially interested and which were significant in relation to the company's business.



For and by order of the Board
Terence Neville Secretary
18 April 2002

JOHN LEWIS PROPERTIES plc

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2002

	Notes	2002	2001 *Restated
		£m	£m
Rent receivable	2	16.0	16.1
Rent payable	3	(3.4)	(3.4)
		12.6	12.7
Administrative expenses		(6.4)	(6.1)
Trading profit	2	6.2	6.6
Interest payable		-	(0.6)
Profit on ordinary activities before taxation	3	6.2	6.0
Tax on profit on ordinary activities	4	(3.4)	(1.9)
Profit for the financial year	10	2.8	4.1

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the financial year and total recognised gains for the year	2.8	4.1
Prior year adjustment	(19.3)	
Total gains and losses recognised since last report and accounts	(16.5)	

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	6.2	6.0
Transfer from revaluation reserve	2.7	4.7
Historical cost profit on ordinary activities before taxation	8.9	10.7
Historical cost profit for the financial year	5.5	8.8

* The 2001 comparatives have been restated to reflect the adoption of FRS 19 - Deferred Taxation, as described in note 1.

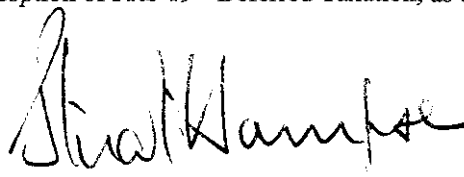
JOHN LEWIS PROPERTIES plc

BALANCE SHEET AS AT 31 JANUARY 2002

	Notes	2002 £m	2001 *Restated £m
Fixed assets			
Tangible assets	5	404.3	376.3
Current assets			
Debtors	6	1.8	1.5
Amount owed by holding company		129.0	151.5
		130.8	153.0
Creditors			
Amounts falling due within one year	7	(5.6)	(3.7)
Net current assets		125.2	149.3
Total assets less current liabilities		529.5	525.6
Provisions for liabilities and charges	8	(20.4)	(19.3)
Net assets		509.1	506.3
Capital and reserves			
Called up share capital	9	25.7	25.7
Share premium account	10	1.2	1.2
Revaluation reserve	10	221.1	223.8
Profit and loss account	10	261.1	255.6
Total shareholders' funds		509.1	506.3

* The 2001 comparatives have been restated to reflect the adoption of FRS 19 - Deferred Taxation, as described in note 1.

Approved by the Board on 18 April 2002
Sir Stuart Hampson



JOHN LEWIS PROPERTIES plc

NOTES TO THE ACCOUNTS

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention, with the exception of certain land and buildings which are included at valuation, and in accordance with applicable accounting standards.

FRS 19 - Deferred Taxation has been adopted in these financial statements. The adoption of the standard represents a change in accounting policy and comparative figures have been restated accordingly. FRS 18 - Accounting Policies has been adopted in the year. This did not result in any change in accounting policies.

Property valuation

The Company's freehold and long leasehold department store properties were last valued by the directors, after consultation with Hillier Parker, Chartered Surveyors, at 31 December 1999, on the basis that each property is regarded as available for existing use in the open market. On adoption of FRS 15, the Company followed the transitional provision to retain the book value of land and buildings revalued in 1999, together with certain amenity properties carried in the accounts at their 1988 valuation, and decided not to adopt a policy of revaluation for the future. These values are retained, subject to the requirement to test for impairment, in accordance with FRS 11. Distribution properties are carried at depreciated historical cost.

No depreciation is charged on freehold land, leasehold land with over 100 years to expiry, and assets in the course of construction. Depreciation is calculated for all other assets in equal annual instalments at the following rates:-

Freehold and long leasehold buildings - 2% to 4%

Other leaseholds - over the remaining period of the lease

Buildings fixtures - 2.5% to 10%

Fixtures and fittings - 10% to 33%

Leased assets

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, with the exception of gains that would arise if properties were sold at their revalued amounts. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

On adoption of FRS 19 - Deferred Taxation opening reserves have been restated to reflect previously unprovided deferred tax. The adjustments as at January 2000 and January 2001 were £18.6m and £19.3m respectively. In addition, the tax charge for the year to January 2001 has been restated, increasing by £0.7m to £1.9m. The adoption of FRS 19 has resulted in an additional tax charge for the year of £1.1m.

JOHN LEWIS PROPERTIES plc

NOTES TO THE ACCOUNTS

2. Analysis of turnover and trading profit

John Lewis Properties plc acts as a property holding company of the department store division of the John Lewis Partnership group. The business is carried on in the United Kingdom. Turnover and trading profit derive from continuing operations, there having been no discontinued operations or acquisitions in the year.

3. Profit on ordinary activities before taxation

	2002 £m	2001 £m
Profit on ordinary activities before taxation is stated after charging the following:		
Depreciation	6.4	5.9
Operating lease rentals - land and buildings	3.4	3.4

Auditors' remuneration in the year was £11,300 (£11,000).

4. Tax on profit on ordinary activities

	2002 £m	2001 Restated £m
Analysis of tax charge:		
Corporation tax based on the profits for the year	2.0	1.1
Corporation tax - prior years	0.3	0.1
Total current tax charge	2.3	1.2
Deferred tax - origination and reversal of timing differences	1.1	0.7
	3.4	1.9

The tax charge is based on a corporation tax rate of 30% (30%).

Factors affecting tax charge for the year:

Profit on ordinary activities before tax	6.2	6.0
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2001 30%)	1.9	1.8
Effects of:		
Capital allowance less than depreciation	0.1	0.7
Non taxable receipts	-	(1.4)
Adjustment for prior periods	0.3	0.1
Current tax charge for the year	2.3	1.2

JOHN LEWIS PROPERTIES plc

NOTES TO THE ACCOUNTS

5. Tangible fixed assets

	Land and buildings £m	Fixtures and fittings £m	Assets in the course of construction £m	Total £m
Cost or valuation				
At 31 January 2001	384.3	1.4	5.7	391.4
Additions at cost	5.3	-	16.4	21.7
Transfers	6.2	-	6.5	12.7
At 31 January 2002	395.8	1.4	28.6	425.8
At cost	51.5	1.4	28.6	81.5
At valuation 1988	20.9	-	-	20.9
At valuation 2000	323.4	-	-	323.4
At 31 January 2002	395.8	1.4	28.6	425.8
Depreciation				
At 31 January 2001	13.8	1.3	-	15.1
Charge for the year	6.4	-	-	6.4
At 31 January 2002	20.2	1.3	-	21.5
Net book values at:				
31 January 2001	370.5	0.1	5.7	376.3
31 January 2002	375.6	0.1	28.6	404.3

	2002 £m	2001 £m
Land and buildings at cost or valuation		
Freehold property	252.5	247.2
Leasehold property, 50 years or more unexpired	137.5	131.3
Leasehold property, less than 50 years unexpired	5.8	5.8
	395.8	384.3

In 1988 Hillier Parker, chartered surveyors, valued most of the Partnership's freehold and long leasehold properties. This valuation was on the basis of existing use value. At 31 December 1999, the directors, after consultation with Hillier Parker, revalued the Partnership's department store properties on the same basis, and this valuation was incorporated into the accounts as at 31 January 2000.

All distribution properties are stated at depreciated historical cost. Certain amenity properties, which represent 5% of the company's total gross property assets, are carried in the accounts at their 1988 valuation, which was carried out by external valuers, depreciated as appropriate.

JOHN LEWIS PROPERTIES plc

NOTES TO THE ACCOUNTS

5. Tangible fixed assets (continued)

On adoption of FRS 15 the Partnership followed the transitional provisions to retain the book value of land and buildings revalued in 1999 and 1988, and decided not to adopt a policy of revaluation for the future. These values are retained subject to the requirement to test for impairment, in accordance with FRS 11.

Included in land and buildings at 31 January 2002 is land valued at £110.2m which is not subject to depreciation. At 31 January 2002 land and buildings would have been included at the following amounts, if they had not been revalued:

	2002 £m	2001 £m
Cost	191.5	180.0
Accumulated depreciation	<u>(37.0)</u>	<u>(33.3)</u>
	<u>154.5</u>	<u>146.7</u>

6. Debtors

Amounts falling due within one year:

Other debtors	<u>1.8</u>	<u>1.5</u>
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7. Creditors

Amounts falling due within one year:

Corporation tax	1.7	0.9
Accruals and deferred income	0.7	0.3
Other creditors	<u>3.2</u>	<u>2.5</u>
	<u>5.6</u>	<u>3.7</u>

8. Provisions for Liabilities and Charges

	Deferred Tax £m
At 31 January 2001 as reported	-
Prior year adjustment	<u>19.3</u>
At 31 January 2001 as restated	19.3
Charged to profit and loss account	<u>1.1</u>
At 31 January 2002	<u>20.4</u>

The whole of the deferred tax provision relates to accelerated capital allowances. No provision has been made in these accounts for the liability to taxation of £20.4m (£21.3m) on capital gains, which would arise if properties were to be sold at the amounts at which they have been revalued and included in these accounts.

JOHN LEWIS PROPERTIES plc

NOTES TO THE ACCOUNTS

9. Share Capital

	2002 £m	2001 £m
Equity		
Authorised, issued and fully paid Ordinary Shares of £1 each	<u>25.7</u>	<u>25.7</u>

10. Reserves

	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total reserves £m
At 31 January 2001	1.2	223.8	274.9	499.9
Prior year adjustment	-	-	(19.3)	(19.3)
At 31 January 2001 as restated	1.2	223.8	255.6	480.6
Profit for the financial year	-	-	2.8	2.8
Transfers	-	(2.7)	2.7	-
At 31 January 2002	<u>1.2</u>	<u>221.1</u>	<u>261.1</u>	<u>483.4</u>

11. Reconciliation of movements in shareholders' funds

	2002 £m	2001 Restated £m
Profit for the financial year	<u>2.8</u>	<u>4.1</u>
Net additions to shareholders' funds	2.8	4.1
Opening shareholders' funds as reported	506.3	520.8
Prior year adjustment	<u>-</u>	<u>(18.6)</u>
Opening shareholders' funds as restated	<u>506.3</u>	<u>502.2</u>
Closing shareholders' funds	<u>509.1</u>	<u>506.3</u>

12. 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. All staff engaged in the service of the company are employees of John Lewis plc. No charges were made for their services.

JOHN LEWIS PROPERTIES plc

NOTES TO THE ACCOUNTS

13. Commitments

At 31 January 2002 contracts had been placed for future capital expenditure of £37.6m (£26.8m), which have not been provided for in these accounts.

14. Lease commitments

	2002 £m	2001 £m
Rents of land and buildings for the next financial year on operating leases expiring:		
Between 1 and 5 years	0.1	0.1
Over 5 years	3.4	3.0

15. Cash flow statement

A consolidated cash flow statement has been included in the accounts of the parent company which include the accounts of John Lewis Properties plc. Accordingly, as permitted by FRS1, no cash flow statement is presented in these accounts.

16. Related party transactions

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" as the accounts of John Lewis plc and John Lewis Partnership plc, in which the company is consolidated, are publicly available.

17. 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. Copies of these accounts may be obtained from the Company Secretary, John Lewis Partnership, 171 Victoria Street, London SW1E 5NN.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that period. In preparing the financial statements suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made. Relevant accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The directors, having made enquiries, consider that the company has adequate resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

JOHN LEWIS PROPERTIES plc

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

We have audited the financial statements of John Lewis Properties plc which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
18 April 2002

1 Embankment Place
London WC2 6RH