THE CROWN ESTATE

Integrated Annual Report
and Accounts 2023/24

Creating lasting and shared prosperity for the nation

What we do

We work across communities, cities, countryside, the coast and the seabed, with the responsibility – and opportunity – to play our part for the benefit of the country, its finances and its future.

At the heart of our business lies a set of core duties to grow both the value of the portfolio into perpetuity and the income we return to the Treasury. Established through an Act of Parliament, we operate independently and commercially, occupying a space between the public and private sectors. Today, we express this through our purpose: to create lasting and shared prosperity for the nation.

Across our £14 billion property portfolio, we are acting in the national interest for today and for future generations. Driven by our purpose, our strategy focuses on long-term challenges where we are best placed to make a difference. We aim to:

— responsibly generate value and financial returns for the country;
— be a leader in supporting the UK towards a net zero and energy-secure future;
— take a leading role in stewarding the natural environment and biodiversity; and
— help create inclusive communities, supporting equality, economic growth and productivity.

Over the past ten years we have delivered more than £4 billion for the benefit of the public finances.

About this report

An integrated report is aligned with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. In the opinion of the Board, The Crown Estate's 2023/24 Integrated Annual Report is in alignment with the IFRS Foundation's Integrated Reporting Framework.

The Crown Estate Integrated Annual Report and Accounts 2023/24 presented to Parliament pursuant to sections 2(1) and 2(5) of the Crown Estate Act 1961. Ordered by the House of Commons to be printed 23 July 2024. HC 25

To The King's Most Excellent Majesty

May it please Your Majesty, The Crown Estate Commissioners take leave to submit this, their sixty-eighth Report and Accounts, pursuant to sections 2(1) and 2(5) of the Crown Estate Act 1961.

Assurance ⚠

KPMG LLP has provided independent limited assurance over selected non-financial data highlighted in this report with this symbol ⚠. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (UK) 3000) and the International Standard on Assurance Engagements 3410 Assurance of Greenhouse Gas Statements (ISAE 3410). KPMG has issued an unqualified opinion over the selected data.

The KPMG assurance report is available on our website which, together with our Reporting Criteria, should be read in conjunction with the assured data in this report: thecrownestate.co.uk/assurance

Contents

This strategic report shares:

An overview of our business

Our people and our Safety First approach

How we're delivering our strategy

Our risks and opportunities

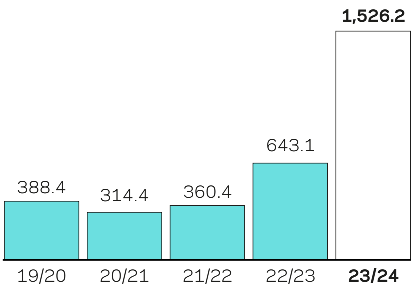
Our year in numbers

Performance highlights for the year ended 31 March 2024

Underlying profit

£1.5 billion

(2022/23: £643.1m)



Read more on **page 50**

Net revenue profit

£1.1 billion

(2022/23: £442.6m)

Returns to Treasury over the last decade

£4.1 billion

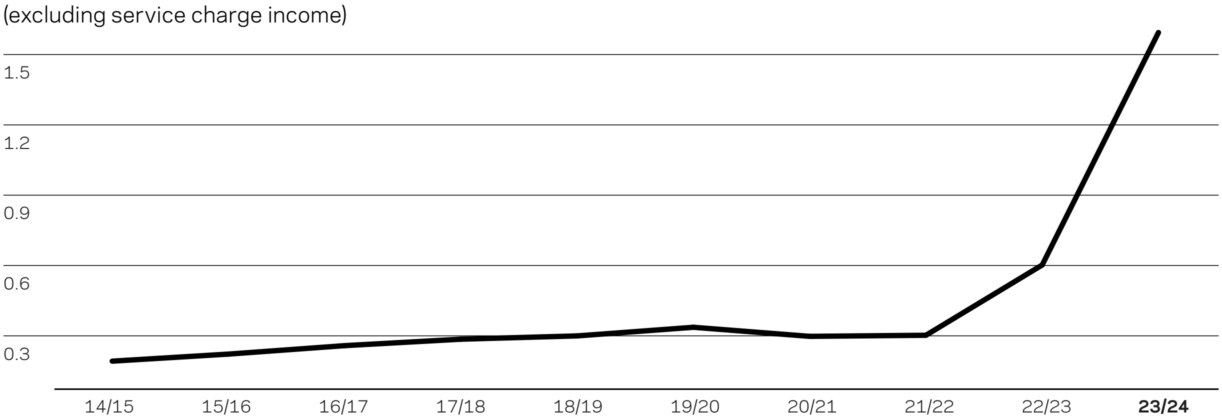
We return our net revenue profit to the Treasury, generating more than £4 billion over the past ten years for the benefit of the nation's finances.

Read more on **pages 50-52**

Revenue

£1.6 billion*

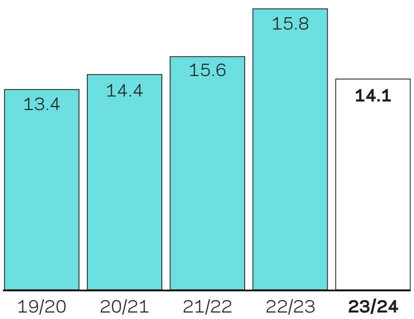
(excluding service charge income)



Read more on **page 50**

Property portfolio value

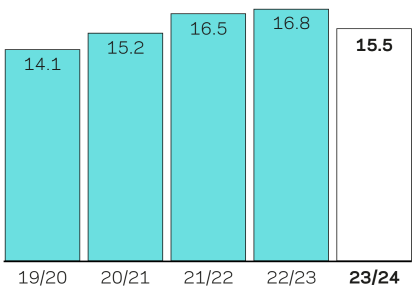
£14.1 billion*



Read more on **page 51**

Net assets

£15.5 billion*



Read more on **page 51**

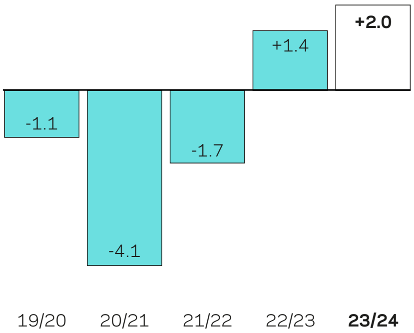
* As we projected in last year's report drawing Round 4 option fees through revenue this year has resulted in a significant increase in revenue and a corresponding decline in the capital valuation applied to Round 4. In 2022/23 the option fees for 2023/24 were reflected in the Round 4 capital value included in the property portfolio value and net assets.

All financial figures are prepared on a proportionally consolidated basis. Balance sheet-related items are as at 31 March of each year.

Capital performance

2.0 percentage points

Outperformance of our bespoke MSCI commercial property annual benchmark

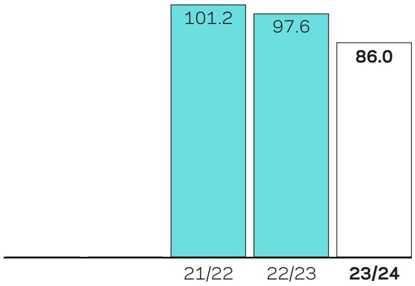


Read more on **pages 44-45**

Absolute energy consumption

86.0GWh Ⓐ

(excluding electric vehicle charging)
Reduction of 11.9% from 97.6GWh (restated) in 2022/23

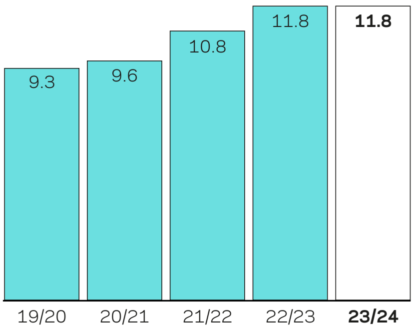


Read more on **pages 71-72**

Cumulative operational offshore wind capacity

11.8GW Ⓐ

Enough to power around 11 million homes



Read more on **page 20**

Lost Time Injury Frequency Rate

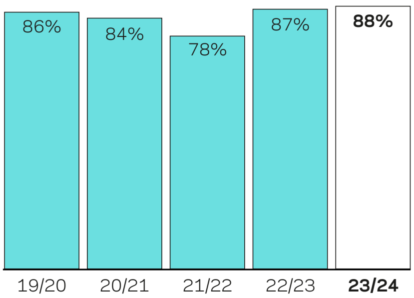
0.21 Ⓐ

A 38% improvement from 0.34 in 2022/23

Read more on **page 58**

Employee engagement

88% Of employees think The Crown Estate is a great place to work



Read more on **page 55**

Customer satisfaction score

77%

(2022/23: 79%)

Customers from our London (Residential, Workplace, Retail), Regional and Rural portfolios were surveyed in 2023/24

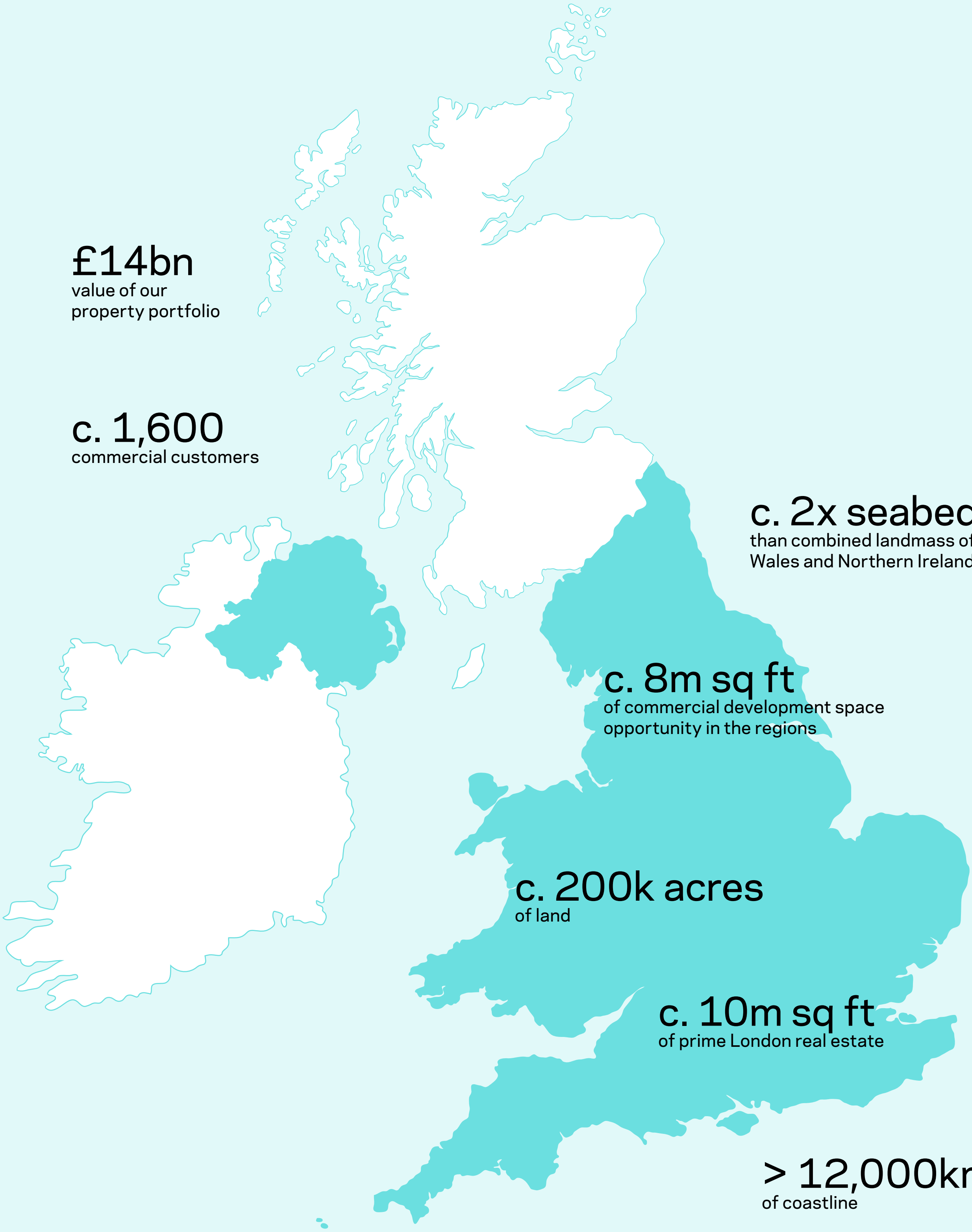
Read more on **page 47**

Ⓐ Independent limited assurance (see inside front cover)

All financial figures are prepared on a proportionally consolidated basis. Balance sheet-related items are as at 31 March of each year.

Our business at a glance

We are a company for the country with land, property and seabed across England, Wales and Northern Ireland.



£14bn
value of our property portfolio

c. 1,600
commercial customers

c. 2x seabed area
than combined landmass of England, Wales and Northern Ireland

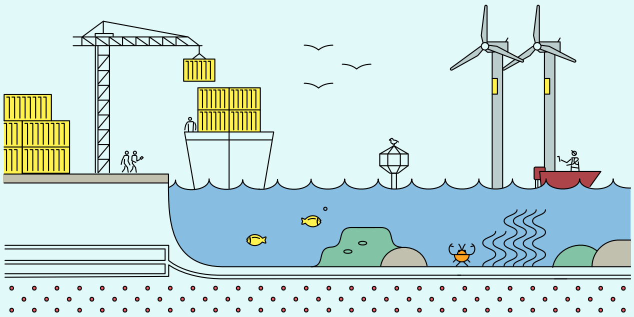
c. 8m sq ft
of commercial development space opportunity in the regions

c. 200k acres
of land

c. 10m sq ft
of prime London real estate

> 12,000km
of coastline

Read more about our business at:
thecrownestate.co.uk/our-business



Marine
Unlocking the potential of our seabed, sea and coastline to support the nation's transition to a resilient, sustainable and decarbonised future.

Revenue
£1,201.1m
(2022/23: £377.9m)

Portfolio value
£4.4bn
(2022/23: £5.7bn)

London
Enhancing London's global city status by fostering a greener, more vibrant and inclusive destination for millions of visitors and businesses.

Revenue*
£229.7m
(2022/23: £222.6m)

Portfolio value
£6.9bn
(2022/23: £7.2bn)

Regional
Creating opportunities to support regeneration, housing and innovation, benefiting local economies and communities across the country.

Revenue*
£104.8m
(2022/23: £105.5m)

Portfolio value
£1.4bn
(2022/23: £1.5bn)

Windsor & Rural
Supporting the sustainable transformation of land use through diversified, regenerative agriculture and environmental best practice.

Revenue
£40.1m
(2022/23: £36.6m)

Portfolio value
£1.4bn
(2022/23: £1.4bn)

All financial figures are prepared on a proportionally consolidated basis. Balance sheet-related items are as at 31 March of each year.

* Excluding service charge income of £47.6m (2022/23: £41.6m).

Chief Executive's review

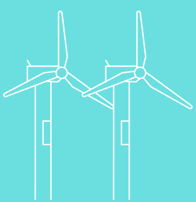
We're working to make a positive impact for net zero, nature and communities while creating financial value for the UK.

"Addressing the complex, interlinked challenges facing the world today will take collective action and through our significant and diverse portfolio we strive to make a contribution."

Dan Labbad
Chief Executive

£1.1bn
generated for public spending

c. 200km
of new rural hedgerows planted with support from our Environment Fund



80.3GW
current pipeline of UK offshore wind capacity

Our purpose to create lasting and shared prosperity for the nation informs everything we do, and helps us to navigate a wider context in which change has become a constant. When I meet with friends and colleagues from other organisations, the need for resilience and agility comes up all the time. These have become essential qualities for all businesses and institutions as we adapt to ongoing volatility and complexity; new technologies such as AI; worries about growth and the cost of living; and the increasing pressures on nature and climate.

The Crown Estate Act 1961 and our position between the private and public sectors allows us to take a long-term view of these complex, interlinked challenges. Addressing them will require collective action and new forms of partnership. Through our significant and diverse portfolio of assets, we have an opportunity – I would even say a responsibility – to contribute. Our strategy looks at the most pressing national needs and where we are positioned to have most impact, with focus areas including:

— responsibly generating value and financial returns for the country
— supporting the UK towards a net zero carbon and energy-secure future
— taking a leading role in stewarding the natural environment and biodiversity
— helping create inclusive communities, supporting equality, economic growth and productivity

This report shows how we have put our strategy into action over the past year. While some areas of our work are more mature than others, we are making real progress, and learning from experience, data, evidence and feedback to improve and increase our impact over time. To take just one example of the value being created, The Crown Estate Environment Fund has helped our farmers to create c. 200km of new hedgerows and c. 400 acres of woodland in its first two years, double our initial target. We have now increased the fund to £10 million to support further 'no regrets' nature recovery work, benefiting nature and climate resilience, and protecting crops (see page 28).

Our financial performance continues to be strong, supported by two things: the resilience of our business across all sectors, and the material contribution from the option fees for six offshore wind projects under our Offshore Wind Leasing Round 4 (Round 4) leasing programme. This has contributed to a net revenue profit in the year of £1.1 billion, meaning we have returned more than £4 billion for the nation's finances over the past decade. We are mindful, though, that these results reflect a particular moment in time.

As this report notes, both the revenue and value attributed to Round 4 are short term in nature and over the coming years The Crown Estate's revenue and valuation will normalise.

As we seek to create financial, economic, social and environmental value we are part of a wider community. This means that we work with others across the private, public and NGO sectors, in line with government policy, to understand how and where we can make a difference. At times, there are difficult decisions for us to weigh up. While it will not be possible to meet all the competing demands perfectly, we are committed to listening and learning so that we can deliver better results and greater impact over time. It is through the ongoing process of dialogue, engagement and delivery that we remain true to our purpose.

Our financial performance

This year's strong financial performance is a testament to the diversity of our portfolio and our strategy of investing to create lasting prosperity.

Our net revenue profit of £1.1 billion follows many years of continuous investment in renewable energy since we first began exploring options for North Hoyle, our first commercial offshore wind farm, which became operational in 2003. Today there are over 50 wind farms in UK waters with a combined capacity (including Scotland) of 15GW, and a pipeline totalling 80.3GW, making us the second-largest offshore wind market in the world.

Looking forward, through our increased investment to expand and accelerate our future offshore wind pipeline, and in programmes such as our Supply Chain Accelerator and the Offshore Wind Evidence and Change (OWEC) Programme, we are helping to build a sustainable future for the sector.

Round 4 (see pages 48-49) was the key driver of our profit increase in 2023/24, as we recognised a full year's option fee income from our developer customers for the first time. Round 4 income should be relatively consistent in 2024/25, and we expect profit to decrease to more typical levels as projects enter the development phase. We also anticipate that the option fees for successive leasing rounds, which are set at auction, will be lower – although we expect underlying Group profits to continue to grow.

The Round 4 option fees have been effective in incentivising developers to move at pace and we have been working with them to de-risk their projects to help them move forward as quickly as possible. As a result, we expect to see the first Round 4 wind farms under construction within the next few years – significantly faster progress than in previous leasing rounds, supporting the UK's legislative target of achieving net zero carbon emissions by 2050.

As we projected in last year's report, drawing these option fees for distribution to the nation's finances, together with the improved delivery timeline, results in our Marine portfolio decreasing by £1.3 billion, and we anticipate further declines as the next year's income is realised. However, we expect there is greater medium to long term value in the seabed than the balance sheet currently suggests.

Outside of Marine, we outperformed our bespoke MSCI commercial property benchmark by 2 percentage points, reflecting the diversity and resilience of our assets. Capital market trends have led to reductions in the valuation of our London and Regional real estate by about 5% to £8.4 billion, although the rate of decline is abating.

The total value of our property portfolio is £14.1 billion at the year end, a decrease of £1.7 billion. Over the medium term we expect to see progressive growth with our modernisation and development programme underway, signs that property valuations may be approaching the bottom of the cycle, and factoring in the future value inherent in the seabed.

Revenue from our London business increased and the lettable void rate fell to 2.2% from 4.6% last year, reflecting the underlying strength of our assets in this vibrant global city. We have been making much-needed investments for the future of London, restarting our development pipeline with projects to modernise and decarbonise our portfolio; as well as completing a broad and meaningful public consultation on Regent Street.

With retail parks showing resilience, revenue in our Regional business was stable at £104.8 million. As we diversify into new locations and sectors in the coming years, developing opportunities in strategically important growth areas such as science, innovation and mixed-use regeneration, we expect to see this performance strengthen.

Revenue for our Windsor & Rural business, which comes from the Windsor Estate's visitors, events, filming and forestry, and farm and residential rents across our rural holdings, is up at £40.1 million. Following the transfer of The Royal Farms and Farm Shop to The Crown Estate (see page 39), this income should increase in 2024/25.

We are now investing across our whole portfolio to sow the seeds for future financial performance, maintaining and enhancing our position. We therefore welcomed the government's commitment in the King's Speech in July 2024 to bring forward legislation to modernise our investment powers and give us the ability to borrow, which we currently do not have. This will give us more flexibility and allow us to have an even greater impact in fulfilling our core remit of creating value for the nation. For more details about our performance, see our Financial Review on pages 44-53.

Our strategy

As the External Context section of this report makes clear (see pages 10-11), people, nature and our planet are facing immediate and long-term challenges, as are the public finances. Our strategic priorities have never felt more relevant, and we are doing our best to deliver on them all, with efforts to support climate, nature and communities in addition to creating financial value.

April 2023

Recognising that net zero is a global priority, we are pleased to support other countries as they develop their own offshore wind projects. Last year I joined the North Sea Summit in Ostend, Belgium, where representatives of Belgium, Denmark, France, Germany, Ireland, Luxembourg, the Netherlands, Norway and the United Kingdom convened to discuss our shared goal of turning the North Sea into the powerhouse of Europe.

> "I am seeing a real sea change in The Crown Estate's approach in the last two years. The social purpose is coming through really strongly. There's a high desire for collaboration and a willingness to listen and open doors."

Feedback from an independent survey of stakeholders in 2023

Net zero carbon and energy security

In terms of our net zero carbon and energy security goals, a key priority for us is doing what we can to ensure the UK retains a world-leading position for offshore wind. Launching Offshore Wind Leasing Round 5 in January was a significant milestone in supporting this. If the tender is successful, putting floating offshore wind in the Celtic Sea will enable up to four million more homes to be powered by clean, renewable energy. Round 5 has faced some early challenges, and will continue to do so as a new technology, but we remain committed, using our influence to bring key partners together and working with governments to identify a positive way forward.

While offshore wind will be critical to the UK reaching net zero carbon by 2050, it is only one part of a broader picture that includes developing other renewable energy sources such as tidal power (see box below), carbon capture and storage, and cutting carbon emissions, where we have made progress but still have more to do.

Reducing energy consumption across our real estate portfolio by 15% (against our 2021/22 baseline), exceeding our target of 10%, is a huge achievement from the year, and I am appreciative of the extraordinary collective effort this has taken. Facing down our challenges from 2022/23, when we were unable to meet our targets due to difficulties around data and reducing consumption in our London heritage buildings, has required focus and resilience. Moving forward, we will be setting new, equally stretching targets to drive further improvement in the next reporting period.

Nature recovery and biodiversity

Our diverse portfolio gives us some invaluable opportunities to support nature. Windsor Great Park has a unique ecological status that we are seeking to protect and enhance, and I would like to take this opportunity to thank His Majesty The King for his support and guidance as Ranger. In time, our ambition is for the Windsor Estate to be recognised as a centre of excellence for environmental and ecological best practice.

It was a pleasure to announce in the spring that The Royal Farms and Farm Shop have transferred to The Crown Estate, and we plan to maintain the farms' organic methods and work on environmental enhancement – in line with our wider rural strategy to take a lead in driving a sustainable transformation of land use in the UK.

Supporting biodiversity in towns and cities creates value in a different way, providing connectivity for habitats and allowing people to engage with nature, which has been conclusively shown to support wellbeing. Urban greening is an important part of our vision to support London's renewal: creating welcoming and accessible places, shaping future destinations and building sustainability.

Working with Westminster City Council, we conducted a valuable engagement exercise last summer to come up with a new vision for Regent Street, and I am looking forward to seeing designs for the park-to-park project (see page 30) as we and our partners aim to make the area greener, cleaner, more inclusive and climate resilient.

February 2024

My visit to Morlais, a tidal demonstration project off the coast of Anglesey, in February was an inspiring reminder of how The Crown Estate can enable progress by investing capital in the right ways. Run by a social enterprise, Morlais is helping to develop next-generation technology while working extensively with the local community. Learn more about it on page 21.

Nature recovery is a complex issue and one of the key ways we can support restoration is through data, evidence and spatial planning. To that end, we have invested in developing world-leading projects that are helping to support nature and de-risk projects. One example is the £50 million OWEC Programme, where we are working with partners to fund projects such as the Marine Restoration Potential (MaRePo) project to support the seabed and marine wildlife.

Another is the Whole of Seabed Programme, a pioneering project that seeks to co-ordinate marine activities up to 2050 and help to make the UK one of the most attractive and sustainable marine economies in the world. Through this initiative we have taken data gathered over the past two decades of working with government, NGOs, industry and marine experts to create a Marine Delivery Routemap, which will be a valuable tool to guide our decisions.

Inclusive communities and economic growth

It is really important to us that our activities support local economies and communities around the country. One way we hope to do this is by working to capture the benefits of offshore wind development onshore over the long term. We created the Supply Chain Accelerator to help communities around these developments to benefit from supply chain opportunities, as well as future jobs and skills opportunities – and we will keep looking at how we can add value in these core locations.

Our Regional strategy focuses on places where we can support urban regeneration, housing and the innovation economy. These plans include high-quality, mixed-use developments in Cambridge and Oxford that are being designed to provide much needed space for life sciences and innovation as well as housing; meeting urgent demand in these areas and helping to support the UK on the global tech start-up stage. The projects are a good example of our ambition to move the needle for local communities and economies, and how we are working with expert partners to cultivate impactful outcomes.

Safety

Maintaining a strong health, safety and wellbeing culture is critical. Having spent my career working in and around the construction industry I am keenly aware of the need to put Safety First across everything we do and every interaction we are responsible for, from our building sites and destinations to developments offshore and our own workplaces. While we can never be complacent, it is encouraging to see our Safety First strategy maturing, with another reduction in the number of reported incidents. We also want to show leadership on safety in our interactions with other sectors, from agriculture to retail, and you can see more about how we are doing this on pages 58-60.

Sustainability

As you will note from our four strategic pillars, sustainability is fundamental to our strategy and purpose, and everything in this report relates to it in some way, from safeguarding our energy security to restoring nature, setting social impact principles and generating financial returns for the UK.

The interconnections between climate, nature and people mean that at times we have tough choices to make as we try to meet immediate needs and create lasting outcomes. Data-driven insights are crucial to our decision-making, and we have made solid progress this year in improving our data quality. In particular, we are broadening the data sets in our Rural and Marine activities to establish a comprehensive, enterprise-wide carbon baseline. This will give us better insight into where we can have the biggest impact and influence, both in our own operations and for the country.

We have also strengthened our strategic approach to sustainability risk, opportunity and resilience. One example is how we are evolving our alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework as we build our capacity to understand and manage rapidly evolving trends (see pages 61-70).

Customers and stakeholders

In recent years we have stepped up both the number and breadth of organisations we work with and we are constantly gathering feedback on our performance. An anonymous survey we conducted in 2023 showed that we are seen as a force for good, although we can still be too process driven and risk averse (see more on page 12).

For our customers, we aim to deliver excellent service, offering industry-leading standards in safety, quality of experience and sustainability. This year's customer satisfaction scores have decreased in London, showing we had not met our standards in some parts of our business. This is something we are working to address as we bring our London property management in-house.

Digital

Technological change has become exponential and we need to be at the forefront of advances like artificial intelligence, embracing them in all aspects of our business. This is another area where we are investing as we work to harness and operationalise digital technology, developing new and innovative solutions that serve our customers and our ambitious strategy.

We will do so by using data to optimise our decision-making and performance, and through automating our processes, including by exploring the potential of AI to help us leverage the complex data sets we hold to greatest effect.

We are working to create a robust, scalable data organisation that enables our strategic ambitions and delivers innovation across our business. Building on our track record of creating products like the Marine Data Exchange – one of the world's largest collections of freely available offshore data – we will treat data as a strategic asset, shared openly across the organisation to help generate value in all its forms. An example is using integrated, accurate data to inform our sustainability targets and reporting, measuring the positive impact of our actions and holding ourselves accountable where we need to improve.

Our people and culture

It's a privilege to lead The Crown Estate team, who are exceptionally committed to their work for the wider benefit of the country.

Over the past few years we have been working to make our culture more agile and build collaboration across teams. We are also developing the way we listen to our team. While our employee engagement survey showed that people feel proud to work here, our Lived Experience exercise showed that we have more to do to live up to our values by making everyone feel equally included.

We also need to improve on diversity and equity. During the year, the proportion of women in our business increased, but our gender pay gap widened. This is something I take seriously. As a company that serves the country, it is particularly important that we reflect the world around us and that our people are able to fulfil their potential. For this reason, we have set targets for improvement in diversity, equity and inclusion and I look forward to reporting progress against them in the near future.

Our Chair

The Chair of The Crown Estate has an important role to play in championing our purpose and strategy to ensure we create long-term value for the country, as well as overseeing our progress. We are extraordinarily fortunate to have Sir Robin Budenberg CBE as our Chair, bringing deep insight, knowledge and expertise to this role. I am therefore delighted that Robin's final term as Chair has been extended for up to a year, until July 2025, as we prepare for the appointment of a successor and to ensure a smooth transition in due course. In the meantime, I look forward to continuing to work with Sir Robin, who is passionate about helping us to create lasting and shared prosperity.

The year ahead

This report highlights some great achievements across our business as we move forward with the delivery of our strategy, as well as several projects and focus areas where we are investing and laying the groundwork for future success.

The issues we aim to address – generating financial returns for the nation, fostering equality and economic growth for everybody, supporting nature recovery and the transition to net zero – are urgent and a question that is always top of mind for me is whether we are doing enough.

This feels particularly relevant whenever I hear from our Youth Panel, a truly inspiring group of people that you can read about on pages 42-43. Their visits to our London office have been a regular reminder that the next generation are relying on those of us who are in positions of influence today to create a legacy they can build on.

It is with the next generations in mind that The Crown Estate team will continue to challenge ourselves in the coming year. No single entity can solve the problems the country is facing; however, we all have an obligation to play a role where we can, working in partnership with others. Challenges will continue to arrive and our progress won't be linear but, by using the resources and opportunities we have the privilege of harnessing, we will work relentlessly to create positive impacts that will last for years to come.

Dan Labbad
Chief Executive

18 July 2024

Our external context

How our strategy is evolving in response to trends in the wider world.

Risks to the UK's economic future

UK investment attractiveness continues to be challenged

2022	2023
USA	USA
China	Germany
Germany	China
UK	France
France	Australia
Australia	India
India	**UK**
Spain	Spain
Japan	Denmark
Netherlands	Netherlands

Source: EY Renewable Energy Country Attractiveness Index: year-on-year comparison

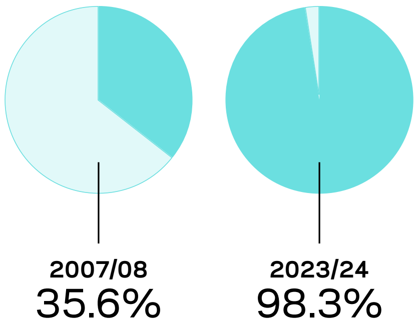
What this means
The UK continues to outperform in a number of high-growth markets, including renewable energy, finance and life sciences, but there are a number of delivery risks to these sectors. Inflation has been persistently high, and economic growth is weaker than in many comparable countries. This has made the UK less attractive to investors and talent, meaning it is harder to remain globally competitive. Meanwhile, a lack of co-ordination across public and private sectors is making it difficult to tackle issues around skills and productivity.

Our response
We aim to build on the UK's leadership positions in high-growth markets where we have can have an influence. Through Offshore Wind Leasing Round 5 we are looking to further the UK's leading position in renewable energy by working with our customers to pioneer innovative floating wind farms in the Celtic Sea. Our focus on growth sectors such as life sciences and cleantech will bring opportunities to link regional innovation centres and institutional capital.

Wherever possible we will bring public and private actors together, and help to catalyse investment in innovation.

A shifting political landscape

High debt to GDP will remain an issue for any UK government



Source: Government net debt to GDP, Office for National Statistics, 2024

What this means
We are in a period of significant political change. The public sector remains fiscally constrained, making institutional capital, along with private-sector partnerships, critical to delivering longstanding policy goals such as net zero, addressing the housing crisis and tackling inequality of opportunity. At a local level, the devolution of powers and funding to combined authorities, in particular elected mayors, is changing the way we work.

Our response
We continue to engage proactively with local and national government, along with devolved nations, to understand where our activities can support their priorities, and stay abreast of both opportunities and risks. Closer engagement is helping us to ensure that our activities align with the different needs and priorities of local communities as we attempt to deliver best-in-class solutions and leverage the potential of our portfolio.

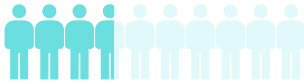
We are also seeking to drive innovation to achieve positive national incomes in the sectors and systems where we have a distinct influence. Examples include our work on co-ordinating marine spatial planning, adjusting our tenancy model with farmers to incentivise nature recovery alongside sustainable food production, and using carbon budgeting and innovation to drive down carbon in construction where deemed relevant.

Complex social issues

An ageing population is straining national infrastructure

For every 100 working age people:
In 2007 there were **30** people above the state pension age

In 2040 that number is projected to be **37**



Source: Office for Budget Responsibility

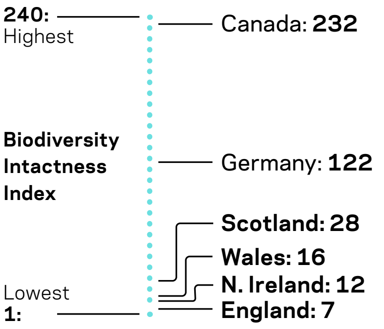
What this means
The UK is experiencing the most precipitous two-year drop in living standards since records began in the 1950s, and individuals and families are feeling the strain. More than one million households are waiting for social homes amid a national housing shortage, while the cost of living has seen the highest rise among OECD economies. Elderly people are particularly vulnerable, and the challenges will only become more acute over time as the population ages.

The public bodies and third sector organisations traditionally responsible for tackling these issues are not immune to the financial strain, putting vital social infrastructure and services at risk.

Our response
To make shared prosperity a reality, the UK needs a focus on higher growth and lower inequality, which will take strong collaboration between public, private and third sectors, as well as civil society. We have an opportunity to play a convening role, building networks and catalysing action that seeks to address the biggest systemic issues relevant to society, the environment and our business. Our commitment to listen to and involve communities as genuine partners will help inform responses that are relevant and contextual to specific demographics and places.

Accelerating climate and nature crises

The UK has particularly low biodiversity intactness



Source: Biodiversity Intactness Index – SPICe Spotlight | Solas air SPICe

What this means

The environmental crisis is reaching a tipping point. Record temperatures, wildfires, drought, flooding and habitat destruction are highlighting the urgency of the situation, yet society's responses so far have been shown to be inadequate, and there is growing concern as to what the UK's role should be. The public and private sectors need to work together to define the impacts and opportunities, and take meaningful action.

Our response

Spanning urban and rural areas, our portfolio gives us a distinct opportunity to deliver positive outcomes across national priorities such as net zero and nature recovery.

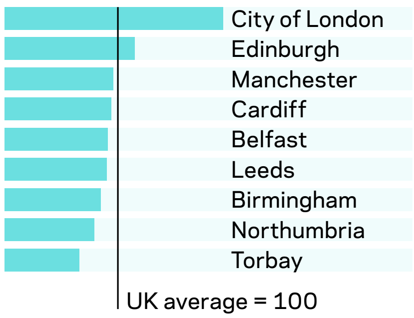
We aim to show leadership in the built environment, embarking on an ambitious development pipeline to decarbonise heritage buildings, and launching two demonstration projects to test different approaches to building net zero homes and restoring nature.

Our rural strategy is designed to support the UK's green agricultural transition, supporting both food production and nature. And our work on renewable energy, particularly offshore wind, is contributing to the country's net zero ambitions.

Recognising the importance of collaboration, we are working to build partnerships, collating and sharing data through projects such as our Marine Delivery Routemap, which has been designed to co-ordinate future uses of the seabed across different sectors up to the year 2050.

Regional inequality

GDP per worker is unevenly spread across the nation



Source: Subregional productivity in the UK – Office for National Statistics

What this means

The UK has greater inequality than any large European country, and regional disparities continue to widen. These issues have been amplified by geopolitical events and the dual crisis in climate and nature. The impacts are dramatic and continue to be felt unevenly, with the impacts of climate and nature loss change directly affecting coastal and farming communities, and the cost-of-living crisis hitting hardest for the least well-off.

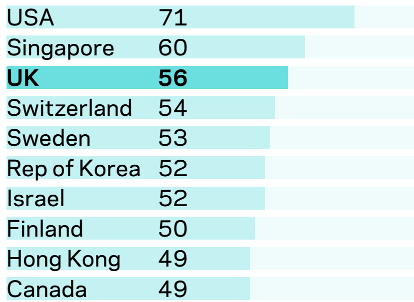
National issues – such as access to good-quality housing, transport, infrastructure, energy and jobs – are amplified at a local level, with different communities requiring different solutions. Recent interventions are yet to prove successful, reinforcing the need for systemic action.

Our response

We believe that urban renewal, rural regeneration and the creation of thriving communities can all make a difference to an area's prospects. This is something that we can support through targeted and co-ordinated investments – linked with our focus on sectors such as green agriculture, life sciences and offshore wind. Our integrated, place-based approach is designed to help unlock economic potential and contribute to solving challenges at a local and a regional level. Working in partnership with a range of other organisations will also be key to enabling the benefits of growth to be shared more equitably across the country.

Digital innovation

The UK ranks third internationally for AI readiness



Source: Capital Economics (capitaleconomics.com/key-issues/economic-impact-artificial-intelligence)

What this means

Digital tools including artificial intelligence (AI) can be part of the solution to many of the issues faced by global societies, and the UK specifically. They have the potential to revolutionise business, economies and societies. These tools are increasingly embedded within our daily lives and are moving towards business as usual. Their rapid development makes forecasting their eventual impact challenging, with some negative implications to be managed, but also a potential opportunity to address structural challenges.

Our response

We continue to invest in our own digital infrastructure to make it as secure, agile and responsive as possible. We are using digital tools to improve the energy performance of our buildings by delivering effective management systems and generating actionable customer insights. We are early in the development of our own AI strategy, but have embedded the use of AI insights in certain areas, for example to identify innovative new brands and potential partners. We are further investing in our skills and capability to help us quantify the impact of the digital transition on our customers and markets.

A collaborative approach

"The opportunities we are trying to unlock and the challenges we are tackling are complex, touching the lives of millions of people as well as rich and diverse ecosystems; they can't be solved by any one organisation. We are stronger for putting collaboration at the heart of how we do business, guiding our thinking from strategy development to the smallest of details."

Judith Everett
Executive Director, Purpose, Sustainability & Stakeholder

This year we have engaged with more people than ever before. We've listened, learned and shared both our expertise and data. We've encouraged challenge and welcomed robust discussion around our ideas. This way of working is at the heart of how we do business. It guides our thinking, from strategy development to the smallest of details.

Simply put, we can't succeed in achieving our purpose alone. The opportunities we are trying to unlock, and the challenges we are tackling, are complex and touch the lives of millions of people and diverse ecosystems. They can't be solved by any one organisation.

This year, we have seen a step change in the number and breadth of organisations we work with to ensure our plans have maximum impact. We've engaged with those tackling shared challenges and those with different perspectives, and been guided towards challenges identified by others which we can jointly solve. Where we've seen a gap, we've stepped up to lead on solutions. Where others are leading, we've offered our support.

As we look to support net zero and energy security we've worked with governments, stakeholders and developers to discuss the opportunities that offshore renewable energy can bring and how data sharing can accelerate deployment. This includes working with RenewableUK, the Offshore Wind Industry Council and Crown Estate Scotland to develop a new Industrial Growth Plan to boost long-term growth of the UK offshore wind sector.

We've charted new digital territory, partnering with Microsoft UK to develop Minecraft Education worlds to help students learn about the challenges of planning offshore wind farms and about conservation (see page 41). We've sought to tap into the innovative thinking of SMEs and entrepreneurs we are looking to partner with to test different approaches to building net zero homes (see page 36).

We've worked with youth voice experts 2-3 Degrees to establish a London Youth Panel to get closer to the views of young people on how we can build thriving and inclusive communities in the city where they live and study (see pages 42-43). We have had the privilege of being able to talk and listen to young people, local councillors, MPs, devolved governments, policy makers, commercial organisations, Statutory Nature Conservation Bodies, local and coastal communities, fishermen, conservation charities, international investors and many more. We are stronger for embracing that privilege and motivated by their reactions. They are supportive of the steps we are taking to be more open and keen to see us go further by being bolder in our leadership in tackling some of the great challenges of our time.

We are fully committed to doing just that, but we also recognise that we don't get everything right and we need to listen more. We're gathering feedback and insights from all our stakeholders, including our customers, to help improve what we do. To read more about how we have engaged with our key stakeholder groups over the past year, see pages 14-15.

Listening to our stakeholders
In 2023, an independent, in-depth, survey of c. 80 of our stakeholders helped us to build a rich understanding of our stakeholders' priorities and their views about the value we deliver.

The majority view The Crown Estate – and our engagement with them – positively. They trust us to deliver and feel we do significant good for the country.

However, we also learned that the breadth of our assets can make us overly complex to navigate, and we can be perceived as risk averse.

These 'check-in' moments are vital, and we will continue to conduct listening exercises to learn, and to improve our ways of working.

"They can be trailblazers. As landowners and owners of the seabed, as well, they can be trailblazers for the common good of the country. Maybe, they quietly need to make more of that. It's hugely powerful, what they can achieve, in terms of showing good practice and sustainability."

Feedback from a Crown Estate stakeholder
2023 independent survey

Stakeholder voices

"Over the last 12 months we've initiated a constructive and collaborative dialogue with The Crown Estate on how we can work together on the ground to deliver net zero; bringing together major regional decarbonisation projects and stakeholders whilst leveraging The Crown Estate's unique role to help deliver a shared ambition. We look forward to a long partnership with The Crown Estate to deliver our transformational decarbonisation and growth agendas."

Richard Gwilliam
Chair
Humber Energy Board

"We are very grateful to have had strong support from The Crown Estate as key members of our Supergen ORE Hub Advisory Board since its inception in 2018. The collaboration has brought great value in our ambition to provide research leadership to connect academia, industry, policy and public stakeholders, inspire innovation and maximise societal value in offshore wind, wave and tidal energy. We look forward to working together through our research and engagement to secure lasting benefits from floating offshore wind development for communities and the environment across Celtic Sea regions."

Professor Deborah Greaves OBE FREng FICE FRINA
Director of the Centre for Decarbonisation and ORE, Director of Supergen ORE Hub
University of Plymouth

"Microsoft is delighted to have worked with The Crown Estate on a number of projects over the last twelve months. Our partnership is dedicated to exploring exciting fields like AI, space tech and sustainability initiatives to navigate complex challenges. Moreover, together we have launched innovative Minecraft Education worlds, like the Offshore Wind Power Challenge and Conservation Quest at Windsor Great Park, designed to empower the next generation with the knowledge and skills necessary for tackling climate change and conserving our natural world. These initiatives showcase our shared vision for a sustainable future. I'm personally excited for what will come next, as we continue to explore the art of the possible as we continue through the era of AI."

Cindy Rose
Chief Operating Officer,
Global Enterprise
Microsoft

"At the ESO, we value working closely with The Crown Estate to deliver for customers and consumers across Great Britain. Our close working relationship with The Crown Estate will enable us to optimise seabed leasing and network development, reducing cost for consumers, impacts on the environment and disruption for local communities."

Fintan Slye
Executive Director
National Grid ESO

"As a Marine Research Intern, I had the opportunity to be involved in various parts of the Marine business, scoping new projects and undertaking some research of my own, including on habitat restoration. The internship was a great first career step as it gave me the opportunity and confidence to work in new areas. I have now been given a permanent role in the Marine team, drawing on the skills I gained and developed during my internship."

Grace King
Marine Consents Advisor
The Crown Estate

"The Regent Street partnership between Norges Bank Investment Management and The Crown Estate is a great example of how, when priorities and values align, partnerships can have a powerful impact. Our shared ambition to deliver long-term value, combined with The Crown Estate's reputation and local expertise, has created the platform from which this globally iconic street can go from strength to strength long into the future."

Jayesh Patel
Head of UK, Real Estate
Norges Bank Investment Management

Our culture and values guide how we do business, including the way we engage with our stakeholders.

At a Group level our engagements primarily focus on policy, strategic customer partnerships and our people, with colleagues across our organisation responsible for day-to-day relationships with our customers, communities and partners.

We take time to understand their current challenges and future needs, and the feedback and outcomes from this engagement are vital in shaping our business and activities.

For more information on how our Board has aimed to comply with the requirements of section 172 of the Companies Act 2006, see page 92.

The Sovereign

Our assets are hereditary possessions of the Sovereign held 'in right of the Crown'. This means they belong to the Sovereign for the duration of their reign, but cannot be sold by them, nor do revenues from the assets belong to them. We manage The Crown Estate under the Crown Estate Act 1961 and we are overseen by an independent Board of Commissioners. Our net revenue profit is returned to HM Treasury. We are required to report to His Majesty The King on our performance.

Read more on page 86.

HM Treasury

HM Treasury is The Crown Estate's sponsor department to which we return our net revenue profit. The Exchequer Secretary to the Treasury is our sponsoring minister who answers for our affairs in Parliament when the need arises. We share a common objective of ensuring that The Crown Estate fulfils its duty under the Crown Estate Act 1961. A Framework Document sets out how we work together to achieve this through the promotion of partnership and trust.

Read more on page 86.

Customers

Who they are
Leaseholders and occupiers of The Crown Estate's places and spaces, spanning a diverse range of industries including agriculture, energy, leisure and offshore wind. We work with people who regularly use and experience our places: from individuals, families and start-ups, through to large-scale international corporations.

Why they are important
Customers sit at the heart of everything we do. We take a long-term view, and we work and evolve with our customers, collaborating to realise our shared ambitions.

How we engage
We aim to foster strong partnerships with a range of customers, both directly and working with our managing agents, to drive satisfaction through regular and proactive engagement, identifying our shared challenges and opportunities. We measure outcomes through customer satisfaction surveys.

Example outcomes of engagement
— We aim for our customers to exceed their goals – economic, social or sustainable – through engaging with our shared purpose; for example, by working closely with our farmers to better understand soil health and management techniques. We have introduced new tenancy agreements reflecting regenerative farming principles to help pivot the Rural portfolio to net zero by 2030. This is fundamental in helping our farmers thrive and to safeguard their livelihoods for future generations
— We have been trialling projects in our London and Regional portfolios to support customers to reduce their carbon footprint through thermal imaging and a tool that provides near real time access to energy consumption across our assets

Communities

Who they are
Anyone impacted by or interested in the work we do and the decisions we make in places across our diverse portfolio.

Why they are important
We have a responsibility to people and organisations within communities around the nation.

Engaging with community stakeholders to understand the issues that matter to them, we can shape our approach to deliver better outcomes for everyone, particularly focusing on seeking lived experience to inform our work. By bringing people together we can take more meaningful action to deliver for the communities we serve, both now and into the long term.

How we engage
Regular meetings, consultations and surveys, convening forums, sounding board panels, digital engagement and workshops.

We are often uniquely placed to convene a wide range of stakeholders to understand and take collective steps to address issues facing specific sectors such as offshore wind deployment, the accessibility and inclusivity of places or enabling net zero.

Example outcomes of engagement
— Through research, we now have a better understanding of coastal communities' perceptions of offshore wind across England and Wales, including insights into the level of interest in environmental issues, their relationship with the environment, accessibility to consultations, perceived social value of offshore wind developments and awareness of careers. This evidence will help guide future activity to ensure coastal communities benefit from the growth of offshore wind – through local environmental initiatives, high-quality jobs and wider economic benefits

Partners

Who they are
Strategic joint venture and supply chain partners, and a range of organisations with a similar ambition to address key issues impacting the UK.

Why they are important
We invest in relationships and building trust. Through this, we identify and work with a range of partner organisations that bring together bespoke and specific capability to support us in delivering greater levels of social, environmental and economic value.

How we engage
We have formal governance and reporting processes in place to ensure a shared vision and ambition where we work together. This can include Statements of Intent and Memorandums of Understanding.

Our Supplier Charter allows us to share and discuss expectations and requirements around key areas including health, safety and wellbeing, sustainability, information security and responsible practices with all our delivery partners.

Example outcomes of engagement
- We have signed a renewed Statement of Intent with the Electricity System Operator (ESO) to collaborate more closely on future strategic planning to accelerate the transition to a net zero, nature-positive energy future. This will include collaborating closely on a Strategic Spatial Energy Plan and a Marine Delivery Routemap for 2050
- Our Supplier Charter ensures our partners are more closely aligned with our purpose, core values and priorities, and sets clear expectations about how they should apply across our whole supply chain, so that together we can maximise our impact

Our people

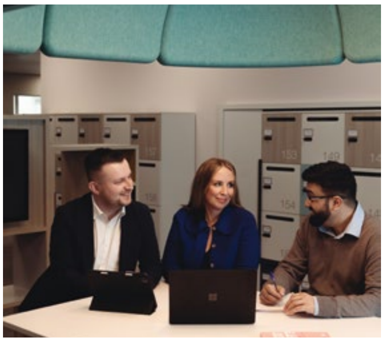
Who they are
Our people who work for The Crown Estate.

Why they are important
Our people are our greatest asset, upholding our values and, through their passion and pride for our purpose, delivering our strategy.

How we engage
Regular sessions with the Chief Executive and leadership team to share strategy updates and company news, and provide a forum to ask questions. The Board engages with colleagues through informal events such as Afternoon Tea, and our internal podcast series, Meet the Board. Local team meetings discuss team-specific topics; 'Lunch and Learn' sessions share insights and encourage discussion; ongoing engagement through our diversity, equity and inclusion networks.

One Voice, our employee survey, evaluated against national and high-performance benchmarks.

A range of internal communication channels, including the intranet and company social network, to share updates and encourage feedback and discussion, alongside all-company events to bring everyone together to inform and inspire.



Example outcomes of engagement
- According to our most recent survey, 88% of our people said they would recommend The Crown Estate as a great place to work, 92% feel The Crown Estate cares about the wellbeing of its people and, as part of our new inclusion index, 92% said they feel welcome
- We have continued to make improvements in the year around talent and opportunity, culture and leadership (see pages 54-57)

Governments and regulators

Who they are
Policy and political decision makers at UK, devolved, regional and local government levels, and relevant regulators and statutory bodies.

Why they are important
Public policy and regulation define the environment in which we operate. By engaging, we are able to better understand the local and national context, and the needs of government stakeholders, communities and businesses.

How we engage
We engage in many ways to share our expertise and to listen to stakeholder views. This includes convening government and industry groups on nationally important topics, responding to consultations, engaging on legislation, contributing to All-Party Parliamentary Groups and engagement at a local level.

We seek to be transparent about our work and ensure we understand the views of a broad range of voices. Our approach has also allowed us to be a convening force across government and industry groups.

Example outcomes of engagement
- Bringing together UK government departments, devolved governments, statutory bodies, and nature conservation and industry groups, we are building environmental evidence to enable the sustainable deployment of offshore wind in a holistic way
- We provided written evidence to the Northern Ireland Affairs Committee inquiry into Renewable Energy and Net Zero. We shared our thoughts on barriers to the deployment of offshore renewables and views on the policy and regulatory prerequisites we believe will be critical to enable successful commercialisation of offshore wind in Northern Irish waters

Our business model

We are a unique business established by an Act of Parliament and occupying a space between the public and private sectors.

We use financial, physical and natural resources to create value for the country.

Our unique strengths

- Our broad ownership across the country
- Trusted brand and reputation
- Our independence
- Power to convene and catalyse
- Long-term view

Our core activities

- We optimise the use of our land and capital across our portfolio
- We leverage our scale and diversity
- We align with our customers' goals
- We draw on our relationships and unique strengths
- We invest in data and technology

Our strategic business units

Marine

London

Regional

Windsor & Rural

Read more on **pages 5 and 46-47**

Creating value for our stakeholders

- The Sovereign
- The Treasury
- Customers
- Communities
- Partners
- Our people
- Governments and regulators

Our strategy

Through our strategy we seek to make a difference in addressing national needs, where we believe we can have an impact.

Driven by a purpose:
to create lasting and shared prosperity for the nation

Drawing on our unique strengths and values

Caring
Together
Creative
Impactful

Addressing national needs

Climate change and energy needs
Nature loss
Growing pressure on urban centres
Economic challenges

Our strategic objectives

Net zero and energy security

Be a leader in supporting the UK towards a net zero carbon and energy-secure future

Nature recovery and biodiversity

Take a leading role in stewarding the UK's natural environment and biodiversity

Inclusive communities and economic growth

Help create inclusive communities and support equality, economic growth and productivity

Generating financial returns

Responsibly generate value and financial returns for the country

Creating value for the nation

Our strategy will help deliver an ambitious set of long-term national outcomes, which can support the national policy agenda, drive economic growth, and support improved productivity through all our activities to maximise returns to the Treasury.

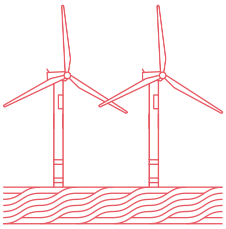
Financial
We aim to balance short-term and long-term financial value, achieving returns today and for future generations

Environmental
Helping to tackle the global climate and biodiversity crises by creating greener, healthier places and accelerating renewable technologies

Social
We play a positive role by tackling inequalities, prioritising health and safety, and creating inclusive opportunities

Enabled
The indirect value we enable through our activity, for example jobs created through the offshore wind industry

We're working hard to help the UK become a net zero carbon nation – and secure an energy supply for future generations.



36
wind farms operating across the UK (excluding Scotland)

11.8GWⒶ
cumulative operational capacity

15%
reduction in energy consumption against our 2021/22 baseline

Find out more about our Offshore Wind Evidence and Change Programme at:
thecrownestate.co.uk/offshore-wind-evidence-and-change-programme

These are the UN Sustainable Development Goals that relate to this strategic priority, and to which we seek to make a positive contribution:

Our net zero and energy security priority is an important part of how we use our resources to create long-term value. We see ourselves as having a dual role: taking direct action to decarbonise our own assets and operations, and contributing to the UK's climate and energy goals (where we can have the greatest impact). These two lenses guide our decisions about where and how to invest as we seek to have the greatest possible impact towards net zero.

As custodians of the seabed and a significant portfolio of land we are uniquely placed to support the national journey to net zero through offshore wind, carbon capture and storage, and nature-based solutions. We are also mindful of the opportunities the transition presents to support our other strategic priorities of nature, communities and the economy, and aim to create holistic value where we can.

At a time of climate crisis and wider instability, the need for clean, renewable energy has never been clearer. We have been at the forefront of UK offshore wind for over two decades – helping to drive the country's current position as a world leader in the sector, while supporting the development of other technologies such as carbon capture, wave and tidal energy, and hydrogen, and working to protect nature.

Offshore wind is already delivering significant financial value for the nation, as well as supporting the government to meet its commitment to reach net zero by 2050. It will also create the opportunity for tens of thousands of new jobs.

While our renewable energy interests displace many times more carbon than our operations create, our policy is that we do not consider emissions as offset. Rather, we have an absolute responsibility to cut carbon from our own assets and operations, basing our actions on data and evidence. Using data helps us to identify the areas where we can have greatest impact, and we take care to align our actions with science and best practice.

In preparing our enterprise-wide carbon baseline and net zero trajectory, we are considering the emissions that we can control from our own operations (Scopes 1 and 2) as well as those we can influence through relationships with customers and suppliers (Scope 3).

Where possible, we are also working with others to achieve collective impact and drive forward best practice. One key area of focus is reducing emissions from buildings, which the Climate Change Committee (an independent, statutory body established under the Climate Change Act 2008) says will need to be eliminated for the net zero goal to be achieved. Improving energy use and efficiency in our buildings, including by investing in refurbishment projects such as New Zealand House (see page 25), is helping us to do this in relation to our own buildings. Through our pioneering net zero housing pilots in the North West and South East (see page 36), we are testing an ambitious new approach to sustainable construction that we will seek to reproduce at scale on future projects – and share with wider industry.

Other examples of our activities include engaging with suppliers to embed sustainable practices; implementing new tools and technologies to improve decision-making; working with farmers to make food production more sustainable; and investigating the capacity of our portfolio of assets to sequester carbon.

The work is being steered by our Net Zero Taskforce: an agile, enterprise-wide team that meets each month to drive progress and shares regular updates with the Sustainability Committee. Members act as ambassadors across our business, seeking to embed our net zero goals into everything we do.

This chapter is divided into two parts, the first focusing on our activities to support the UK's transition to net zero, and the second sharing ways in which we are decarbonising our own business, with a view to sharing our learnings and best practice more widely.

Ⓐ Independent limited assurance (see inside front cover)

Decarbonising the UK

As custodians of the seabed around England, Wales and Northern Ireland, we have a vital role to play in supporting the UK's leading position in offshore wind. We have been at the forefront of the sector since 2000 and are proud to have 36 wind farms operating across our marine holdings – including Hornsea 2, the world's largest wind farm. They have a combined capacity of 11.8GW, the amount of electricity needed to power 11 million homes. Our seabed holdings exclude Scotland but we work closely with Crown Estate Scotland to realise the UK's energy goals.

The UK government has an ambition to deliver 50GW of offshore wind by the end of this decade, and to support this we now plan to deliver seabed space for a further 20-30GW of renewable offshore energy off the coast of England and Wales by 2030.

Floating offshore wind

In February 2024, we launched our Offshore Wind Leasing Round 5 (Round 5) tender process for innovative new projects in the Celtic Sea, bringing floating wind farms to the coast of Wales and the South West of England. More than 260 turbines are envisioned across the three sites, each up to 300 metres tall (about the height of the UK's tallest building, The Shard), and sitting on an anchored platform the size of a football pitch.

These pioneering projects have the potential to make offshore wind even more efficient, putting turbines into deeper waters, where wind patterns are stronger and more reliable, to generate 4.5GW. They further stand to deliver a significant jobs and skills boost, particularly in Wales, including through our Supply Chain Accelerator (see pages 36-37).

It has taken intense focus from The Crown Estate team to bring the project to life. For the first time, we completed a plan-level Habitats Regulations Assessment (HRA) ahead of the leasing process. This means developers will be aware of any mitigations they will need to make at the outset, reducing the risk of delays.

We completed comprehensive surveys over a 100-day period in 2023, with a crew of 30 people from a leading specialist supplier using towed and hull-mounted sensors to gather geophysical data on the properties of the seabed and sub-seabed.

We have also consulted extensively with stakeholders including the UK and Welsh governments, the National Grid Electricity System Operator (ESO), environmental NGOs, potential industry partners and the fishing community in England and Wales. We look forward to concluding Round 5 in 2025.

Expanding capacity

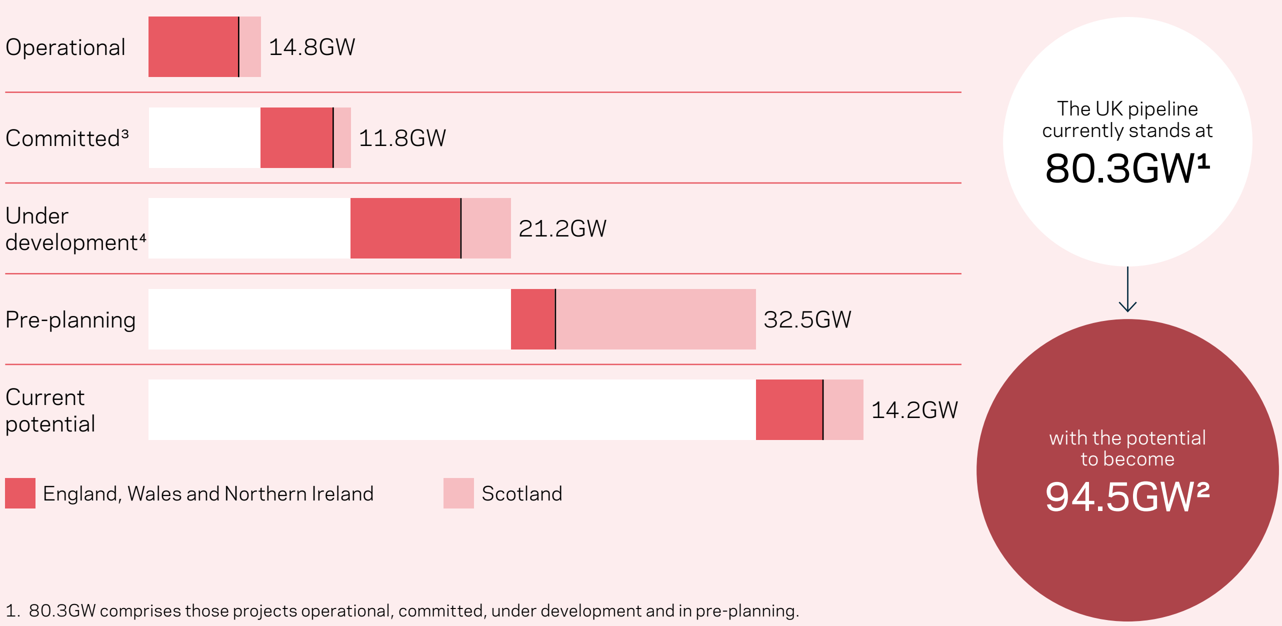
While launching Round 5, we have continued working to progress our more advanced offshore wind projects to deliver more energy, faster.

Last year, as a key milestone of Offshore Wind Leasing Round 4, we announced that we had signed leasing agreements for new offshore wind farms off the coasts of North Wales, Cumbria, Yorkshire and Lancashire. We are now working with developers to deliver sustainable energy faster, sharing project surveys and valuable data to de-risk these projects.

In addition, we are looking into whether we can expand the capacity of wind farms that were approved in previous leasing rounds. Technology has advanced since the rights for these projects were awarded, and the wind farm developers believe that they can generate up to 4GW more electricity. We are currently conducting HRAs in relation to these extensions and

A Independent limited assurance (see inside front cover)

UK total offshore wind pipeline at 31 March 2024



1. 80.3GW comprises those projects operational, committed, under development and in pre-planning.
2. Subject to new leasing.
3. Committed: Capacity under construction or projects that have government support on offer.
4. Under development: Capacity that has an Agreement for Lease and has either received planning consent or is in planning and has not reached final investment decision.

working with nature conservation bodies and regulators to consider whether this capacity can be made available in a way that stays true to our commitments to nature. Growth in offshore wind will bring onshore opportunities including jobs and regeneration, and our Regional team is scoping projects in key locations in the North East and South West that are designed to support both the marine operations and local people (see Inclusive Communities, pages 36-37).

In Northern Ireland, we are keen to play our part in delivering the significant investment that offshore wind could bring to the country. In May 2023, our Chief Executive met with officials and stakeholders in Belfast to discuss opportunities in the Irish Sea and we hope to progress these conversations with power-sharing now restored.

Investing in other renewables

Building energy security will require a number of clean energy sources, and we are using our portfolio to support the development of other renewable technologies as well as offshore wind and our two longstanding onshore wind farms in Kent and Northumberland.

We are now investing in the development of tidal energy through a demonstration project off the coast of Anglesey, which we first leased in 2014. Run by the social enterprise Menter Môn, Morlais is a tidal stream energy project that manages a 35 sq km area of the seabed off the coast of Ynys Môn (Anglesey). With a maximum capacity of 240MW, Morlais is the largest consented project of its kind in the world. Unusually, it is technology agnostic, allowing developers to install a range of tidal stream devices at sea and helping to advance this important growth sector.

To avoid harming wildlife, the licence requires developers to detect and monitor marine mammals. Morlais is also adding value to the community by partnering with schools to deliver education projects, and using local suppliers where possible (80% to date). Building on an initial £1.2 million investment, The Crown Estate will spend £1.4 million over the next two years (to be match-funded by partners) to further develop the technology and approach. If this is successful, it will have applications for the whole tidal stream industry.

> “We are delighted to have The Crown Estate’s continued support for Morlais, helping us to unlock consenting challenges and to realise the commercialisation of tidal stream technologies, thereby adding economic value to the community.”
>
> **Gerallt Llewelyn Jones**
> Director, Menter Môn

We are also installing more renewable energy solutions across our own portfolio, supporting our own net zero goals and showcasing clean energy solutions to wider industry. These will add to existing assets such as the solar panel system at Rushden Lakes retail park, and a biomass boiler and district heating system providing a sustainable alternative to gas on the Windsor Estate.

Additionally, we are considering the most beneficial energy solutions for major developments such as Cambridge Business Park and new mixed-use regeneration projects around the country.

Electricity and the grid

In December, we signed a renewed Statement of Intent with the ESO to help us work even more closely together to deliver on UK clean energy targets, while protecting the environment. The electricity grid will need to be upgraded to support the transition to net zero and the government’s ambition to have 50GW of offshore wind online by 2030. The ESO’s network designs include plans for a number of electricity transmission links around our coastline, and in the next year we hope to provide leases to support several of these to connect around the coast of England and Wales.

Electricity interconnectors also play a critical role in the energy system by balancing supply and demand between countries. We signed one new lease agreement in the year, for an interconnector that will link the power markets of Great Britain and Germany by 2028.

Carbon sequestration

We recognise the potential for carbon sequestration to play a crucial role in achieving net zero emissions, whether through nature-based solutions such as restoring and creating woodlands and peatlands, or through carbon capture and storage (CCS) technologies.

We are working to assess the carbon sequestration potential of our land, which benefits not only our net zero carbon ambitions but also our strategic goal of supporting nature. In our Rural portfolio we are beginning to act on this, with initiatives such as hedge and tree planting (see page 28), as well as scoping projects to restore carbon-rich habitats such as saltmarsh and peatland.

At the same time, we are developing our understanding of sedimentary carbon, sometimes called blue carbon, on the seabed – particularly how it may be impacted by our leasing activities, and where there are opportunities to enhance carbon sequestration and restore marine habitats.

All nature-based solutions for carbon sequestration have the potential to enhance habitats and biodiversity, and we are focused on delivering optimal outcomes for both.

Net zero carbon and energy security continued

Project person: Habtom Okube

A guide to carbon capture and storage (CCS) from the Marine team's Asset Advisor

Tell us about your role
I support the CCS, Hydrogen and Gas Storage team in a project and asset management role, assisting with lease negotiations and building customer relationships. I joined The Crown Estate two years ago through a care leaver internship scheme, having graduated in chemical engineering.

What is CCS?
Carbon capture and storage involves capturing CO_2 from heavy industry and injecting it deep below the ground for permanent storage. Different technologies make this possible – one example is post-combustion capture, which extracts CO_2 from fossil fuel-powered plants, especially those using coal or natural gas. It can then be transported and permanently injected into the ground in the same way that oil is extracted, except going in the opposite direction.

How is The Crown Estate involved?
The best location for these projects to store carbon dioxide is deep under the seabed in depleted oil and gas fields or saline aquifers. As custodians of the seabed, we grant leases to operators to develop infrastructure for CO_2 transport and storage. It was exciting to sign our first CCS Agreement for Lease (AfL) with bp for the North Endurance project in October. We are now very close to completing a second AfL on another project, while also laying the groundwork for future leases.

Why is this important?
I'll put it this way – there will be no net zero without CCS. It's a crucial technology for mitigating climate change by reducing hard-to-eliminate greenhouse gas emissions from industrial processes and power generation. Even green industries create emissions, so injecting them into permanent storage is an important part of our journey to net zero.

Carbon capture and storage

In October 2023 we awarded an Agreement for Lease (AfL) for what could become one of the world's largest CCS projects, below the North Sea.

The 'Endurance' project plans to store hard-to-abate carbon emissions captured from heavy industry in Teesside and Humberside contained in a reservoir in the rock deep below the seabed.

The scale of the project means it could make a significant contribution towards the UK government's ambitions to capture and store 20-30 metric tonnes of CO_2 per year by 2030. And it is expected to create jobs and growth locally.

We will continue to work to bring future CCS opportunities to the market, including the development of our own CCS leasing process. The goal is to create 37 carbon stores by 2035.

Decarbonising our business

The UK's transition to net zero cannot be solved by renewables alone. As one of the UK's largest landowners, we have a responsibility to decarbonise the assets we hold – and we are taking steps to do this.

To help us succeed, it is essential that we have high-quality, consistent data across our portfolio. We acknowledge that we have faced challenges in this area, with data-gathering largely outsourced and spanning a diverse range of assets. Improving our data has been a key focus for the year and one of our most important areas of progress.

We are expanding on existing data sets to map emissions across our Rural and Marine activities, giving us a complete, enterprise-wide view of our carbon footprint across our entire operations and activities (Scopes 1, 2 and 3) for the first time. This will help us focus attention where we can have the most impact. We will use this baseline to develop net zero targets and trajectories, in line with science and the latest industry best practice, including standards such as the Greenhouse Gas Protocol. We continue to consider climate-related risks and opportunities using the Task Force on Climate-related Financial Disclosures (TCFD) framework (see pages 61-70) and we have also established a double materiality project, assessing the financial, environmental and social impacts of – and risks to – our business (see page 76).

"I'd look at these buildings but I'd never think about the work that would go behind it. My apprenticeship has given me the chance to be part of preserving London's history and building its future."

Sebastian Vassilev
Apprentice stonemason, Paye Stonework and Restoration

Building efficiency

The Climate Change Committee's Net Zero Report sets out that buildings are a major contributor to the UK's carbon emissions. This is one of the key reasons we are looking to pioneer net zero housing with ambitious pilot projects in Knutsford, Cheshire and Wootton, Bedfordshire that aim to create 110 new sustainable homes in total.

We have adopted the LETI 2030 residential standard for embodied and operational carbon for these projects, a stretching and rigorous standard that goes well beyond current building regulations, and we will share our learnings with industry. You can read more on page 64 and we will continue to report on their progress.

As a major landowner it is important that we take steps to decarbonise our existing buildings by making them more energy efficient, switching energy sources and reducing energy consumption wherever we can. We are pleased to report a 15% reduction in total procured absolute energy consumption against a 2021/22 baseline (see case study, right).

In London, where our emissions from buildings are highest, we aim to be a leader in urban sustainability. Having had challenges in the past, we have made progress this year on improving our data and energy reduction targets. We are driving the energy efficiency of our buildings through physical improvements, and working closely with our customers on measures such as optimising building management systems, metering and training (see Changing Behaviour on page 24). One recent project saved 43tCO_2 (equivalent to 43,000kg) in just six months.

While we are pleased with the reduction in emissions from our properties across the capital, we recognise that there is much more to do. The ongoing major refurbishment projects at 10 Spring Gardens (see page 67) and New Zealand House (see page 25) are examples of our low-carbon, sustainable approach. Given the historic nature of our portfolio, these efforts are taking significant investment – but with nearly a quarter of all UK homes and almost a third of commercial properties classed as historic buildings, it is essential to take action.

Last year, we worked with our partners at Grosvenor, Peabody, Historic England and the National Trust to identify that a workforce of over 200,000 will be needed to retrofit all these properties by 2050. As a next step, we recently sponsored the Heritage Retrofit section of the UK Net Zero Carbon Building Standard, and hosted a roundtable discussion for other heritage property owners. We are now conducting a skills gap analysis with our capital works contractors to understand what they need to scale up their retrofitting capabilities. The Workwhile charity is also helping us support our supply chain partners to train the next generation of workers in these vital skills by creating green construction apprenticeships.

Our Net Zero Filter

As we continue our work to decarbonise our buildings around the country, our Net Zero Filter is an invaluable carbon management tool, setting out stretching targets aligned with leading industry benchmarks for embodied and operational carbon use, based on guidance from bodies such as the London Energy Transformation Initiative (LETI), the Chartered Institution of Building Services Engineers (CIBSE), the Building Research Establishment (BRE) and the Royal Institution of Chartered Surveyors (RICS), as well as our own in-house research.

The Net Zero Filter is embedded within our Development Sustainability Principles (DSP), which were first set out in 2013. This document has an important role to play in articulating our minimum requirements for real estate developments, covering ten themes including climate resilience, sustainable travel and social impact. We are now in the process of updating the DSP to align with our current commitments to a net zero carbon future, as well as our social values.

The DSP and Net Zero Filter have helped to inform projects such as our first low-carbon retrofit works on two buildings in Cambridge Business Park, which concluded this year. Our assessment looked at whole-life carbon and sequestered embodied carbon for both buildings and found pragmatic solutions to improve their energy performance. The project replaced natural gas heating systems with electrical alternatives, and used data to optimise operations, creating an estimated annual saving of 200,000kWh. Following the success of these works, we are rolling out similar projects across our Regional portfolio.

Improving our energy performance

In 2022/23, we reported that we had not met our target of reducing our absolute energy consumption by 5% against a 2021/22 baseline. While we had made progress, we had struggled to manage energy use, harness data and co-ordinate collective action across our diverse portfolio of assets.

This experience taught us a lot and we redoubled our efforts this year, setting ourselves a target of reducing energy consumption (net of electric vehicle charging) by 10% across our London, Windsor and Regional real estate, with a stretch target of 13%. By the end of the year, we had exceeded both targets, with a reduction of 15%.

To make this happen, we consulted data scientists and expert advisers to look in detail at how we collect energy performance data and how energy is managed at a granular level, building by building. We identified and implemented 'quick wins' such as upgrading lighting and air conditioning systems, and reviewed hundreds of energy meters.

We also created a team of engineers to find short-term fixes and develop longer-term decarbonisation plans, creating 'building passports' to provide valuable data for each property. Our supply chain colleagues have been integral to this effort and we have also reviewed contracts to ensure they support carbon reduction outcomes.

As we progress towards a net zero future, we will maintain this forensic approach and set ourselves new, stretching targets for next year. Our past experience shows that progress is not always straightforward, but we are committed to the journey.

"The interventions we've made have turned around our energy performance this year. While there is more to do, it's been inspiring to see the team pull together on this and deliver a great result."

Simon Harding-Roots
Managing Director, London

Changing behaviour

Improving awareness around energy usage and implementing best practice have been key drivers of our progress on energy performance this year, and will be critical to reducing our carbon footprint across the board. Our team at Windsor has completed the Carbon Literacy Programme and we will roll out similar training to other business units.

In London, we have optimised our building management systems, introduced more metering and trained our managing agents to understand why these measures are in place, and what they can do to further reduce our carbon footprint. The training was designed to empower the teams who work most closely with our customers to speak confidently about our carbon ambitions, and challenge actions and behaviours that would be detrimental to environmental performance.

These efforts are being supported by a group of technical troubleshooters who help to control systems and timers, heating and cooling, and resolve issues with equipment, as well as driving customer energy reduction initiatives. This summer we plan to bring the management of our London properties in-house, bringing new opportunities to improve our carbon management and oversight.

Our Regional sites are also focused on improving habits. In Exeter, the Princesshay shopping centre has been shortlisted for a Sceptre Award: Sustainability Initiative of the Year for its 'We Can Do More' campaign. More than 75% of customers at Fosse Park in Leicestershire have signed a green travel pledge, leading to a 20% reduction in single-car occupancy travel.

Sustainable farming

Agriculture is another area in which we hope to play a significant role in progressing our own and the country's net zero ambitions, as the sector is estimated to be responsible for 11% of the UK's carbon emissions.

Across our let farms on 28 rural estates from Somerset to Northumberland, our Rural business unit has long held some of the highest-quality arable estates in the country, with a wide range of primary outputs – from cereals, dairy and field vegetables to turkeys and venison.

Our new rural strategy aims to achieve a better balance between sustainable food production and nature recovery, and we have spent a considerable amount of time speaking to farmers to understand the barriers to change and find ways we can support the transition to a more integrated farming model.

In the past year we have begun trialling a contract farming arrangement in the West Midlands. This brings a much closer working relationship with our farmers that will allow us to pilot some lower-carbon techniques and share our learnings.

Separately, we are beginning the rollout of our new Environmental Farm Business Tenancy agreements, which are designed to support nature recovery and carbon reduction. Through these agreements, developed with input from the Tenant Farmers Association, we will offer farmers longer leases (15-year terms) at lower rents if they adopt a more sustainable farming model reducing carbon emissions and water usage, improving soil quality, driving safety standards and building in social value through access, signage and education.

So far, our tenants have welcomed this novel approach, which gives them greater security amid the wider uncertainty in the agricultural sector, helping them to diversify and build resilience while contributing to our environmental goals.

Sustainable design in practice

Mezel Farm Barns in Windsor Great Park was one of the first projects to use our updated DSP and Net Zero Filter. Previously a livestock farm, it was redeveloped in a £5 million project to create a 30,000 sq ft storage facility for The Royal Collection Trust's retail operation.

Before construction began, the project specification was reviewed to ensure it would contribute to our net zero targets. As a result of these modifications the office spaces were highly insulated to minimise energy use across the development. A solar array capable of meeting the peak requirements of the buildings, and with capacity for future electric vehicle charging, was installed on the roof and air source units were installed for heating. As a result, the project has achieved an A+ Energy Performance Certificate (EPC) rating, with a score of -12, meaning that the site generates more energy from its renewable energy systems than it consumes.

The farm-style buildings, designed to sit comfortably within the Windsor Great Park landscape, have been built using Windsor timber, low-carbon concrete and structural steel with the highest recycled content available in the UK.

We engaged accessibility consultants to ensure the development was truly accessible, and conducted a biodiversity net gain assessment that delivered in excess of 400% net gain by incorporating tree and hedgerow planting, wildflower areas and bird boxes.

The building is now occupied and fully operational.

A+
EPC rating

400%
biodiversity net gain

A retro-fit for the future

We're breathing new life into a 1960s modernist landmark, through a 21st-century retrofit with sustainability and placemaking at its heart.

The iconic mid-century architecture of New Zealand House dominates the skyline in London's Haymarket district. Completed in 1963, its design by renowned architect Robert Matthew paved the way for a broader acceptance of modernist and tall buildings. It was the first major office tower in central London, the first to be fully air conditioned and the first to be fully glazed on all sides.

However, once a beacon for modernity, New Zealand House is now in need of refurbishment. In 2021, after engaging with key stakeholders to shape our thinking on its future, we received planning permission to breathe new life into this iconic landmark and to refurbish the adjacent Royal Opera Arcade.

Sustainability lies at the heart of these plans and the complex retrofit of New Zealand House, now underway, is a flagship example of our low-carbon approach to developing our assets.

We will retain 90% of the structure and preserve 1,600 sq m of heritage finishes, respecting the listed status of both buildings. Over 1,300 sq m of marble will be reused in the refurbished development and over 7,000 items in the building will be reused in other schemes. We are working to source as much reused steel as possible and the construction site will be powered by solar energy.

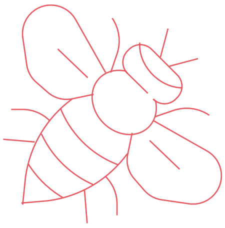
The glazing, an integral feature of the original design, will be replaced with a high-tech alternative that improves thermal performance, and we will install digital systems to monitor environmental performance accurately.

These measures will support our drive to achieve excellence in sustainability. We aim to achieve a BREEAM Outstanding rating and to be one of the first retrofit projects to target a NABERS five star Excellent accreditation.

The redevelopment also respects the historical significance of the site, which is a symbol of the close ties between New Zealand and the UK. New Zealand House is Grade II listed, in recognition of its architecture quality and influence, and was developed as the home of New Zealand's High Commission in recognition of New Zealand's efforts in the Second World War. The Grade I listed Royal Opera Arcade was London's first covered shopping arcade.

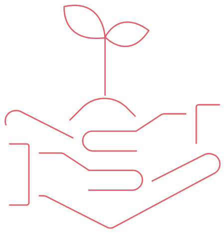
Together with a new hospitality offering, this flagship project will transform the wider Haymarket district into a destination that meets the evolving needs of the New Zealand Government, businesses and the local community – with New Zealand House once again taking centre stage as a leading example of progressive design innovation.

The UK's natural assets are in a depleted state and need to be restored and enhanced. This work is important not just for nature itself but for the communities that rely on it.



171
insect species at The Savill Garden and The Valley Gardens

15%
of our rural landholding is planned to be dedicated to nature recovery



The Crown Estate Environment Fund has been increased to
£10m
to support farmers with 'no regrets' nature recovery work

These are the UN Sustainable Development Goals that relate to this strategic priority, and to which we seek to make a positive contribution:

As custodians of diverse urban, rural and marine landscapes, The Crown Estate has a unique opportunity to contribute to nature recovery at significant scale. It is an urgent priority for us to restore biodiversity and improve the resilience of natural systems not just within our own assets, from the Windsor Estate to the seabed, but across the wider country.

To support nature we must first understand it. Conserving ecosystems is a complex process and our science-based approach is rooted in data and evidence, through initiatives such as the Whole of Seabed Programme (see case study on page 31). We also recognise the need to consult subject-matter experts and work with partners on specific projects.

Gathering information helps us to design for nature across land and sea. Whether we are developing the Marine Delivery Routemap (see page 31) or adopting green leases, we aim to promote biodiversity in everything we do.

Given the scale of the challenge, collaboration will be essential. Nature recovery and conservation is both a local endeavour and a national one, and we are working with partners at both levels: for example by partnering with conservation organisations to share knowledge and resources, and by working with farmers to find ways to co-invest in nature recovery. Meanwhile, we are investing in research and scoping the potential for significant habitat creation.

Restoring the UK's ecosystems will take extensive investment, so we are keen to explore the role of high-integrity private finance in bridging the funding gap. Together with partners from Blue Marine Foundation, Esmée Fairbairn Foundation, Crown Estate Scotland, Finance Earth and Pollination, in May 2024 we published a roadmap towards high-integrity marine natural capital markets, sharing input from over 250 stakeholders across government, academia, restoration practitioners and financial institutions.

We are also funding a number of nature recovery and biodiversity research and restoration projects, including through the Offshore Wind Evidence and Change (OWEC) Programme, as well as investing in habitats on our own land, through initiatives such as The Crown Estate Environment Fund (see page 28).

This year we have been developing our strategy, and we are now working towards a set of company-wide nature commitments that define the role we will play and set the path for us to deliver our ambitions.

These commitments have been informed by engagement with a wide range of external stakeholders. In January 2024, we hosted a nature recovery workshop attended by over 30 organisations, including Natural England, the National Farmers Union, WWF and the UK Green Building Council. We received valuable, constructive feedback from these partners on our emerging approach – as well as input on areas of focus.

We are acutely aware of the scale of the challenge, as well as the potential for a negative impact on nature from activities in some areas of our business – for example rural farming or offshore wind – and we are constantly striving to achieve an effective balance.

Ultimately, nature is at the heart of the wellbeing of our planet and people. Working to reverse nature loss and promote biodiversity will support our other strategic priorities and ensure the long-term sustainability and performance of our estate.

Windsor's special role

Landscape and wildlife conservation is an important part of the Windsor Estate's 1,000-year history. Home to a vast array of habitats, flora and fauna, about 80% of the land is subject to environmental designation.

Our team spends significant amounts of time maintaining these Sites of Special Scientific Interest (SSSI), Special Areas of Conservation (SAC) and Special Protection Areas (SPA), but we want to do more. Our goal is not just to protect but to enhance our unique ecological habitats, delivering nature recovery.

To this end, we are undertaking the estate's most ambitious landscape replanting and restoration programme in three centuries. Begun in 2021/22 and provisionally planned as a ten-year project, it involves restoring areas of farmland and parkland with new trees, avenues, hedges and green lanes. Our team has chosen species that will support a range of wildlife, as well as providing climate change resilience. The transfer of The Royal Farms to The Crown Estate (see page 39) will only help to accelerate this work.

Rooted in history

Our most significant conservation responsibility is to maintain the largest collection of ancient and veteran oak and beech trees in Northern Europe. Many of the trees have been at Windsor for over 500 years and some for more than 1,000 years.

To maintain them, our activities include haloing – removing surrounding trees so that the older trees receive sufficient sunlight to thrive – and installing props to support heavy branches and slow the rate of decline of some of the oldest and most important trees.

The Windsor Estate team propagates saplings from some of these ancient and special oak, beech, maple and hawthorn trees. This year some of the new trees have been planted in a gene bank arboretum in the parkland, while others have been planted next to their parent trees to provide biological continuity in the long term.

To share our knowledge, we regularly take groups around the Deadwood Trail, a short walk that highlights the techniques we use to enhance decaying wood habitat. We have also been supporting managers of other ancient oaks in grafting their own new trees.

Elsewhere on the estate, further new habitats have been created, including new ponds and the restoration of a traditional orchard. For the latter, dead trees have been replaced with a mixture of apple, pear, plum, cherry and berry species that will provide a home for birds, butterflies and other insects as well as, it is hoped, a harvest of fruit for sale in the Windsor Farm Shop.

To help us understand the complex array of ecosystems present, we regularly monitor biodiversity across the 16,000-acre estate. An entomologist visited The Savill Garden and The Valley Gardens in the summer of 2023 to analyse the insect population and found 171 species. Eight of these are nationally scarce species, many of which are associated with the "rich flower resource" in the gardens.

Over the past four years we have commissioned the Game and Wildlife Conservation Trust to carry out annual farmland, parkland and woodland bird, and butterfly surveys to track and monitor the changes in local populations at Windsor, while our resident bat expert has identified a diverse population of bats. We also have two small herds of rare-breed cattle (British Whites and Longhorns) that graze some of our special habitats to help maintain their condition.

Each year we welcome many public visitors to the estate and the newly opened adventure playground (built with timber from our forests). We hope that through education and access to nature we are helping to support wellbeing and inspiring the wider population to care for the natural environment.

Tree and hedgerow planting

One way in which we are putting our nature recovery ambitions into practice is the plan to dedicate 15% of our rural landholding to nature recovery – in addition to our existing priority habitats, which cover about a fifth of our rural land area. Through partnering with our farmers to plant woodlands, hedges and hedgerow trees, and taking marginal land out of production around rural estates, we are enhancing habitats and providing additional benefits for water management and climate resilience, while reducing the carbon footprint of our business.

As part of these efforts we created The Crown Estate Environment Fund, with an initial sum of £5 million to support farmers for 'no regrets' nature recovery work such as planting new hedgerows and woodlands, and creating ponds. This fund has now been increased to £10 million in response to the support and enthusiasm of our tenant farmers, who have recognised that the potential advantages include protecting crops from flooding and soil erosion.

In the two years since the programme launched, they have planted around 200km of new hedgerows – double our original target. Many follow the model developed on the Windsor Estate of nine-metre-wide hedges with central hedgerow trees, which act as wildlife corridors in their own right. Working together with our farmers and The Forestry Commission, about 400 acres of new woodland have been created to date, and we hope that the increase in grant funding will drive further progress.

While we have an ambition to dedicate 15% of our rural land to nature recovery, food production remains a key priority on our farms, and it would not be appropriate to dedicate significant portions of the best-quality land to nature recovery, so our focus has been on lower-quality marginal land.

To assess the nature recovery potential of our farms in detail, in the past year we have employed local ecologists to work with our farmers to prepare bespoke environmental plans for each estate. These will form a key part of our new Environmental Farm Business Tenancy agreements, through which our farmers will seek to enhance habitat creation and nature recovery alongside food production (see page 24). We have been grateful for the support of the Tenant Farmers Association and our farmers in developing this new approach.

Restoring our coasts and seabed

Our ownership of the seabed and much of the coast around England, Wales and Northern Ireland affords us an enormous opportunity to deliver for nature, and we are taking a systems-led approach to managing this unique space for generations to come.
As demands on our marine space continue to grow, we recognise that providing for healthy, diverse and well-functioning ecosystems is essential. Together with key partners in government, environmental NGOs and the private sector, we are working to understand and plan for a range of future scenarios to help the UK meet the challenges of net zero and nature recovery.

Our Whole of Seabed Programme (see page 31) brings together the best available evidence across all marine and coastal activities, enabling us to identify prime areas of opportunity to deliver for biodiversity and ecosystem resilience.

Data is vital and we are helping to fill gaps in understanding of the marine environment, through both active survey activity – partnering with organisations such as the Sea Ranger Service to gather field data on birds and marine mammals in the Celtic Sea – and funding academic research to build our knowledge of how to best deliver positive change.

Through the OWEC Programme, we have funded the Marine Restoration Potential (MaRePo) project to map the distribution of threatened and declining marine habitats. The first of its kind, the project will give invaluable insight into how best to restore kelp forests, maerl beds, native oyster reefs, horse mussel beds and more.

We recognise aquaculture's wider ability to support local economies and communities as well as the environment, and we are interested in the potential of seaweed-based alternatives to replace agro-chemicals and plastic packaging. Together with WWF, we have co-commissioned a piece of research on the Future Value of Seaweed Farming in the UK. This seeks to identify a realistic growth scenario for seaweed farming in the UK, and identify the benefits and potential barriers to scale. This research is due to be published in autumn 2024.

We are also working to enable active pilot projects, developing our knowledge of how to deliver effective restoration and recovery on the ground – including extensive support for native oyster restoration (see case study on page 33). At various sites on Ynys Môn (Anglesey), the Tees and in the Solent, we are enabling projects that are trialling active restoration of seagrass and contributing to projects to scale up trials in the coming months and years. Working with the wider restoration community, we are helping to tackle system challenges such as seed supply and skills shortages.

As well as active restoration trials, we are considering how designing for habitats and species can enable recovery. For example, in Studland Bay, Dorset, we have provided funding for eco-moorings for recreational boaters, helping to reduce pressure from anchoring in this important Marine Conservation Zone. Through the

"The UK is one of the most nature-depleted countries in the world. The Crown Estate has been a critical partner in our seaweed programme, which is mapping the potential future benefits of seaweed farming for nature, people and climate."

Kate Norgrove
Executive Director of Conservation, Advocacy and Policy, WWF

A new model for rural estates

The Pewsey Downs Farmers Group was established in 2016 to enhance the landscape for wildlife in the North Wessex Downs Area of Outstanding Natural Beauty.

More than 20 farmers have joined the project, facilitated by a leading ecologist, focusing on 15 core objectives such as soil health, water quality, priority habitats and heritage features.

We were delighted to support this project by working with farmers on the Devizes Estate to produce an environmental plan, which will be an integral part of our Environmental Farm Business Tenancy agreements (see page 24). With a mixture of arable farming, livestock and intensive vegetable production, Devizes was an ideal place in which to trial these new agreements.

We learned a huge amount from tenants such as the Rider family, whose organic dairy farm uses an unusual grazing method to support herb-rich grass, and who have planted hedgerows and fruit trees to add further biodiversity.

The project has succeeded because those involved understood the local landscape (placing the right tree in the right place, as well as considering the value of chalkland, grassland and other habitats). Moreover, they have collaborated to create an outcome that is greater than the sum of its parts, showing how nature and agriculture support one another.

Their approach has already helped to inform our rural tree and hedgerow planting initiative and we will seek to replicate these landscape-scale benefits across our 28 rural estates in the coming years.

"Food production and nature recovery are both urgent priorities. Working with our farmers, we envisage a mosaic of land uses that supports both."

Paul Sedgwick
Managing Director, Windsor & Rural

Nature recovery and biodiversity continued

The park-to-park project

Regent Street was originally laid out as a corridor for the Prince Regent to travel from Carlton House at St James's Park to Regent's Park. Two hundred years later, we are collaborating with Westminster City Council (WCC) to create broader value along the street – optimising nature, wellbeing and climate change resilience while enhancing accessibility, inclusivity and links across the West End.

The park-to-park project will create a permanent replacement for the temporary public realm scheme we developed together during the Covid-19 pandemic, which comprises more than 5,000 sq m of additional pedestrian space, 330 planters, 60 trees, accessible seating and cycle lanes.

Following extensive public engagement in summer/autumn 2023, we learned that people's priorities for Regent Street's public realm are:

— introducing nature and greening
— preserving heritage
— prioritising pedestrian space

In response, we published the Regent Street Public Realm Vision Report in February 2024; and in a landmark Cabinet decision, WCC agreed to expand the scope of the project to include Haymarket and Piccadilly Circus. This year we will launch an international design competition to source the lead urban designer and commence design work, to be informed by further public engagement.

"The Crown Estate has a unique opportunity to lead by example on reconnecting more people with urban nature. We welcome their activities in helping to make London a greener, healthier and wilder place."

Mark Cridge
Executive Director, National Park City Foundation

OWEC Programme we are funding the NICE (Nature Inclusive Cable Enhancement and innovative Nature Inclusive Design) project to promote the coexistence of marine life on offshore wind cabling materials, supporting wildlife and leaving the natural environment in a measurably better state. The research aims to gather evidence on cable protection, with a focus on seabed life such as corals, mussels and barnacles.

Moving forward, these projects will inform our future approach to leasing for infrastructure sectors, looking for ways to avoid harm and deliver benefit for nature in everything we do. We have already started on this journey – placing requirements for developers in Offshore Wind Leasing Round 5 to deliver positive environmental value in the Celtic Sea – and it remains an area of focus.

Urban biodiversity

Supporting nature in towns and cities is another key focus for our team. Urban biodiversity provides vital connectivity for wildlife ecosystems, and it will be key to climate resilience, providing benefits such as cooling and flood management. Connecting people with nature is also valuable for their wellbeing and quality of life, as well as helping to build public support for nature across the country.

From roof gardens to wetlands, it is our intention to restore and connect habitats, in partnership with our customers and wider stakeholders. Our nature recovery efforts in towns and cities include working with Westminster City Council to promote green spaces and habitats in London (from street planting to green roofs) and planning a permanent green link between Regent's Park and St James's Park (see box, left).

We are separately including greening in and around our building developments and refurbishments across the UK. To generate innovative solutions, we held a Lab Day asking people working in the sector to consider ways to improve environmental and wellbeing outcomes, and raise awareness of the value of nature in urban centres. The idea we chose to implement first was to put 'vertical meadows' on construction hoardings, growing grasses and wildflowers from seed on a construction-friendly mat system to bridge biodiversity during construction and create a more pleasant environment for the community. We have now commissioned our first vertical meadow for our refurbishment works at 10 Spring Gardens in St James's.

Regionally, we are committed to making significant land available for habitat connectivity and public green spaces in mixed-use regeneration developments, including country parks and nature reserves. This will not only support biodiversity but assist with water management, climate resilience, community food production and people's wellbeing. Separately, at our landholdings in St Albans, we are working with partners to restore a chalk stream – a vital habitat for wildlife, as there are only 200 in the UK. While this work is at an early stage, it is an example of the more ambitious nature recovery work we are now seeking to undertake.

External air quality

We work in partnership with air quality experts at Imperial College London to monitor pollution levels across our London estate and help us to improve the health of our spaces. Since 2020, we have trialled a reduction from four traffic lanes on Regent Street to two.

As members of the London Air Quality Network, our observations of nitrogen dioxide, fine particulate matter and ozone from monitors near Heddon Street and Waterloo Place are publicly accessible. Observations for 2023 showed the annual average air quality concentrations to be within UK targets. We are also part of the Zero Emission Group and we expect that its measures to reduce road traffic will further improve air quality.

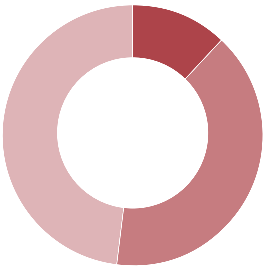
Water consumption

Over the last year, our direct water consumption has reduced to 321,281m³ (2022/23: 401,192m³). In the past reporting year, we have worked with our managing agents to improve water consumption data collection using new water meters, and we are rolling out a water efficiency project in our Regional portfolio.

Managing waste

Our reported operational waste, across our London, Regional and Windsor portfolios, has reduced from 7,334 tonnes in 2022/23 to 6,939 tonnes in 2023/24. The breakdown is shown below.

Operational waste – end disposal breakdown (2023/24)



Anaerobic digestion	12.1%
Recycled (following on site segregation)	40.1%
Total recycled	52.2%
Incineration off site (with energy recovery)	47.8%

Biodiversity at Rushden Lakes

Set amid an area of wetlands in Northamptonshire, the Rushden Lakes retail and leisure park is known locally as a place where visitors can interact with nature. In the coming winter the local Wildlife Trust, our conservation partner for the site, will release a pair of beavers into a gravel pit at the site.

This will return beavers to Northamptonshire for the first time in 400 years. As well as reducing the need for staff and contractors to remove willow growth around the lake edges, the beavers' foraging behaviours are expected to diversify the vegetation, creating more roosting and feeding habitats for wetland birds, invertebrates and bats.

Separately, our managing agent Savills has licensed a piece of land to be used as a community garden run by the Wildlife Trust. Students from a local college built planters, vegetable beds and fencing using donated materials, and the fruit and vegetables grown are donated to a local homeless charity. Groups of volunteers including children and elderly people visit the garden, which also includes a bug hotel and a pond inhabited by frogs.

The Whole of Seabed Programme

The seabed will be critical to addressing the climate crisis and nature recovery. Through our role managing this national asset, we have a responsibility to develop it for the benefit of future generations. Our vision is to create the most sustainable and attractive marine economy and environment in the world.

Recognising the growing demands on the seabed, we have now established a Whole of Seabed Programme to support these needs in line with our strategic commitments (net zero carbon and energy security, nature recovery and biodiversity, inclusive communities and economic growth, and financial value).

Through this pioneering project we are building on the data and evidence we have built up over the past 20 years by engaging with government, environmental NGOs, industry and marine experts to co-ordinate future activities up to 2050.

This information will be used to create a Marine Delivery Routemap, in partnership with other organisations, which sets out a forward strategy on how to best use the seabed. The routemap is designed to guide decisions around future leasing, licensing and where investment may be needed (for example in ports, supply chain, nature).

The Whole of Seabed Programme is complex and will develop iteratively, accounting for new evidence, tools and data. Ultimately, it will help to optimise the use of the marine space to deliver the best value for the economy, environment and communities.

Project person: Flo Peyton-Jones

How an internship programme helped us to understand bird behaviour in Cumbria

Tell us about your role and background

I am a Marine Insights Advisor, working in the Planning and Technical team. After graduating in marine biology, I worked as a graphic designer and professional puppeteer before doing a six-month Marine Futures internship with The Crown Estate, in partnership with Cumbria Wildlife Trust, Ørsted and Natural England, which led to my current role.

What did you do on your internship?

Myself and another intern worked on a range of projects in Cumbria, including investigating a kittiwake colony nesting on Walney 2 offshore substation. This involved visiting to monitor the colony, which allowed us to compare their numbers to that of a local population nesting on the Cumbrian cliffs.

And what did you discover?

Kittiwakes are thought to be particularly at risk from wind farms, so it was surprising that they made their home there in the first place. Even more surprisingly, they appeared to have higher breeding success than the local cliff-dwelling colony. We can't be certain as to why, but it is likely due to location – the colony living on the substation is well placed to go fishing!

How does research like this protect and support kittiwakes?

Research and surveys like ours help to inform advanced modelling that factors in collision risk, disturbance and barrier effects (when birds have to fly around wind farms to reach nesting and feeding grounds) to predict the impact of offshore developments. Those impact assessments can be used to inform mitigation, compensation and conservation activities like the creation of kittiwake hotels.

> "Nature for us is not something to be mitigated, but a focus in its own right. That is fundamental to how we manage and nurture the seabed."
>
> **Gus Jaspert**
> Managing Director, Marine

Protecting birds

While our efforts to create more and varied habitats in our Rural business should help to support bird populations, we are mindful of the impact offshore wind could have, and we continue working with the conservation community to understand the risks and how to mitigate them. A key partner in these endeavours is the RSPB, which has provided input on our nature recovery strategy and other activities including our Whole of Seabed Programme and the OWEC Programme. This year we allocated £9 million through the OWEC Programme to research projects focused on analysing and addressing the risks offshore wind farms pose to birds.

The Habitats Regulations Assessment (HRA) for our Offshore Wind Leasing Round 5 project directed developers to put a number of mitigations in place, such as limiting the sweep of turbine blades below 80m, the height at which birds are at greatest risk, and managing noise that can disturb or harm marine species.

With these measures in place the HRA – which was reviewed by technical experts from marine planning authorities, nature conservation bodies, relevant NGOs and the UK and Welsh governments – concluded that protected environmental sites would not be adversely affected by the projects.

Natural capital markets

The funding gap for nature is unlikely to be addressed by public and philanthropic funds alone. We therefore recognise the need for a collective step change in the way activities that benefit nature are financed, as well as an increase in the level of investment from the private sector into nature recovery. Creating the right frameworks that enable private finance to flow into nature-related activities is a priority.

Nature markets are already being established on land and are supporting an exciting proliferation of nature-focused activity across the UK. We have been working with a range of partners to understand the potential for high-integrity marine natural capital markets, and will continue to explore this, including our own role in piloting financial structures, delivery mechanisms and partnership arrangements that can support large-scale outcomes.

Restoring nature's water filters

Our early-stage funding, licensing and expertise are helping to restore native oysters in our seas to support nature recovery.

Oysters are nature's water filters. They clean water by removing pollution, nitrates and particulates, and oyster reefs provide vital habitats for marine life.

Despite their crucial role, native oyster populations have declined by 95% due to coastal development, water pollution, historical overfishing and trawling. This has contributed to a decline in natural habitats, as well as the community benefits brought by the once booming UK oyster fishing industry.

Using the land and seabed we manage to restore biodiversity and natural habitats is a core priority for The Crown Estate, which is why we are supporting research to understand how this critical component of our marine ecosystem can be revitalised.

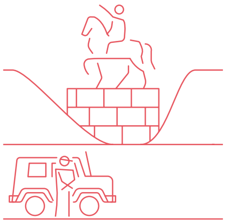
We're funding two research projects exploring where native oysters, and the type of seabed they need to grow, still exist. The aim is to produce and share evidence to support oyster restoration in the Medway and Swale Estuary in Kent, and more widely across the UK.

Findings will contribute to an ambitious project which aims to develop a restoration plan, including oysters, for the vast Greater Thames Estuary, one of the most important wildlife sites in Europe. We are providing our expertise on the agreements needed for such a large-scale project, and ways to bring in private finance to enable action at scale.

We've also used our unique position as manager of the seabed to support the innovative Wild Oysters project. Led by the Zoological Society of London, Blue Marine Foundation and British Marine, the project aims to restore our seas to health through the reintroduction of the native oyster. By providing the project with seabed licences in Wales and Tyne and Wear, we've freed up space to deploy cultch (the material upon which oysters grow), an integral part of the reintroduction process.

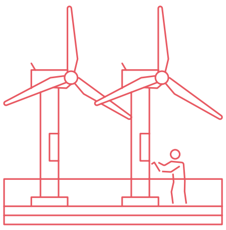
This combination of early-stage funding, licensing and sharing expertise demonstrates the breadth of support we can offer to drive innovation in nature recovery. We look forward to native oysters returning to critical mass so that they can once again improve water quality and encourage the return of essential wildlife and habitats.

As a company for the country, we strive to use our resources to benefit communities and support the wider economy.



3,000
jobs supported on our rural landholdings

150
young people joined a BAFTA key skills day to learn from industry professionals



30,000
jobs in the UK renewable energy workforce at present

100,000
projected workforce by 2030, according to RenewableUK

These are the UN Sustainable Development Goals that relate to this strategic priority, and to which we seek to make a positive contribution:

The UK is facing significant social and economic challenges. Income inequality is stark, the cost of living is putting pressure on households and official figures show child poverty at an all-time high.

Through the diverse portfolio of assets we hold, The Crown Estate has an opportunity to be part of the solution to these complex, interconnected issues. We want to ensure that our activities in support of national needs – contributing to nature recovery, energy security and the transition to net zero carbon while delivering financial value – will also deliver social impact at a local level.

Ultimately, these priorities cannot be separated and maximising our social impact is fundamental to enhancing our other strategic goals, including the long-term potential to create financial value for the nation. As we grow this part of our strategy, our work is guided by a set of social impact principles, which include addressing national needs, focusing on place, listening to and involving communities, and collaborating for collective action.

Guided by this framework, we have continued to identify places where we can create benefits that are greater than the sum of their parts. This means developing supply chains, infrastructure and housing in coastal areas to support our leadership in offshore wind, as well as creating jobs and building skills to support the decarbonisation of heritage buildings. It means working with family farmers to safeguard food production and the long-term future of their businesses while protecting nature. And it means focusing on mixed-use developments with the right blend of uses in regional locations, to support regeneration and help communities to thrive.

Listening to people and involving them as genuine partners in our decision-making is an important next step as we seek to develop such opportunities. Whether they are farmers considering the future of their businesses, members of our Youth Panel (see pages 42-43) or shoppers attending one of our retail parks, hearing directly about their lived experiences helps us understand where and how we can have a positive impact.

Making a difference takes time and involves a much larger picture of collective action together with our partners and stakeholders, but we are confident that we are moving in the right direction.

Supporting UK science and innovation

Science, technology and innovation are vital growth sectors as the UK looks to cement its position at the forefront of innovation globally. Our ambition is to invest up to £1.5 billion in the sectors nationally over the next 15 years, starting with multi-stakeholder projects around Oxford and Cambridge.

Home to one of the world's most intensive research clusters, Cambridge is the UK's fastest-growing city. However, it also suffers from a shortage of affordable housing and one of the highest levels of inequality in the UK. We have been working with our customers, local community groups and the city council to explore a regeneration project at Cambridge Business Park that we believe can be part of the solution.

Our vision is to deliver a hub for the UK's cleantech community in North East Cambridge, supporting local businesses, creating jobs and linking into a national innovation ecosystem to unlock investment. It includes plans for a new urban quarter, offering mixed-use space with labs, workspaces and incubators for university spinouts and other innovative companies.

In Oxford, another location that is vital to the UK's position on the global tech start-up stage, we recently announced a partnership with Oxford Science Enterprises, the world's largest university-affiliated investment company, and Pioneer Group, a key provider of services to science businesses, that will create much-needed lab and work space in the centre of Oxford. Our £125 million commitment will help us to transform a former department store into a mixed-use development offering 100,000 sq ft of much-needed lab space.

While in early stages, the Oxford and Cambridge developments show our commitment to using our resources and working in partnership to support strategically important sectors and deliver long-term revenue growth in our own portfolio, while cultivating lasting positive outcomes for communities.

Keeping the UK connected

One of the most impactful aspects of our business is also one the least visible: granting rights for cables that carry the data the UK relies on every day for internet use.

More than 99% of intercontinental communications pass through subsea data cables, which are far higher capacity and lower cost than satellites, making them essential for everything from banking transactions to video streaming. The UK's network of subsea cables make it one of the most connected digital hubs in the world, and together with our customers we are continuing to build global connectivity.

This year, our Marine team signed a new lease for one of the world's largest subsea cable projects, 2Africa. At 45,000km long, 2Africa will interconnect Africa, Asia and Europe, facilitating communications for over three billion people.

Our research suggests that the country may need around 25 new subsea cables to be installed by 2035. As people and organisations continue to deepen their reliance on digital technology – from staying connected with friends and family to finding new ways of doing business – demand for data is rising rapidly, making subsea data cables (and electricity connectors) ever more vital to the economy and society.

45,000km
length of the 2Africa cable

3 billion
people will be connected by the project

"We want to be bold in the market, working with innovative partners to develop high-quality housing that supports nature and net zero priorities."

Hannah Milne
Managing Director, Regional

High-quality homes

We are always looking to use our extensive portfolio of land to help address national and local needs, and we believe one area where we have the potential to do this is by contributing to innovation in housing. Through our new Regional strategy we are looking to develop the kind of high-quality, affordable and sustainable homes that communities need to prosper, making our learnings publicly available to inform best practice.

We are working to move forward a long-term pipeline of potential opportunities for mixed-use development projects in targeted areas around the country. In each case, we are working with local authorities and community groups to ensure that our proposals meet their needs and a social impact is built into our masterplan.

One project involves a 340-hectare site to the east of Hemel Hempstead, Hertfordshire, with the potential for about 4,000 homes. Here, we are working with the Hemel Garden Communities group, an inspiring development programme that brings several local councils, enterprise partners and landowners together to create attractive and sustainable new neighbourhoods, homes and jobs in the area.

Our pipeline also includes a pair of pilot projects in Knutsford, Cheshire and Wootton, Bedfordshire that will help us test and learn from new models in sustainable development. Across the two sites, we intend to create up to 110 houses and flats, 30% of which will be classed as affordable, in line with policy requirements. Working with ambitious development partners, our hope is to show that high-quality, net zero carbon homes are deliverable at scale and can form the cornerstone of vibrant communities. Read more about these projects on page 64.

Opportunities in offshore wind

As we develop our approach to offshore wind leasing, we have appreciated the need to be more intentional about how this thriving sector benefits people and places. In doing so, we hope to create a virtuous circle – working with stakeholders to deliver the skills and infrastructure needed to support the UK's transition to renewable energy, while helping to create thriving local economies and inclusive communities. In particular, the scale of potential growth from offshore wind and new grid connections will drive the need for significant new port and industrial supply chain infrastructure. This in turn will drive opportunities and economic growth around the country.

As an example of how our strategy is maturing, in Offshore Wind Leasing Round 5 we commissioned research to look at the supply chain requirements for this exciting project, which will place up to 260 turbines in the Celtic Sea. Manufacturing, transporting and assembling these turbines – as well as more than 1,000 anchors and 900km of cables – could potentially create 5,300 new jobs and deliver a £1.4 billion boost for the economy.

These opportunities have the potential to deliver a significant boost to the surrounding communities. To support progress and ensure the benefits are shared, we are working with key parties to create an action plan to develop supply chain and infrastructure capabilities in the region and nationally.

Through a stakeholder engagement exercise, we learned that one barrier that UK companies faced was an absence of early risk capital. With this in mind, we have created a £10 million Supply Chain Accelerator to fund early-stage projects. For the initial pilot funding round, launched in June 2024, we are looking for UK-based projects that link to the requirements of Round 5. Eligible projects could include factories, manufacturing plants, test facilities or storage and distribution centres. The Accelerator will provide funding of up to £1 million during the development phase, to cover activities such as market research, business planning, surveys, feasibility studies and planning applications.

For the first time, we have also included a number of contractual requirements in the Round 5 tender process for developers to work with the surrounding communities on developing plans relating to jobs, skills, engagement and volunteering. The goal is to connect the wind farms with the local area in a way that creates a positive impact. We expect to develop these requirements even further in future leasing rounds.

Elsewhere, we are scoping opportunities for regeneration or infrastructure investment linked to the growth of offshore wind and our Marine business. While these projects are at an early stage, we believe there is potential to bring together opportunities, investment and development that will support jobs, skills and training and the creation of new housing supply.

Ports and marine industry

Our Marine portfolio is enabling a range of commercial activities that add value to communities around the country. The UK's ports are hugely significant in terms of connectivity and for the national and regional economies, handling 95% of the nation's imports and exports. The sector employs about 125,000 people and serves many marine interests, including offshore wind, carbon capture and storage and aggregate extraction – all key interests for The Crown Estate. We continue to develop proactive relationships with our port customers, who are vital to accelerating and de-risking offshore industries, as well as driving wider social and environmental value in the communities they serve.

Marine aggregates are important to the construction sector, supplying almost 25% of the demand for sand and gravel in England and Wales. We continue to work with businesses, statutory advisers and regulators to develop best practice and the sustainable credentials of this important industry, which supports about 1,000 jobs.

Following our most recent tender for the exploration and extraction of aggregates in English and Welsh waters, a Habitats Regulations Assessment (HRA) has concluded and we are moving forward with agreements for 12 projects. We have an ongoing survey programme to help us understand the distribution of sand and gravel resources and inform future leasing activity.

Our customers in North East England are continuing to develop projects related to the extraction of polyhalite, a new type of low-carbon fertiliser. This will help to improve food security and support direct employment for between 1,000 and 2,000 people in North Yorkshire, Redcar and Cleveland.

Sustainable jobs and skills

The UK's transition to renewable energy will generate significant job opportunities, with RenewableUK expecting the current workforce of 30,000 in this sector to increase to 100,000 by 2030. This will support not just our net zero ambitions but economic growth around the UK; however, there is a significant skills gap at present.

Through a long-term partnership with the Department for Work and Pensions, we learned that one barrier to recruitment is that frontline jobs coaches may lack the knowledge to tell jobseekers about the roles and skills involved and inspire them to join the sector. To bridge the gap, we have convened a group, including industry partners and the Offshore Wind Learning Platform, to help an initial group of 60 jobs coaches in the East of England to learn more about the industry. If successful, the programme will be rolled out across all relevant locations.

Thinking forward to the next generation, we are keen to help develop a skills pipeline linked to the clean energy transition. Through our work with the social impact consultancy Hopscotch, we have identified that focusing on the 14-16 age group will be key and we have seed-funded an innovative GCSE qualification focused on engineering skills for offshore wind to provide proof of concept. Fifteen students will study the new course developed by Cornwall College over two years and, if successful, the content could be adopted more widely.

Linked to our offshore wind work in the Celtic Sea, we are working closely with Pembrokeshire College, which has run a pilot course called Destination Renewables, focused on equipping students with the manufacturing and technical skills for careers in renewable energy; and we have supported several careers fairs at Bangor University, aiming to make students aware of opportunities in marine sectors.

In Grimsby, we are partnering with Projekt Renewable, an education project that aims to inspire the clean energy experts of the next generation. We hope this partnership in an offshore wind hub will spark the local community's curiosity about the activity on the seabed to support nature and net zero, and inspire them to enter the sector.

"We are proud of our partnership with The Crown Estate, which ultimately provides great benefit to the learner community of Pembrokeshire."

Barry Walters
Principal, Pembrokeshire College

Project person: Donna French

The manager of Rushden Lakes sees the retail and leisure park as a community resource, providing social contact and access to nature

Tell us about your role and background

I've spent over three decades in retail and now work for Savills as the centre manager of Rushden Lakes, a retail and leisure park in Northamptonshire.

What makes Rushden Lakes a special place?

We are more than a shopping destination: with 220 acres of wetlands here, people will come to walk around the lakes, stopping in one of our many cafés and restaurants while enjoying the shops, which made us very popular in Northamptonshire and beyond. When the site was first planned, annual footfall was expected to be four million, but it is now about seven million.

How are you helping the local community?

A lot of people come here for exercise and social contact as well as shopping. It's important to me that we offer mobility scooters, which are a lifeline to some visitors.

We also have a community garden (see page 31) and two community sheds that we let out free to charities and small local businesses. Last year, 49 of them used the spaces.

What kinds of local businesses are benefiting?

One of the first to go in was a florist called In Bloom; she has done very well and was commissioned by a national retailer to hand out flowers outside its store when it rebranded. Another is a local mum who started selling Christmas wreaths and other crafts after having a baby. Another, who was selling refillable dry goods boxes here, now has a bricks-and-mortar shop locally. It's great to see them thrive.

"As a sustainable brand we were delighted to work with a like-minded team at The Crown Estate on our London flagship store, which we fitted out using 80% recycled materials."

Andrea Dini
CEO, Paul & Shark

In the South West of England, exploration for lithium in deep geothermal brines is continuing in the seabed off the coast of Cornwall. This work is aligned with the UK Critical Minerals Strategy, and has potential to support the production of batteries and electric vehicles, which are important to the UK's net zero ambitions as well as the automotive industry.

Supporting local economies

Through our diverse portfolio we are connected to local economies around the UK, and we are committed to building on these connections to deliver value for communities wherever we can. Our rural holdings alone support about 3,000 jobs, with another 5,000 people directly or indirectly employed through the Windsor Estate and Great Park. Meanwhile, our retail and leisure destinations support thousands more jobs in London and across the country, and we are actively promoting new opportunities to jobseekers.

One longstanding initiative is the Recruit Regional programme, which helps our customers connect with local people who are out of work. This year our workplace co-ordinators engaged with over 1,900 people looking for work. Of these candidates, more than 100 were offered jobs with local employers on the day, and over 600 progressed to second-stage interviews.

We also held several jobs fairs across our London and Regional locations. Over 80 customers and partners were represented at these events, which were attended by almost 2,000 jobseekers and generated more than 600 second-stage interviews.

83
customer and partner brands

786
vacancies

1,986
candidates

3,356
interviews conducted

114
offers on the day

648
progressions to second stage

> "A lot of people don't see themselves in the industry. I thought, OK, let me be that person so that people can be like, if he can do it, so can I."

Selorm Adonu
Writer and actor, BAFTA Key Skills Day

Increasingly, we are adapting our spaces and leasing models to support our customers to grow their businesses. In our Rural portfolio, under-used agricultural buildings have been repurposed as offices, workshops and storage facilities to help diversify our farmers' businesses. One former farm complex near Wolverhampton has been renovated to create business units and is now fully occupied.

Meanwhile, a number of new businesses have emerged from a pair of community sheds offered free to local businesses and charities at Rushden Lakes (see Project Person, page 38).

In London, we are striving to diversify our offering and attract a broader range of customers to the West End. Flagship stores welcomed to Regent Street this year included HOFF trainers, Bimba Y Lola and Paul & Shark. We also repurposed four West End units. Our district-led approach to leasing has led to the success of the Princes Arcade, which is now fully let for the first time in its history. Running between Jermyn Street and Piccadilly, the arcade has been used as an incubator space for young, design-led businesses to grow. It adds to the offering of the surrounding flagship stores by giving shoppers a chance to discover artisanal products from brands such as Luca Faloni, Sirplus and Mantidy.

In terms of work space, more flexible leasing continues to be popular with customers in One Heddon Street, our first flexible-service offering. Demand for prime West End office space has been strong in general, giving us confidence that we are delivering spaces where people want to come to work.

Windsor Farms and Farm Shop

In March, we were pleased to announce that The Royal Farms and Royal Farm Shop had transferred to The Crown Estate. The opportunity to bring both businesses in house for the first time in 40 years was a generational opportunity that will help us to align them with our broader Rural strategy and deliver on our net zero carbon and nature recovery goals at Windsor.

Managing these businesses, which we have renamed the Windsor Farms and Farm Shop, will further connect us with the local economy in Windsor. Comprising a mixture of organic livestock, arable land and grassland, the farms already sell their high-quality, organic produce through the popular farm shop and other locally based businesses, and there is potential to expand their reach through our wider retail portfolio.

Our sustainable business model will maintain the Windsor Farms' organic methods and focus on environmental enhancement. We hope that this will make the farms an exemplar of best practice, showcasing the very best of seasonal British produce and modelling a scalable solution to the twin challenges of food production and nature recovery facing the sector.

Opening up the West End

Our vision for London is to support renewal, helping the city to remain locally relevant and globally distinctive. In line with our social impact principles, we aim to do this by creating districts that are welcoming and accessible; environmentally and socially sustainable; and connected.

To that end, we have worked with Westminster City Council to conduct an early and meaningful consultation with residents, shoppers, retailers and tourists as well as our own accessibility ambassadors on the future of Regent Street. Their feedback is helping to shape our plans to attract and welcome more diverse groups of people to Regent Street, as well as boosting biodiversity (see page 30).

We are already developing the mix of brands and dining concepts to ensure there is a range of price points available. This year four units in the West End were repurposed for use by hospitality brands including Farmer J and Kiss the Hippo coffee. Where appropriate, we are including turnover rents, which can help us to attract brands, and in some cases to generate increased revenue where customers are outperforming.

Experiences such as the Future of Food pop-up (pictured) are further helping our West End districts to remain relevant. About 2,350 people visited the urban farm, including more than 300 children from local schools, and the event had an organic social media reach of almost 70,000.

Young people also benefit from ongoing projects in our spaces aimed at broadening access to careers in the creative arts. This year we launched the Arts ARKADE (see more on page 40) and held our second annual Key Skills Day in partnership with BAFTA at 195 Piccadilly.

About 150 young people (aged 15-18) joined us on the day to learn about presenting, games, short films and stunt choreography from industry professionals.

Inclusive communities and economic growth continued

Accessibility and inclusivity

Treating everyone with care and respect is core to our values, and we aim to create places that offer positive experiences for all. A key partner in these efforts is the AccessAble consultancy, which has conducted several accessibility audits of our destinations in recent years. We have acted on a number of its recommendations, such as making accessibility user guides available on the websites of our regional retail assets.

"It was a privilege to be part of the 'Let's Chalk' initiative during Mental Health Awareness Week and I had some fantastic and important conversations."

Matt Young
Founder, Who Needs Instructions

AccessAble's insights are also helping us to build accessibility into our designs. This can be challenging in relation to the refurbishment of heritage buildings, and we are keen to go beyond compliance to ensure our properties are truly accessible to all. To this end, we are partnering with Grosvenor, in consultation with several local landlords and a panel of people with a diverse range of lived experiences, to look at some of the systemic challenges and find solutions. Our joint report, to be published in the summer, outlines the business case for, barriers to and recommendations to improve accessibility, as well as direct quotes from the panel to illustrate their diverse needs. The ultimate goal is to define new standards for accessibility and inclusivity in the built environment.

Supporting mental health is equally important, whether through providing access to nature (from the Windsor Estate to street planting in London) or by training Mental Health First Aiders within our own teams and raising awareness through events and content.

A mural at the Princesshay shopping centre in Exeter during Mental Health Awareness Week encouraged people to stop, chalk and talk about their mental wellbeing. The 'Let's Chalk' concept was developed by a local campaigner who later died, and several local mental wellbeing organisations attended the centre to continue the work she started. Visitors were given the opportunity to leave their mark on an eight-metre-wide mural and offered support and guidance. The centre also put contact details for the Samaritans on nine 'listening benches' and launched a wellbeing room for its team.

Arts ARKADE

In January Arts ARKADE launched a dedicated space for young people to explore, learn and express themselves at the junction of Regent Street and Piccadilly Circus.

Launched with an evening of urban arts performances, the Arts ARKADE hub hosts programmes across music, gaming, movement, sport, fashion and art, catering to all levels of experience from beginners to established talent.

Arts ARKADE's vision is to use technology to build a new generation of urban artists – using augmented reality, generative AI and spatial computing technologies to create a platform that offers immersive experiences in and around Piccadilly, as well as allowing young people across the UK to take part in its programmes.

The space is an example of how we are leveraging our portfolio to invest in the future of London, building a hub for arts and technology and welcoming new groups of people to the heart of the West End.

"For us, being in the West End is a way to break down barriers by putting street arts and culture into an iconic cultural space. It's about changing how communities look at themselves."

Túndé Ọlátúnji
CEO, Arts ARKADE

Inspiring the next generation through Minecraft

We're harnessing the power of gaming to inspire young people to consider careers that tackle future challenges.

The transition to a low-carbon economy and the drive to restore nature will help address two of the greatest challenges of our time, and create new jobs and economic opportunity across the country through growth areas such as offshore wind, habitat restoration, sustainable homes and electric cars.

To help young people grow their knowledge and skills, and inspire them into careers in sustainability, we've partnered with Microsoft UK to create two new Minecraft Education worlds aimed at young people aged 7-14.

Minecraft is the best-selling game of all time, with over 140 million monthly active users. Partnering with Microsoft in this way enables us to reach primary and senior school students on a scale, and in a format, we could not achieve alone.

The Offshore Wind Power Challenge invites students to see if they can power a coastal village by designing and building an offshore wind farm. In doing so they learn about the challenges of planning offshore wind farms and protecting the marine environment, navigating the need to produce renewable energy while balancing the needs of all other marine users and nature.

Conservation Quest at Windsor Great Park gives students the chance to be a conservation apprentice at one of the UK's most renowned environmental and ecological sites. Their task is to manage the ecological health of the historic park by completing a series of quests to learn about the water cycle, the aquatic food chain, conservation and environmental management.

Each game is accompanied by supporting lesson plans and teaching materials aligned with the curriculum in each of the UK's devolved nations, and is available in English and Welsh. They have been downloaded more than a million times to date.

As we face the seismic challenges of protecting and restoring nature and building climate resilience, we know that new collaborations, approaches and innovations will help us to have impact at scale. Entering the world of Minecraft is one example of that, and we will continue to innovate and build new partnerships to deliver value for the country and for nature.

Listening to the next generation

The Crown Estate Youth Panel allows us to get closer than ever before to the perspectives of the next generation, and improve how we make decisions which will have impact over the long term.

In 2023, we established our first Youth Panel, supported by youth voice experts at 2-3 Degrees. Made up of 13 young people aged 16-20 who live or study in London, the Panel is part of our commitment to engaging more widely than ever before, and involving communities in our planning and decision-making.

Focusing initially on our London portfolio, the Panel has been meeting with our project teams through regular in-person workshops to share their ideas on our wider strategic direction for London, specific district developments and public realm.

While it is early days, we've quickly seen how much the next generation has to give, and wants to give, to make society a better place. Despite their youth, members of the panel have helped young children learn Arabic, volunteered in Beirut after an explosion, fundraised for a school in Malawi, become a Youth Councillor in Lambeth, and much more.

We've learned so much from hearing where their interests and priorities lie. Top of the agenda are environmental sustainability, inclusivity, congestion and accessibility, job opportunities for young people, social housing and safe spaces, AI and understanding how heritage and history can be maintained.

The ingredients which make up their favourite places in London include 'warm and cosy atmosphere', 'always something new to see', 'a vibrant and familiar place, perfect for socialising', 'seasonal greenery everywhere', 'culturally diverse' and 'a safe and quiet space where I can feel burden free'.

Learning that these topics resonate with the next generation is of vital importance to us as we continue to evolve our buildings and the spaces between them.

The workshops are an important learning curve for us, and offer the chance for us to support our panellists in return. We are delighted to help them develop their speaking, teamwork, leadership, resilience and creativity skills, so that the workshops become a learning space for all.

The Youth Panel has brought already fresh thinking and new perspectives to our thinking and inspired all those working with them. The diversity of thought they bring is an exciting prospect and we look forward to developing our plans with their input, so that we can add value to current and future generations.

"We are extremely excited about upskilling 13 incredible young people from across London to be the sounding board for The Crown Estate's plans and vision for the future. Work like this is changing the perspective and view that young people have about the built environment and also changing the views that the built environment has about young people."

Carl Konadu
CEO, 2-3 Degrees

In a short space of time, the Youth Panel has become an important part of our planning process. Here, some of panellists explain what the experience has meant to them, why the Youth Panel matters and what has stood out to them so far.

"If I were in charge of The Crown Estate's London portfolio, my top priority would be promoting a sense of community within London through various initiatives such as events. London being a community is important because it ensures that everyone feels welcome and included."

Dupe, 16
Lambeth

"I hope to be part of the start of more young people being confident to get out of their comfort zone; working with people they don't know, improving their self-esteem and knowing that their voice can help."

Milad, 16
Westminster

"In London I would like to see more help for people getting vocational training as well as education in order to aid people into some security and help society recover from the hardships everyone has suffered over the last couple of years."

Adam, 16
Westminster

"I, as well as other panellists, have worked hard to see what The Crown Estate can improve in London and the UK. I want to sow the seeds and see the rewards."

Crystal, 18
Westminster

"I think it is important for me to be a part of the Youth Panel and have my say, as we want to reposition opportunities to drive value and change catered to our needs for the future."

Hamza, 18
Newham

"I would like to see more from The Crown Estate about the development of technology such as artificial intelligence. It's going to affect everyone – what could we start doing about it now?"

Daniella, 16
Westminster

This year's £1.1 billion net revenue profit has set yet another record for The Crown Estate.

"We are making investments for the future – sowing the seeds for long-term growth in our business while supporting national priorities such as nature recovery and the transition to net zero."

Robert Allen
Chief Financial Officer

Revenue
£1.6bn
(2022/23: £742.6m)

Underlying profit
£1.5bn
(2022/23: £643.1m)

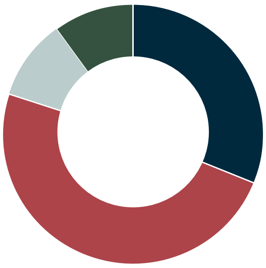
Net revenue profit
£1.1bn
(2022/23: £442.6m)

Property portfolio value
£14.1bn
(2022/23: £15.8bn)

Net assets
£15.5bn
(2022/23: £16.8bn)

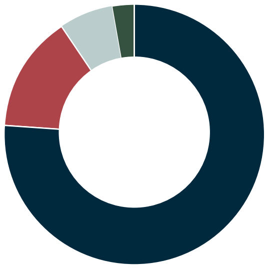
Capital performance
2.0 percentage points outperformance
(2022/23: 1.4 percentage points outperformance) against annual bespoke MSCI commercial property benchmark

Property value by business unit



Marine	£4.4bn
London	£6.9bn
Regional	£1.4bn
Windsor & Rural	£1.4bn

Revenue by business unit



Marine	£1,201.1m
London	£229.7m*
Regional	£104.8m*
Windsor & Rural	£40.1m

* Excluding service charge income of £47.6m (2022/23: £41.6m).

Our results set another high watermark for The Crown Estate, as the business generated a net revenue profit of £1.1 billion, which will be transferred to the Treasury for the benefit of the nation. We have also increased our investment activity, as we look to create long-term financial, economic, social and environmental value.

Despite some difficult times in the past year, with high interest rates and the cost-of-living crisis putting households under pressure, the UK economy is proving resilient. Given the wider context of global instability, the technical recession in 2023 was both brief and relatively light, and there are positive signs in 2024, as inflation reduces and economic growth returns.

For The Crown Estate, Offshore Wind Leasing Round 4 (Round 4) has again been the most significant driver of our financial performance, supported by the wider resilience of our portfolio. Signing the Agreements for Lease in January 2023 enabled us to start to recognise the option fee income, and in 2023/24 we recognised a full year's Round 4 income, increasing our net revenue profit, which at £1,100.7 million is £658.1 million higher than last year.

Revenue from Round 4 should be relatively consistent in 2024/25 and we then expect it to fall significantly as our customers enter their development phases. Following this, we expect that The Crown Estate's revenue and the value placed on our portfolio will normalise. Further detail about Round 4 can be found on pages 48-49.

Fluctuating energy prices and rising costs have led to some instability in the global offshore wind market. However, as explained in more detail on page 46, positive steps are being taken in the UK to ensure that the sector, which is vital for our future energy security as well as our net zero carbon goals, remains attractive.

Beyond offshore wind, our wider business also performed well. In London, market trends in West End offices are defying critics, demand is beginning to return for retail spaces and residential demand remains robust. As a result, vacancy rates for our properties that are available to let are 2.2%, down from 4.6% at this time last year, and revenue increased 3.2% to £229.7 million. Vacancy rates in our Regional portfolio are marginally higher than last year as a result of the improvement works we are undertaking at Cambridge Business Park. Despite this, profit is up as retail parks continue to show more resilience than other retail formats, and in the absence of one-off costs as experienced last year. Headline rent arrears across our London and Regional portfolios reduced to £27 million (2022/23: £33 million), and we are increasingly confident about the recoverability of these balances.

Meanwhile, the popularity of Adventure Play, our new adventure playground at Windsor Great Park, helped to drive footfall and revenue for the Windsor Estate. The addition of the Windsor Farms and Farm Shop to our portfolio in the final month of the financial year had limited impact on results, but will make a positive contribution in the coming financial year.

In the real estate portfolio, we have restarted our development pipeline, with major schemes underway at New Zealand House, 10 Spring Gardens and 33-35 Piccadilly covering an area of 250,000 sq ft. We also invested in refurbishment works at Langham House and 20 Air Street, where we achieved a 83,000 sq ft letting, one of the largest in London this year. Our investment is helping us to modernise our portfolio, decarbonising heritage properties and creating spaces our customers want to occupy.

We are continuing to invest into our Marine business. With Round 5, which we launched during the year, we are accelerating the tender process by completing detailed seabed surveys. In addition, our £50 million investment into the Offshore Wind Evidence and Change Programme places data and evidence at the heart of enabling the multiple priorities for the seabed. Our £50 million Supply Chain Accelerator will help UK projects that could support floating offshore wind in the Celtic Sea, creating economic growth.

In May 2024, we announced a significant new partnership with Oxford Science Enterprises and Pioneer Group. Our £125 million commitment will help support UK science and innovation by creating much-needed lab and work space in the centre of Oxford. We are also making investments in housing and will shortly start work on two pilot projects to develop net zero housing in the North West and South East while we continue to invest in projects and strategic land sites across the country.

Overall, asset valuations are lower, predominantly driven by the expected reduction in value of Round 4 which fell by £1.5 billion as we received the second year's option fee of £1 billion and worked with our customers to bring forward the start of their development phases, in line with our net zero goals.

Our London and Regional portfolios outperformed our MSCI bespoke commercial property benchmark by 2.0 percentage points, reflecting their quality and resilience, as both occupancy rates and rental values showed signs of recovery. Trends in the wider capital markets reduced the value placed on these portfolios by £443.3 million to £8.4 billion as valuation yields rose 50 bps, more than offsetting the 5.5% growth in estimated rental values. Nevertheless, our portfolio has showed signs of recovery with property valuations stabilising and our modernisation programme well underway. While wider global uncertainty is unlikely to end soon, we are confident that our investment strategy will create opportunities and grow the long-term value of the portfolio, creating lasting and shared prosperity for the nation.

Performance targets

Our Treasury-agreed targets focus on revenue, capital and sustainability. This year's adjusted profit* of £455 million excluding Round 4 income exceeds the agreed minimum target of £447 million. We also met our two capital targets by exceeding our bespoke MSCI property benchmark by 2.0 percentage points and by launching Round 5.

Our strategy makes clear that we are committed to creating value in all its forms. This is reflected in our target this year to reduce our energy consumption (net of electric vehicle charging) by 10% versus our baseline year of 2021/22. We are delighted that our hard work and interventions across our three real estate portfolios have resulted in us consuming 11.9% less energy across our estate than last year, and a 15.0% reduction compared with 2021/22 (see page 71).

* Excludes Round 4 and uncontrollable items such as wind speed, electricity prices and interest rates.

Portfolio review

Underlying profit by business unit	Mar 24 £m	Mar 23 £m	Change £m	Change %
Marine	**1,191.9**	370.8	821.1	221.4
London	**172.7**	179.6	(6.9)	(3.8)
Regional	**81.6**	78.3	3.3	4.2
Windsor & Rural	**22.9**	17.7	5.2	29.4
Central costs and interest	**57.1**	(3.3)	60.4	1,830.3
Total underlying profit	**1,526.2**	643.1	883.1	137.3

	Value		Capital revaluation surplus	
Valuation movement by business unit	Mar 24 £bn	Mar 23 £bn	Change £bn	Change %
Marine	**4.4**	5.7	(1.3)	(22.8)
London	**6.9**	7.2	(0.3)	(4.2)
Regional	**1.4**	1.5	(0.1)	(6.7)
Windsor & Rural	**1.4**	1.4	–	–
Total investment property	**14.1**	15.8	(1.7)	(10.8)

Marine

The coastline, seabed and waters around the UK underpin a wide range of industries and livelihoods, from renewable energy to data cables and pipelines, ports and shipping. Our Marine business operates across these sectors, in a global marketplace that has faced challenges over the past year.

Option fees from Round 4 were the main driver behind our underlying profit of £1.5 billion this year. The option fees have proved effective in incentivising Round 4 developers to progress at pace and it seems likely that at least some of the wind farms will start their development phase as early as 2025/26. This is an excellent outcome for the UK as converting offshore wind reserves into operational capacity reduces our carbon footprint and improves our energy security. As anticipated, it is also the most significant factor in the reduction of Round 4's value on the balance sheet by £1.5 billion (learn more about Round 4 on pages 48-49). The increase in power generation in the year fed through to revenue, although not all of this increased profit due to lower electricity prices.

Another highlight of the year was the launch of Round 5. We will make upfront investments as we work to de-risk and accelerate delivery, for example by completing an HRA before the start of the tender process (see page 20).

We have also increased the value of our other offshore wind leasing rounds by £163.9 million or 8.2%, where Round 3 is the largest driver of growth.

In a wider context, the global offshore wind industry has had a turbulent period, as falling electricity prices coincided with rising development costs. In the UK, the issues were crystallised when, for the first time, no offshore wind bids were received in the government's Contracts for Difference Allocation Round 5. Given the long-term nature of offshore wind projects, co-ordinating actions between all key stakeholders will be vital to ensure the UK market remains globally attractive. On a positive note, National Grid announced plans to invest £18 billion in more transmission lines and grid connections over the next five years and connect more assets to the UK's energy system. At a national level, there is consensus that the industry needs investment, to build on the 11.8GW(A) of capacity we already have from operational offshore wind, enough to power some 11 million homes.

As we aim to make the UK one of the most attractive and sustainable marine economies in the world, amid competing demands for the seabed, our pioneering Whole of Seabed Programme involves creating a spatial plan to co-ordinate future demand for a wide range of industries, infrastructure and habitats out to 2050 (see page 31). We believe there is significantly more value in the seabed than is currently recognised on our balance sheet, which will begin to materialise as we develop future uses of the seabed for the benefit of the nation.

(A) Independent limited assurance (see inside front cover)

Operating profits across our other Marine sectors were broadly flat. The capital value of our telecommunications cables, pipelines, aggregates and coastal business all performed well, as existing deals moved into their operational phase and operational rents increased, as a result of new deals such as the 2Africa pipeline (see page 36).

London

Our London business comprises about 10 million sq ft of mixed-use real estate, primarily around Regent Street and St James's. Revenue for this business unit increased to £229.7 million year-on-year (2022/23: £222.6 million), with solid demand across all property categories.

Office letting performance was robust, with over 90 new leases including the newly refurbished 20 Air Street, one of the largest office lettings in London this year. As more staff return to work in person, demand for prime office stock in the West End combined with a lack of supply has led to rental value growth approaching double-digits on some of our prime assets and estimated rental value growth of 7% across our portfolio.

Retail has also seen a recovery, with over 60 new lettings completed at rents with an average of 4% ahead of estimated values. We are delighted to have welcomed brands such as Bimba Y Lola, HOFF trainers and Paul & Shark to new flagship stores on Regent Street in the year; and, to have hosted pop-ups including a Vogue x Snapchat exhibition during London Fashion Week and the release of Kylie Minogue's album at the former Tower Records site. Pedestrian traffic is still down about 15% on pre-pandemic levels, with cost-of-living challenges and the end of tax-free shopping for non-EU tourists both considered factors.

As we work to diversify our offering and appeal to a wider range of visitors, both domestic and international, four former retail spaces have been repurposed for hospitality use and let to brands such as Kiss the Hippo coffee and Farmer J. Looking ahead, we expect this flexibility in converting space to alternative uses, together with a lack of new retail construction, to help rental income value bounce back. This approach has also been proven to increase dwell time and ancillary retail spend within our portfolio.

While the early signs of revenue growth are encouraging, costs have increased primarily as costs in 2022/23 benefited from the release of rent arrears that had built up during Covid, leading to profitability in London being £7 million (4%) lower than last year.

Our headline void rate is still comparatively high at 17.4% (2022/23: 18.4%), as we invest to modernise our portfolio, refurbishing and decarbonising various properties. This will reduce in the medium term as key properties return to market. Lettable void space, which is a better reflection of our letting activity, has fallen from 4.6% to 2.2% in the year, while collection of current rental invoices has increased to almost 99%.

Together with our development programme, less intensive investments such as our works to improve 20 Air Street are helping us build on the underlying strength of our London portfolio. In order to fund these plans, we recycled £62.9 million of capital through the disposal or re-gearing (where a long lease is extended on revised terms) of a number of non-core assets.

Despite our capital performance being 1.8% points ahead of the London benchmark, reflecting the quality of our portfolio, the value placed on our London portfolio has fallen by 4.2% to £6.9 billion, amid weak demand for real estate assets in the capital markets. Finally, we do not consider the impact of the Leasehold and Freehold Reform Act 2024, which became law on 24 May 2024, to be material to our residential portfolio.

Getting closer to our customers

Our goal is to deliver world-leading property management services to our customers, focusing on safety, quality of experience and sustainability. Our performance in this area is uneven at present, with a 2% drop in customer satisfaction (to 77%) showing that there are parts of the business where we need to improve our customer engagement.

Moving forward, we are committed to gathering further open feedback to help us understand where we can improve.

We have been looking at our managing agent relationships for some time, and we are now bringing our London property management in-house, ending our five-year contract with JLL this summer. This will help us to foster closer relationships with our customers, improve our service and enable us to collaborate on shared goals.

We value the hard work and dedication the JLL team has shown in supporting us over a period that has seen the pandemic and significant changes to working and shopping patterns, and we will continue to work with JLL in other capacities. Costs have increased as we prepare for the transition and invest to improve customer experience in the future.

Regional

Our Regional business has a broad geographical footprint and covers a range of properties, from prominent retail and leisure destinations to business parks, alongside a strategic development pipeline that includes exciting mixed-use projects and housing pilots.

Retail parks continue to outperform other retail formats at a national level. Our portfolio includes standout assets such as Fosse Park in Leicester and Rushden Lakes in Northamptonshire, which are seen by their local communities as destinations in themselves. With a broad range of business customers, resilient footfall and limited new supply on the horizon, occupancy rates are high. Shopping centres, on the other hand, have continued to underperform despite improving occupancy.

Our average void rate was 8.1%, which is higher than last year (2022/23: 7.5%) as we commenced a development project at Cambridge Business Park and a few customers vacated space. Overall, customer retention remains strong at 73%, aided by proactive asset management, and we have partially offset the impact of higher voids by achieving up to 4% above estimated rental values on new leases.

Profit has increased by 4.2% to £82 million, largely as the 2022/23 results included one-off costs associated with the temporary closure of The Gate in Newcastle in May 2022 to allow for work on the fire safety systems. Revenue remained stable at £104.8 million (2022/23: £105.5 million), supported by a strong cash collection rate of 98%, which helped to reduce rent arrears significantly.

The value of our portfolio reduced by 6.7% to £1.4 billion due to similar market factors affecting our London portfolio valuation, and the business unit underperformed its MSCI benchmark by -2.8 percentage points, driven by negative market sentiment around shopping centres and some of our non-core assets.

Looking forward, we are in the process of repositioning our Regional portfolio for growth. Sales of non-core assets have released funds that will be reinvested in opportunities such as our £125 million commitment to a major development in Oxford to support UK science and innovation.

We will shortly start work on two net zero housing pilot programmes, using cutting-edge sustainable construction methods, and we continue to promote other sites in support of the urgent national need for housing. During the year we invested a total of £11 million into our strategic land assets.

Windsor & Rural

We are stewards of over 200,000 acres of rural land, which includes extensive areas of let farmland, uplands and the Windsor Estate. Our strong relationships with our farmers are helping us drive a transition to more sustainable farming models, and we are further investing in our rural estates, making improvements to some residential properties and diversifying former farm buildings for commercial use (see pages 24-30) alongside undertaking an ambitious nature recovery strategy.

The high quality of our land and the underlying scarcity in high quality land sales continue to support the value of our portfolio as well as our strategy of active asset management. Land values remain resilient and the value of our Windsor & Rural business has increased by 1.0% to £1,356.7 million.

Windsor Great Park remains one of the most popular destinations in the country. We were delighted to take on the management of The Royal Farms and Royal Farm Shop shortly before the year end, welcoming 61 people into The Crown Estate team. As only a single week's trading was consolidated into our results this year, the acquisition will not impact revenue until next year.

Income from the Windsor Estate comes from a number of sources including visitors, events, property lettings, filming and forestry. Our new adventure playground, which opened in summer 2023, has brought more young families to Windsor. Alongside the implementation of the new Rural strategy this has helped to increase revenue for this business unit to £40.1 million (2022/23: £36.6 million).

Offshore Wind Leasing Round 4

In 2022/23 we reached a number of significant milestones for Offshore Wind Leasing Round 4 (Round 4), most notably completing the rigorous Habitats Regulations Assessment (HRA) process and signing Agreements for Lease (AfL) for all six of the projects that comprise Round 4.

With the potential to generate up to 8GW of renewable electricity – unlocking green energy for more than seven million homes – Round 4 represents a major step forward in the UK's response to climate change and energy security concerns. It reflects many years of ongoing hard work by our teams and a wide range of partners, demonstrating the significant value we can generate for the nation and a mark of what we can achieve by working with others. See pages 20-21 for more information.

Income recognition through the different phases

Round 4 has five distinct phases:

- Pre-Agreement for Lease
- Option period
- Development phase
- Operational stage
- End of contract (decommissioning)

Pre-Agreement for Lease

Following the open market auction process, which concluded in February 2021, we were paid deposits totalling £879 million from the preferred bidders. During the pre-AfL phase, we worked through the HRA and completed activity required to sign the AfLs. International Financial Reporting Standards (IFRS) did not allow us to recognise any income on these six projects during this phase.

Option period

On signing the AfLs in January 2023 (shown as point 2 below), customers were able to progress detailed planning activity ahead of the proposed developments. We were able to start recognising revenue to the value of approximately £1 billion in income per annum split across the six projects (being £879 million plus indexation), which will continue until leases are signed across the six projects.

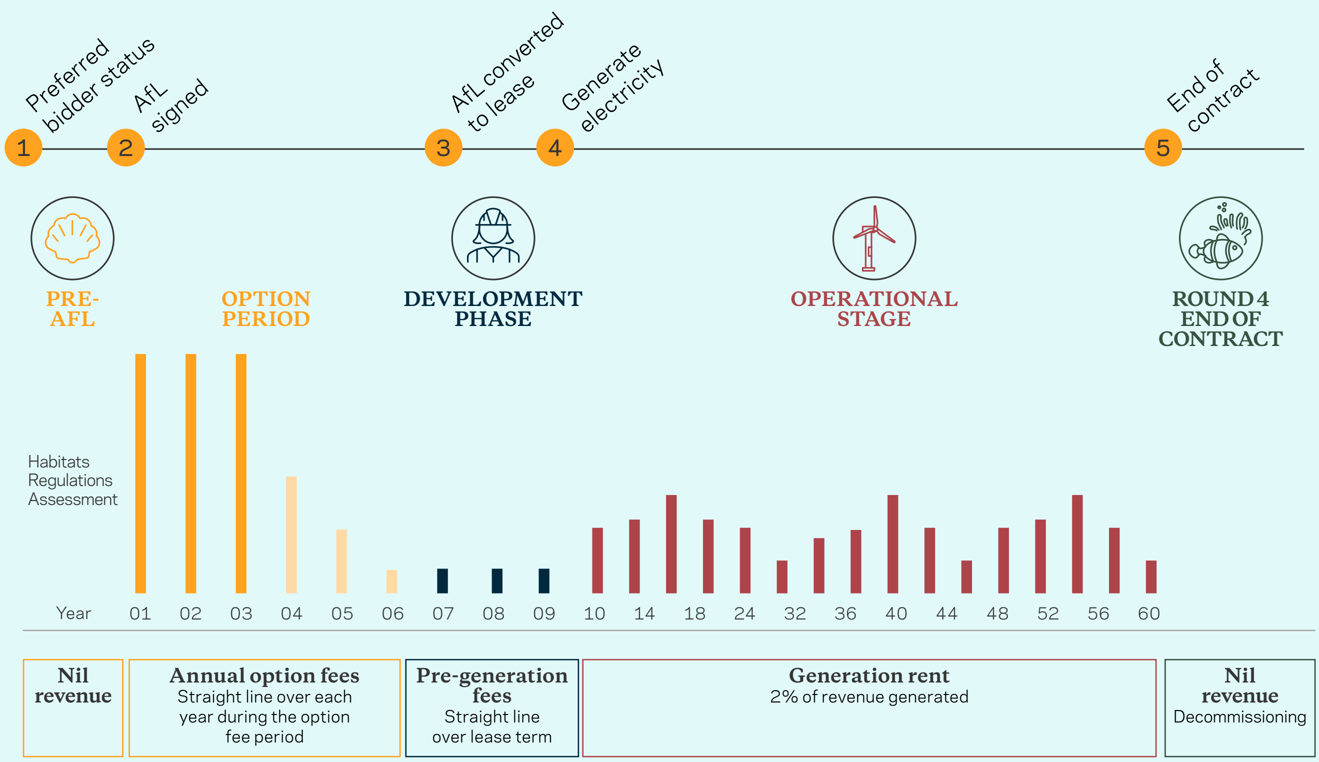
In January each year our customers pay the following year's option fee in full. Each project is accounted for individually and amortised on a straight-line basis over each corresponding year, in line with IFRS requirements. At 31 March 2023, we were holding £821 million of unamortised option fees on the balance sheet, which were amortised in full in the year. In January 2024, we received the second year's option fee payment of £1.0 billion and we have recognised two months of this option fee payment with the remaining £851 million held on the balance sheet at 31 March 2024 as unamortised income. In total we have recognised a full year's option fee income for the first time (see note 5 on page 143).

Our customers have committed to the first three years of option fee payments, which are subject to indexation and due annually on the January anniversary date. From the fourth year of the option period, each of our customers, across the six projects, could choose to:

- extend their option annually by paying a further year's option fee, up to a maximum of ten years;
- extend their option but scale back their projects by up to 25% (with a corresponding effect on the level of option fee receivable);
- enter their lease and move on to the development phase (subject to meeting various pre-requisites); or
- exit the lease altogether.

The scale of the option fees, impact of indexation and uncertainty around the timing of lease entry, scale-back or exit will inevitably result in volatility in income, profit and the valuation until the end of the option period. In previous rounds we have experienced some pre-development attrition, which may or may not hold true for Round 4.

Option fee arrangements are designed to incentivise developers to progress their projects at pace to support net zero and, as we have seen for Round 4, two of the projects have already submitted their Development Consent Orders. The financial impact of this acceleration on our balance sheet is discussed further on page 51.



Development phase
When the individual projects meet all their hurdles, which include consenting by the planning authorities; technical feasibility of construction and power transmission; connection to the grid; and the commercial viability of the projects, our customers will step into their leases and start to build their wind farms (shown as point 3 on page 48). Option fee income will cease and pre-generation rent will commence at up to £25 million per annum. This will increase in line with indexation, although it may also be scaled back in line with any reductions in capacity. We expect construction to take approximately three years for each project.

Operational stage
From the point at which the wind farms start to generate electricity (shown as point 4 on page 48), we will charge operational rent reflecting 2% of the revenue generated by the wind farm operators, subject to a minimum rent of up to £25 million per annum. As with pre-generation rent, the minimum rent is subject to both indexation and capacity scaling. We expect wind farms to have a life of around 60 years, which includes a pause for them to be 're-powered' after 25 years. There is a break clause within the lease shortly before the anticipated re-powering.

End of contract
As a relatively new technology, the serviceable life of a wind farm is untested. At the end of the contract, it is possible that we could extend or re-tender the leases as long as the wind farms remain serviceable and there is demand.

At the end of the wind farm's life (shown as point 5 on page 48), our customers will have responsibility for decommissioning their wind farm and returning the seabed to its pre-construction condition. From this point we will no longer receive any income.

Balance sheet valuation
Our independent valuers, Cushman & Wakefield, estimate the value of our offshore wind portfolio annually on the basis of discounted future cash flows that reflect the different phases of the project and by applying risk-weighted discount rates.

Multiple factors affect the valuation, including: the anticipated fees to be received for each project and the reduction in the value as fees are paid; the impact of inflation and electricity prices; unwinding the discount with the passage of time; and the risks associated with the different phases.

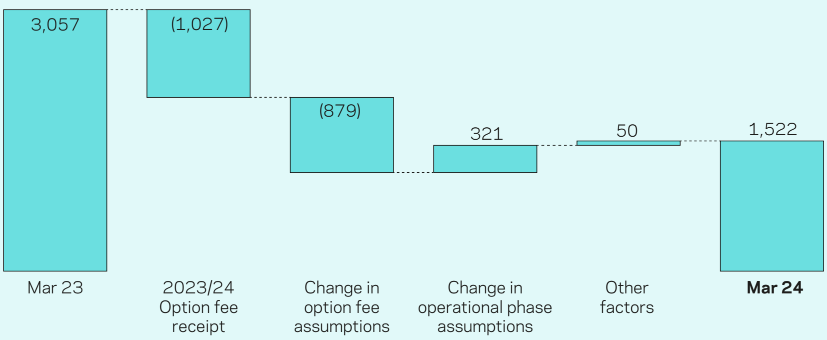
This year the valuation of Round 4 has reduced from £3.1 billion to £1.5 billion. There are three key factors influencing this movement, which are reflected in the bridge chart below:

- the receipt of the second year's option fee payment of £1.0 billion in January of this year
- a higher likelihood that the projects will move to the development phase earlier than previously anticipated, reducing the value attributed to future option fees by £879 million
- an increase in the value attributed to the operational phase of Round 4 by £321 million, given the progress made by the developers

In this year's valuation, £1.0 billion of the total Round 4 valuation of £1.5 billion is underpinned by next year's option fee payment. As a result, it is likely that the value of Round 4 will fall significantly again next year as the third year's option fee payment is received and the projects continue to progress at pace.

See note 17 on pages 151-155 for further details on the range of discount rates used.

Round 4 valuation bridge
£1.5bn



Financial review continued

Operating income statement

	2023/24 £m	2022/23 £m	Change £m	Change %
Revenue (excluding service charge income)	**1,575.7**	742.6	833.1	112.2
Direct costs (including net service charge expense)	**(109.3)**	(98.7)	(10.6)	10.7
Gross profit	**1,466.4**	643.9	822.5	127.7
Gross profit margin	**93.1%**	86.7%		6.4
Administrative expenses	**(68.8)**	(53.5)	(15.3)	28.6
Operating profit	**1,397.6**	590.4	807.2	136.7
Net investment revenue and other income	**128.6**	52.7	75.9	144.0
Underlying profit	**1,526.2**	643.1	883.1	137.3
Income retained as capital	**(425.5)**	(200.5)	(225.0)	112.2
Net revenue profit	**1,100.7**	442.6	658.1	148.7

Revenue

Revenue has increased by £833.1 million or 112.2%, which is mainly the result of recognising a full year of Round 4 option fees – amounting to £1,039.8 million of income in the year, an increase of £831.1 million, as described on pages 48-49.

Revenue from our offshore wind farms increased by £9.4 million as a we received a full year of revenue from wind farms that were commissioned last year as a result of indexation in our contracts. This was more than offset by lower electricity prices and lower than average wind speeds which served to reduce revenue by £16.9 million.

Like-for-like revenue excluding Marine increased by £19.8 million as a result of strong lettings in London and Regional, and from higher sales in Windsor following the opening of Adventure Play, our new hand-crafted playground at Windsor Great Park, partially offset by £10.3 million of lost revenue as we prepare properties for redevelopment.

Direct costs

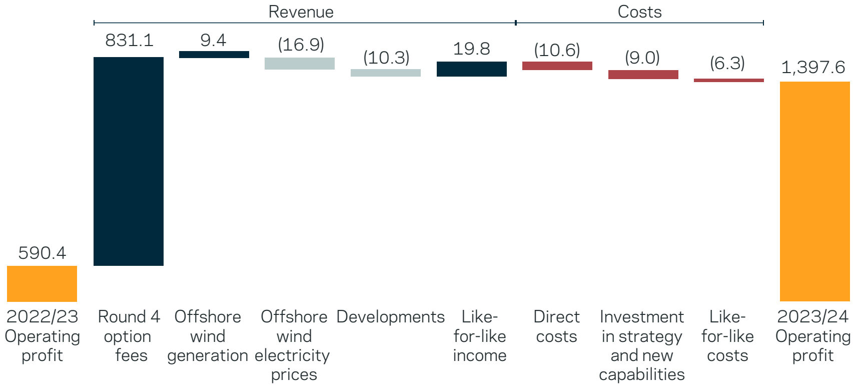
Direct costs increased by £10.6 million primarily as 2022/23 costs benefited from the release of bad debt provisions held against arrears that had built up during Covid. We continue to work actively with our customers to reduce arrears, resulting in further positive progress over the year. Savings from lower void costs on properties available to let are largely offset by the effects of inflation.

Gross profit

Higher revenue resulted in our gross profit margin increasing 6.4 percentage points, from 86.7% to 93.1%. Excluding Round 4 income, gross margin is 79.6%, reflecting development voids as we prepare approximately 1.0 million sq ft of space for refurbishment, for the benefit of future revenue and to improve the energy performance of our spaces.

Operating profit bridge

£1,397.6m



Administrative expenses

In line with our ambitious strategy, we are taking the opportunity to make much-needed investments in our underlying infrastructure, including data, digital systems and how we procure products and services, by bringing in new capability and updating our reward strategy, as detailed in the Remuneration Committee Report on pages 103-113. These investments, amounting to £9.0 million, are to ready our business for the future. They will support our carbon reduction goals, create future revenue streams, enable us to better support our customers and generate future cost efficiency. Further investment is anticipated in the coming year. IFRS currently requires the majority of digital costs are expensed in the year they are incurred.

Like-for-like costs have also increased by £6.3 million as a the result of a one-off rebate of £2.6 million in 2022/23 that did not recur and inflationary pressures on salary and other expenses.

While many of our other investments, such as our net zero housing pilots and work to investigate the potential of blue hydrogen and carbon capture and storage, are considered capital in nature, some investment is inevitably expensed to the revenue account. More information about the distinction between capital and revenue contained within the Crown Estate Act 1961 (the Act) is provided on page 86.

Net revenue profit

Net investment revenue and other income increased by £75.9 million, driven as our increased cash balances are attracting higher interest rates.

At £1,526.2 million, our underlying revenue profit reflects yet another new high for The Crown Estate.

As required by the Act, we retain an element of income for future investment in the business. This statutory transfer is set at 27% of revenue and the increase to £425.5 million is consistent with our higher revenue.

Balance sheet

	Mar 24 £bn	Mar 23 £bn	Change £bn	Change %
Total property at valuation	**14.1**	15.8	(1.7)	(10.8)
Cash	**3.5**	2.4	1.1	45.8
Other net liabilities	**(2.1)**	(1.4)	(0.7)	50.0
Net assets	**15.5**	16.8	(1.3)	(7.7)

Net assets have decreased by £1.3 billion to £15.5 billion, driven primarily by the receipt of the second year's option fee income which has reduced the value of Round 4, as described on pages 48-49. Investment property and cash are considered below. The increase in net liabilities of £0.7 billion reflects the increased sum payable to the Treasury in 2023/24 as a result of our record net revenue profit.

Investment property portfolio

Property portfolio at valuation	Mar 24 £bn	Mar 23 £bn
Investment properties	**13.2**	15.0
Owner occupied properties	**0.2**	0.1
Investment properties in joint ventures	**0.6**	0.6
Other property investments	**0.1**	0.1
Total property portfolio at valuation	**14.1**	15.8

The table above shows the fair value of our property portfolio as shown in the balance sheet, following an independent open market valuation of the entire portfolio as at 31 March 2024. The valuation of a portion of our coastal portfolio has moved to Carter Jonas as a result of a merger with the incumbent valuer. There have been no other material changes to the external independent valuers in the year.

The total value of properties decreased by £1.7 billion to £14.1 billion as we have received the second year's Round 4 option fee and revised our expectations of when our Round 4 developers will step into their leases and start the development phase of their projects, as described on pages 48-49. It also reflects a £0.3 billion decline in the value of our London and Regional portfolios reflecting market conditions and the cost of improving the energy performance of our properties.

We spent £150.8 million in the year on capital investments for the long term. We restarted our development pipeline, with work at New Zealand House, 10 Spring Gardens and 33-35 Piccadilly all commencing. We continue to make smaller capital investments to our properties in our London and Regional businesses, including partial refurbishments of 20 Air Street and Langham House to ensure our stock meets customer demands and to improve energy efficiency in pursuit of our net zero ambition to meet at least the Minimum Energy Efficiency Standards. In our Regional business, we have been preparing to start work on developments such as our two net zero home pilots and Cambridge Business Park, which will begin in the current financial year.

We have also continued to invest for the future in development schemes such as 130 Jermyn Street and 10 Piccadilly, plus our strategic land sites at East Hemel Hempstead in Hertfordshire, Rushden Lakes in Northamptonshire, the Croxton Estate near Cambridge and land to the east of Luton.

In addition to our investments in the London and Regional portfolios, we are making infrastructure investment at Windsor Great Park, and we have planted around 200km of hedgerows, to support the regeneration of biodiversity.

In Marine, we continue to invest in programmes such as Round 5 and Offshore Wind Evidence and Change, which provides more information to de-risk current projects and better plan for future leasing rounds. Given the competing demands for the seabed, we initiated our Whole of Seabed Programme to create a spatial plan to enable us to meet the competing future demands for a wide range of industries, infrastructure and habitats out to 2050.

Property sales (including long lease extensions) provided £103.4 million of capital for future investment in the business. The majority of property sales took place above book value, generating a capital gain of £92.4 million.

Capital account spend is only treated as investment property to the extent allowed by IFRS. Capital spend that does not meet IFRS criteria is expensed directly to the capital income statement.

Financial review continued

Cash flow

	2023/24 £m	2022/23 £m
Net cash inflow from operating activities	**1,578.9**	583.3
Net cash outflow from investing activities	**(76.9)**	(11.3)
Payment to Consolidated Fund (see note 14 on page 150)	**(482.7)**	(301.9)
Other items	**(3.8)**	3.4
Net cash inflow	**1,015.5**	273.5
Cash at 31 March 2023	**2,434.7**	2,161.2
Cash at 31 March 2024	**3,450.2**	2,434.7
Analysed between:		
Revenue cash	**1,992.4**	1,337.7
Capital cash	**1,424.8**	1,073.0
Third party deposits	**33.0**	24.0
Cash at 31 March 2024	**3,450.2**	2,434.7

Our net cash inflow from operating activities has grown, reflecting our increased profitability. The net investment in our portfolios described on pages 46-47 contributed to an overall net cash outflow from investing activities of £76.9 million.

Payments to the Consolidated Fund reflect a structured payment process for remittance of our net revenue profit to the Treasury.

As described on page 129, the Act specifies certain distinctions between capital and revenue transactions. Analysis of cash balances between revenue, capital and third party deposits are set out above.

Framework Document

In June 2023 our Framework Document was reviewed and updated by HM Treasury. The Framework Document requires The Crown Estate, without limitation so far as is consistent with the Act, to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the Code), as amended and updated from time to time.

Following this, HM Treasury has also updated its accounting direction, so these accounts are prepared in accordance with the Companies Act 2006 as far as it is applicable to large private companies and to The Crown Estate, as opposed to the UK Government Financial Reporting Manual.

Going concern and viability

The Board's assessments of going concern and viability were carried out in the context of the Act, which both constitutes The Crown Estate and places certain restrictions on us as outlined on page 86. The Board has assumed the Act will continue in place throughout the period of assessment.

The structured payment process for our net revenue profit, which includes consideration of contingent liabilities, was formalised through our new Framework Document agreed in June 2023, which provides resilience in revenue cash over the long term.

The Board's process for assessment for both going concern and viability included consideration of: the strength of our balance sheet including cash balances; our principal risks (which are detailed on pages 75-82); our risk appetite; our strategy; the breadth of our customer base; the range of sectors in which we operate; and our financial forecasts, including our ability to control the pace of investment.

The going concern assessment was completed over the period to 30 September 2025, where we hold sufficient cash to meet our liabilities for the period under review without any further income.

Presentation of financial information

Our portfolio includes investments managed directly by The Crown Estate, including assets where strategic partners share an interest through a lease arrangement; those that are managed through separate joint venture entities; and those where we hold a minority interest or are managed by third parties on our behalf. This report has been presented on a proportionally consolidated basis. This reflects The Crown Estate's proportionate interest of the underlying assets and liabilities, the basis on which we view the business, as it reflects our underlying economic interest better than the legal form of the investment. The proportionally consolidated results are considered 'alternative performance measures', as they are not defined under IFRS. See pages 167-168 for a reconciliation between the reported results and these alternative performance measures.

Income statements

Our consolidated statement of comprehensive income is presented in two constituent parts: the revenue account and the capital account.

The revenue we generate from managing the portfolio of assets net of associated costs and specified transfers to the capital account (statutory transfers and by Treasury agreement) constitutes our revenue account. All the net profit generated in our revenue account (net revenue profit) is paid to the Treasury for the benefit of the nation's finances.

Our capital account primarily comprises net revaluation movements, gains or losses on the disposal of assets and transfers from the revenue account income statement. The main volatility in the capital income statement arises from net revaluation movements and gains on the disposal of investments, as explained in note 11 on page 148. The revenue and capital accounts are explained in more detail in note 1.

The Group's taxation position

Since our net revenue profit is paid to the Treasury, The Crown Estate is not subject to corporation tax or capital gains tax. The Crown Estate is subject to VAT and SDLT and we aim to be transparent in our dealings with HMRC. We do not enter into any form of tax mitigation that could credibly be seen to be unethical.

A five-year period was considered when assessing our viability after considering the corporate strategy timeframe, development life-cycles and our approach to capital forecasting. The viability statement assumes ongoing impact on real estate revenues from the effects of the cost-of-living pressures on consumers and businesses; contracted and planned capital spend; as well as assumptions arising from our Group strategy.

Stress testing was performed by flexing a number of assumptions in the revenue and capital requirement forecasts through a range of severe but plausible scenarios. Under all realistic scenarios The Crown Estate is able to continue to satisfy all revenue and capital account obligations over both the going concern and viability periods.

The Board confirms it has a reasonable expectation that The Crown Estate has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. In accordance with the Code, the Board confirms that it has a reasonable expectation that The Crown Estate will continue in operation and meet its liabilities as they fall due, over the five years to 31 March 2029.

Pension schemes

Our pension arrangements are described in detail in the Remuneration Committee Report on pages 103-113 and note 8 to the financial statements. The Crown Estate Pension Scheme (CEPS) comprises three sections, of which two (the Opal and Quartz Core sections) are accounted for as defined benefit schemes. Certain of our staff also contribute to the Royal Household Pension Scheme, a defined benefit scheme, and the Civil Service Pension Scheme, a multi-employer scheme. Participation rates across all our pension schemes are high with 727 of our 752 people (including seasonal members of our team at Windsor) actively contributing to one of our pension schemes at 31 March 2024.

In the year, the Trustees concluded their triennial pension valuation of CEPS as at 31 March 2023. This shows a healthy funding surplus of just over £8 million, that is the value of the scheme assets is around 20% higher than the value of the scheme liabilities. As a result we have agreed with the Trustees that, from 1 March 2024 until 31 March 2027, some of the costs of administering the scheme will be met from the surplus assets and The Crown Estate will pause contributions to the scheme. We have agreed a number of safeguards with the Trustees to ensure that the scheme members' benefits are protected, which include resuming company contributions should the funding surplus fall below 105% of the scheme liabilities. Throughout 2022/23 and in the period until 29 February 2024, contribution rates were 41.5% for the Opal section and 17.1% for the Quartz Core section of the scheme.

Our supply chain

We continue to focus on building closer relationships with our supply chain in order to create a competitive advantage for our business and better manage costs. Our Supplier Charter, released last year, is enabling us to select partners and work with suppliers who align to our principles and priorities. This supports our pursuit of accountability, transparency and good practice, and ensures we deliver the best possible supply chain management for our business and customers. Through this charter and our procurement processes, we aim to create more resilient and sustainable practices across our supply chain.

We comply with UK laws, including human rights and employment regulations. Our supply chain, extending beyond the UK, operates in accordance with the UN Universal Declaration of Human Rights and International Labour Organization Core Conventions. We take anti-slavery measures seriously and actively demonstrate this commitment. For more information see: thecrownestate.co.uk/modern-slavery-act

As a Buy Social Corporate Challenge member, led by Social Enterprise UK in partnership with the Department for Culture, Media and Sport, we've spent approximately £2.7 million this year with social and not-for-profit organisations.

Supplier payments

We aim to pay our suppliers within 30 days of the invoice date unless our contractual terms specify a shorter period. We do not seek to extend payment terms with our suppliers. Over the past financial year, we paid 77% (2022/23: 72%) of invoices within the target period. This includes disputed invoices, amounts recoverable from third parties and invoices that were received late.

On average, suppliers were paid within 32 days (2022/23: 37 days) of invoice date. 11% (2022/23: 13%) of invoices were paid between 31 and 60 days and 12% (2022/23: 15%) of invoices were paid after more than 61 days.

Despite accounting for less than 1% of value, utility invoices materially impact our payment performance. Were we to calculate payment performance from the date utility invoices are registered in our accounting system, as opposed to invoice date, Group payment performance would be 26 days and 80% of invoices would have been paid within 30 days. We are pleased that the programme of work we started last year is yielding results, while recognising this is an ongoing area of focus.

We do not offer our suppliers e-invoicing or supply chain finance. We do not make deductions from supplier invoices. We aim to pay 80% of supplier invoices within 30 days.

Charitable donations

Under the terms of the Act, we are restricted in our ability to make charitable donations. As permitted by section 4(2) of the Act, we made donations during the year of £20,000 (2022/23: £20,000).

Our people are exceptionally dedicated to delivering our core purpose.

"I am proud of the skills and capabilities of the Crown Estate team and how we work together in partnership to execute our strategy. The following pages demonstrate how we are delivering on our People promises and show our progression to a high-performance culture."

Lisa White
Executive Director, People & Culture

The past five years have been a time of significant change at The Crown Estate. Like other organisations, we have operated through a pandemic and are growing accustomed to societal change and accelerating technological advances.

We have redefined our strategy to become more proactive, driving our priorities of generating financial value while supporting net zero carbon, nature recovery, inclusive communities and economic growth. Meanwhile, the size of our business has grown – particularly this year, as we welcomed new team members from The Royal Farms and Farm Shop – and will grow even further as we bring our London property management services in-house in the summer of 2024.

One constant throughout has been our caring and purpose-led culture. We are exceptionally proud of our people's dedication to our purpose and values. They are working hard to manage national assets in a responsible way, delivering value for the country not just financially but for the environment, nature and communities. This helps to drive our retention rate of 89%.

The results of our employee engagement survey are encouraging, showing that we align with high-performing norms in several areas. Feedback consistently shows that The Crown Estate is a caring community and a great place to work. However, there are also areas for improvement and we are developing a new listening strategy that will include pulse surveys to keep us informed and responsive year-round.

Our People strategy is built around three core pillars: culture, talent and performance, all explored in more detail here.

This year we have embedded our new Remuneration Framework, further developed our Enterprise Leadership Community and brought more of our recruitment in-house. We have launched Realise Your Potential, a personal and career-development programme; taken a leading position with our family-friendly and inclusive people policies; and set our first targets for progress in diversity, equity and inclusion (DEI).

Our overarching priority is always to put Safety First, and we explain more about how we do this on pages 58-60.

Our culture and values

Our values are the guiding principles that define our culture in order to bring our purpose to life.

Caring
We are committed to looking after the world around us and each other. We treat people, places and the environment with the care and respect they need to thrive.

Together
We work together and with others to deliver on our purpose. To build trust, we focus on understanding the real needs of those around us.

Creative
We believe that creativity enables us to unlock new ideas and solve problems. To be a true catalyst for change, we embrace original thinking and the best ideas.

Impactful
We believe that positive impact and financial performance must go hand in hand. We ask ourselves how our actions align with our purpose and make a meaningful difference.

Culture

From decarbonising buildings to promoting biodiversity, The Crown Estate has an ambitious strategy to address national needs. To deliver on our transformation, we need to foster a curious, inclusive and collaborative culture and make sure our organisation reflects society.

We measure our progress by listening to people through regular employee engagement surveys, focus groups and interactions such as townhall events with senior leaders. We also track the diversity of our teams.

One longstanding strength of The Crown Estate is how much our people care about their work. This year's employee engagement survey showed that 95% of employees feel proud to work here and believe in our purpose of creating lasting prosperity for the nation. This is in line with high-performing companies, and eight percentage points higher than UK national benchmarks.

More than 90% of our people feel connected to our values, that their wellbeing is a priority for the organisation, and that their line manager holds them accountable. Sustainability is another high-performing area: 83% of people say they understand our net zero ambitions.

As our operating model develops, we are evolving our culture to become more agile, combining different knowledge and skillsets to deliver our strategic goals. Two areas of focus that emerged from our engagement survey are that collaboration between teams needs to be stronger, and decision-making and objective-setting need to happen faster. In the coming year we will implement our listening strategy by introducing new questions and conducting more surveys, building an ongoing dialogue with our people to help us keep improving.

Hiring and progressing the best people from all backgrounds, and ensuring they are supported to perform well, will be key to us achieving our strategic goals. It is encouraging that employees report they can see our leadership's commitment to DEI in action, not just words. This feedback places The Crown Estate several percentage points above high-performing companies, although we are conscious we have more to do.

Our declaration rates for DEI data have significantly improved and we recently included socio-economic background as a metric alongside disability, ethnicity, religion or belief, gender identity and sexual orientation. This information helps us to understand how representative we are of wider society, and consider how we can become more diverse.

Our Lived Experience review showed there are areas where we are not as inclusive as we want to be. Some groups do not feel included at work, and it was reported that leaders at all levels need to take greater ownership of diversity, equity and inclusion. We used this information to create a DEI action plan, turning our strategy into practical goals we can implement.

This year we set DEI targets for the first time, using the Office for National Statistics census data as our baseline. These goals are intended to help us drive improvement over time, both at leadership level and in the organisation as a whole.

While the proportion of women in our business increased this year, a positive step, many of these new hires were in entry-level roles, which has led to an increase in our gender pay gap (see panel). Talent management and progression will be key to reducing this disparity in the coming years.

Our gender pay gap

The gender pay gap is the difference in the average pay between all men and women in an organisation, across the whole range of jobs and salaries. It is different from equal pay, which looks at the differences between pay for men and women who carry out the same jobs, similar work or work of equal value.

This year, the proportion of women working for The Crown Estate increased to 49%. Because many of those joiners were in entry-level roles, our gender pay gap has increased, as has our average bonus gap.

We are working to close the gap in a number of ways, including by analysing our recruitment data. This year we have brought in new inclusive hiring guides to support managers and trained our People and Culture team in inclusive recruitment. We have improved our policies to make them more equitable, and we continue to offer coaching to those returning to work after parental leave or adoption leave.

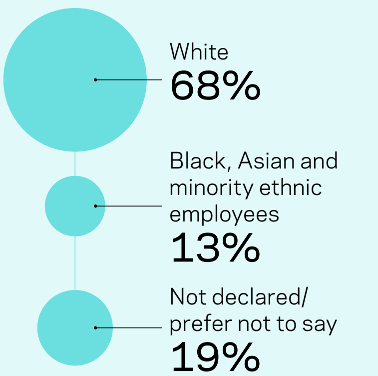
Proportion of women working for The Crown Estate

49%

Mean pay gap	**Median pay gap**
9.3%*	11.3%*
Mean bonus gap	**Median bonus gap**
23.2%*	-4.3%*

Colleague diversity

at 31 March 2024



* KPMG LLP has provided independent limited assurance over selected gender pay gap data, using the assurance standard ISAE (UK) 3000. KPMG has issued an unqualified opinion over the selected data. KPMG's full assurance statement, together with our reporting methodology, can be found online at: thecrownestate.co.uk/gender-pay-gap

People and culture continued

We have also reviewed and updated our family policies to make them more inclusive. The changes include introducing a transitioning at work policy and a baby loss policy. We have also increased the amount of time away from work offered for family, personal, carers' emergency and compassionate leave – including for grandparents. The improved benefits are available to more people across The Crown Estate than ever before, from their date of joining.

In addition, we are a Disability Confident Level 2 employer, as part of the UK government's Disability Confident scheme. This means that we actively seek to recruit disabled people whose skills match our job opportunities.

Grounding our policies in inclusion and equity helps us to play our part in tackling social inequality, to attract talented people from a variety of backgrounds and to support them to thrive at work.

Talent

Attracting and retaining talented people, and ensuring they have the skills they need to succeed in their roles, continues to be a major area of focus and our progress in this area is being closely followed by our Board and leadership team.

Our business is growing and changing as we work to deliver strategic priorities such as net zero carbon and energy security, nature recovery and economic growth, and we now take a more evidence-led approach to our people practices. We have adopted market-leading family-friendly policies and embedded the new Remuneration Framework we adopted last year to help us drive recruitment and performance (see Remuneration Committee Report on pages 103-113).

In autumn 2023 we conducted our second talent development and succession mapping exercise at leadership level. This helped us to review our progress and risk in terms of delivering our company strategy, and we have increased the breadth and depth of our succession pipeline through recruitment and internal development.

Developing existing talent at all levels is an increasing focus. Recently, we launched a new People Leadership Programme which focuses on giving managers the mindset, skills and tools they need to lead their teams. This programme of seven workshops will offer accreditation from the Institute of Leadership and our goal is for all people leaders to complete it within the next two years.

The first cohort of 17 have completed Realise Your Potential, our personal development programme, which we will run annually. Focused on early career development, Realise Your Potential helps employees to consider their personal purpose and values, communication style and aspirations, and offers exposure to different people they can learn from around the business.

This year we have hired into almost 150 roles, a record number for The Crown Estate, recruiting people from a range of industries, sectors and backgrounds. About a third of these were internal moves, a positive sign that people are increasingly able to develop and build their careers with us.

Pride, inspiration and open conversations: notes from our employee networks

Accessibility Network

"This year we shared a series of essays on our intranet, called #DefiningDisability, to show how everyone's experience of disability is different. A highlight was when our Strategy Director Sol Anitua hosted a discussion with the charity We Are Purple about how to make places more inclusive. In the coming year we hope to host informal #DefiningDisability breakfasts and help to ensure colleagues feel they can be open about disabilities and long-term health conditions, asking for reasonable adjustments where needed."

Cass Humble and Francesca Dommett
Co-Chairs

Gender Network

"Our #YouInspireMe campaign around International Women's Day encouraged employees to celebrate the inspirational people in their lives. A week of celebrations in London and Windsor recognised some of the incredible women in our workplace and the allies who have supported them. Career development and overcoming imposter syndrome emerged as themes during these events, so we are working on initiatives to help. And we will continue to highlight the achievements of our female colleagues to inspire our wider community."

Arya Li and Jayshree Patel
Co-Chairs

LGBTIQ+ Network

"As well as celebrating Pride and LGBTQ+ History Month, this year we reviewed The Crown Estate's family leave policies, giving feedback to make sure they reflect LGBTIQ+ families. We offered active bystander training and LGBTIQ+ mental health training, and made pronoun pins available in our offices. Next year, we hope to build our network and partnerships, and work to ensure our bisexual colleagues feel able to be themselves at work. We would also like to see a target set for LGBTIQ+ representation at senior level."

Abby Haines and Charles Green
Co-Chairs

Race, Ethnicity & Culture Network

"We have grown our membership and event attendance this year, as well as producing internal content to raise awareness around diversity, equity and inclusion. We have welcomed more leadership engagement with our events and content. Our goal for the coming year is to build a safe space for minority colleagues to voice concerns, promote allyship and consult external sources on best practice. We hope to work with other networks on intersectional issues, and build a movement with our supply chain, neighbours and partners."

Adrienne Chan and Sandra Nwajiaku
Acting Co-Chairs

A key development from previous years is our shift to a direct hiring approach: 89% of new hires were recruited by our in-house team. This not only offers better value for money but helps candidates to feel more connected to our business from an early stage.

We offer a compelling Employee Value Proposition (EVP), articulated through our Be More recruitment campaign, which has proved highly successful in helping us to compete for top talent. Our four EVP promises are:

- **Follow your passion.** We will help you make your goals a reality
- **Be more together.** You will be part of a unique and diverse community of experts
- **Make your mark.** We will empower you to create a better environment and society
- **Realise your potential.** We will support you to continue growing

A pillar of our company strategy is to build inclusive communities and foster economic growth around the country, and so it is especially important to us to identify new talent pools and put structured development around them. We currently have five apprentices working at the Windsor Estate and we will recruit a new cohort in the summer of 2024.

We run eight summer internships for candidates who come to us through the 10,000 Black Interns programme, the Reading Real Estate Foundation and the Drive Forward Foundation (which supports care leavers). And we continue to offer Marine Futures internships in partnership with Cumbria Wildlife Trust, Ørsted and Natural England. Based in Lincolnshire and London, our most recent cohort gained work experience in renewable energy, marine ecology and community engagement.

Performance

In addition to the oversight provided by our Board (see pages 92-93), we are constantly monitoring and improving our performance as we work to deliver value for the nation.

At an individual level, our employees review their performance and consider their goals annually through Connected Conversations with their line managers. This is an opportunity to discuss progress, achievements and learning moments from the year, discuss performance and agree objectives and priorities for the year ahead. Our values are embedded in the process.

"Through the Realise Your Potential programme, I've built a network of brilliant, like-minded colleagues and elevated my own aspirations, thinking about my career in a completely different way."

Umar Iqbal
Strategy Manager

We continue to invest in our Enterprise Leadership Community (comprising our Group Leadership Team and its direct reports) to evolve our culture and deliver our strategy in a way that aligns with our values. Through regular offsites and shorter Inform and Learn events, the focus is on developing role models who inspire, motivate and guide their teams, working together to deliver our company goals.

The same leadership behaviours are being ingrained in emerging leaders through our DNA (Discover, Nurture, Accelerate) programme. This year, about 20 participants are working on a project to identify the skills needed for the future of The Crown Estate, involving them in workforce planning and developing their own skillset and teamworking.

The Impact Awards

With nine categories, our new Impact Awards recognise outstanding work across the business. More than 200 nominations were received, and the winners were announced at our all-staff event in May.

The categories included the Lasting Prosperity Award. Designed to recognise someone who is going the extra mile to leave a positive legacy for future generations, this award was won by John Anderson, Keeper of the Gardens for the Windsor Estate, for his efforts in selecting and introducing new plants that will withstand the effects of climate change. John (second left) is pictured below with some of his fellow award winners and Chief Executive, Dan Labbad. We congratulate all the Impact Award winners and look forward to recognising even more of our people next year.

It is essential that everyone gets home safely, including in relation to their health and their mental wellbeing.

"Safety First is a core value for us; it supports us to achieve our purpose and become a more successful and resilient organisation."

Henrietta Frater
Head of HSE and Wellbeing

Health, safety, wellbeing and security are fundamental to The Crown Estate's purpose and values, and for this reason we take a Safety First approach to everything we do.

This is true both for The Crown Estate's own workforce and activities, and our interactions with our partners and supply chain. We want to be a role model for safety, raising standards across the board – and to use our influence as a major landowner to encourage others to do the same.

It is essential that everyone gets home safely – including in terms of their long-term health and mental wellbeing.

Our Safety First strategy has three pillars, which are:

- **Improve**
  Getting the foundations right
- **Inspire**
  Creating exemplary safety leadership
- **Imagine**
  Aiming to create a legacy for wider industry

Two years after its launch, we have seen continued progress on key metrics such as RIDDOR reportable incidents and our Lost Time Injury Frequency Rate (see infographic) as we place safety at the forefront of our decisions.

With the aim of supporting this progress, we are integrating and embedding a Safety First approach across our portfolio. A focus this year has been on raising awareness, which we have done by creating content for internal channels, and training Mental Health First Aiders to spot the signs of mental ill health and offer support to colleagues.

We are also working to improve health, safety, wellbeing and security standards in our supply chain. Examples of our activities this year include training managing agents in our rural business to help farmers improve safety measures on agricultural sites (see Project Person on page 59); established scaffolding minimum standards for our construction works, which are designed to improve wider industry standards; and convened a programme of incident management exercises across our Regional retail and leisure sites to ensure onsite teams are well prepared to handle crisis situations.

1
direct RIDDOR reportable incident
(2022/23: 2)

1
indirect RIDDOR reportable incident
(2022/23: 5)

0.08 Ⓐ
Accident Frequency Rate
(2022/23: 0.17)

0.21 Ⓐ
Lost Time Injury Frequency Rate
(2022/23: 0.34)

Ⓐ Independent limited assurance (see inside front cover)

As we deliver on our wider company strategy, we need to ensure that we stay true to our Safety First values as our activities in support of our strategy create a larger workforce and greater risk. Ramping up offshore wind projects and investing in major construction projects – from the programme of refurbishment works that is helping us to decarbonise our heritage buildings in London to the pilot projects through which we are seeking to deliver net zero carbon housing – necessarily increases our safety risk and we need to maintain the highest safety standards to manage that risk.

For us, Safety First means that making sure our contractors, subcontractors, supply chain and the people who live and work near these sites remain safe, with their health and wellbeing protected, is our top priority. If we get this right, we have an opportunity to help drive up wider standards, developing new ways of working and creating a legacy for our delivery teams to take into future projects.

Progress can never be taken for granted, but we are optimistic that our commitment to safety from Board level down will continue to strengthen our health, safety, wellbeing and security culture as our business develops and evolves.

Improving our foundations

Safety standards need to be constantly assessed and every two years we undergo a robust independent audit to ensure that we have enterprise assurance for health and safety management. This was completed in the past year and focused on our Regional business unit, as well as the relevant digital systems. Following this process we were given 'reasonable assurance' that we have effective procedures and processes in place.

This was reinforced by our external ISO auditor which re-certified The Crown Estate to ISO 45001 (occupational health and safety) and ISO 14001 (environmental management systems), the international safety standards for the workplace.

Procedures and processes are of course only useful if people understand the reasons for them and how to implement them, so we are continuing our company-wide health and safety training programme. New starters must complete basic training within three weeks of joining and we offer further training for line managers and leaders, as well as running workshops around specific events (see Your Choice, left).

We continue to focus on safety and security on the ground, for example by convening a programme of exercises helping retail and leisure parks to develop their incident management capability. We have also established a comprehensive security assurance process for these locations, setting standards commensurate with our purpose and values.

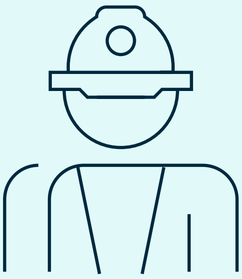
One significant task this year has been to understand the requirements of the Building Safety Act 2022 (the Act), legislation that was passed after the Grenfell Tower tragedy and which came into force in April 2023. Additional building regulations have impacted our asset management and development portfolio and there have been further updates and secondary legislation following the Act. To this end, we created a taskforce to ensure we are set up to meet the full spectrum of requirements, identifying any areas where we need to improve, and recruited a fire safety specialist to ensure we have access to the right advice day to day. We will continue to review the Act and its implications over the coming year.

Your Choice

In March, we hosted a Supply Chain Forum to share some of the challenges and lessons learned from our capital projects programme over the previous year.

A highlight was Your Choice, a 90-minute interactive workshop from Active Training Team Ltd that used film and live action drama to explore a near-fatal incident.

Participants were encouraged to consider the factors that caused the accident and the cultural issues that left hazards unchallenged. It was a thought-provoking session and our team and suppliers gave very positive feedback on how it can help us improve the way we work.



Project person: Keith Knowles

Our Rural HSW Manager cares deeply about making farms safer

Tell us about your role and background

I spent 17 years working for the rural and agricultural risk specialist NFU Mutual, joining The Crown Estate 18 months ago to support the new Rural strategy and drive our Safety First approach.

How has the strategy changed?

We are using our influence as a major landowner to support food production, biodiversity, the environment and communities. In my role I'm working with the Rural team towards achieving Safety First in a rural context, for example by talking to farmers about how health and safety can enhance what they do.

How can The Crown Estate support rural safety?

By working with our supply chain to promote Safety First. This year our first group of managing agents attended a one-day workshop from the NFU to reinforce their understanding of agricultural health and safety, explain their responsibilities and train them to do inspections. Feedback has been positive so we are rolling the sessions out.

We are now partnering with other rural land owners such as the Duchy of Lancaster to share best practice in health and safety and collectively raise standards.

What's the ultimate goal?

To prevent deaths and serious injury in UK agriculture, which has the highest rate of deaths of any sector. Having visited bereaved families in my previous role, this is something I am passionate about. If we can encourage farmers and farm workers to take proper safety measures around risks like slurry stores, farm vehicles, livestock and building repairs, we can save lives and avoid injuries and accidents.

Health, safety and wellbeing continued

Imagining a safer future

To truly put Safety First, we need to ensure our culture is focused on shared goals rather than individual performance, and that health and safety are foremost in our decision-making.

This year we established a Safety First transformation to support continual improvement across our business units. This is supported by bespoke action plans that give each business area a defined set of objectives, contributing to the larger project.

We redesigned our approach to health, safety and environment (HSE) and security governance, creating more opportunities for leaders to discuss safety and security performance, and risk. Our Managing Directors now chair Safety First Leadership Team meetings, driving accountability and ownership throughout their teams.

Activities include starting a five-year programme to assess all our residential properties' fire-stopping measures and make major capital improvements to the structure and structural integrity of these assets. A similar project is being undertaken in relation to public-facing areas, with upgrades undertaken in relation to approximately ten London and Regional properties.

Elsewhere, we continued to strengthen and leverage our relationships with governments, international bodies and other organisations. These include the International Marine Contractors Association (IMCA), of which we are now an associate member.

One project highlight is a partnership with the Construction Leadership Council, the University of Warwick and several major contractors, running focus groups asking our construction supply chain about their experience of managing their mental health. This research is ongoing and the findings will be used to support better mental wellbeing in the industry and reduce the risks of death by suicide.

In the coming year we will invest in consolidating and enhancing our digital systems to help us push our safety standards higher. We will also continue to enhance our security, incident and resilience awareness.

Inspiring leadership

We have made good progress on developing our safety leadership this year, working with colleagues and our supply chain to reinforce our Safety First approach.

In the autumn we held a Safety First townhall event for the whole company, with two representatives from operational teams in our supply chain joining us to share their experiences. Enterprise leaders joined a separate session in March with an external safety leader, discussing the importance of the growth mindset to safety.

We provided bespoke, company-wide training to let people know about updates to our health and safety management system, and published content around Mental Health Awareness Week to raise awareness and reduce stigma. We have a framework of support in place for our people, including an employee assistance programme and Mental Health First Aiders, and we want to do more in this area in the coming year.

We have continued to develop strong relationships with security partners around the UK and internationally to stay at the forefront of developments, share good practice and build resilience. We have used our convening power to lead the way on some of the issues that matter most and are joining external initiatives that align with our values, for example by signing the Mayor of London's Women's Night Safety Charter.

Aiming to engage our supply chain and hear about their challenges, we ran a series of Safety First forums for our managing agents and contractors. We hope to use what we learned to accelerate our progress together.

Task Force on Climate-related Financial Disclosures

Evolving our approach

The nature and climate crises, as well as rising social inequality, pose serious risks to business and the world. As custodians of a significant portfolio of land, as well as the seabed, we have a responsibility to act.

"The Crown Estate is focused on building business resilience in the face of the accelerating climate and nature crises that are now impacting everyone. Using the TCFD framework to assess our progress will help to ensure we make our business fit for the future and play our part in contributing to a net zero society."

Anna Swaithes
Head of Sustainability

Our strategy recognises this by focusing on net zero and energy security, nature recovery and biodiversity, and inclusive communities and economic growth as we seek to create financial value now and for the long term. We continue to integrate sustainability in our decision-making and reflect on how we can adapt to the impacts of climate change.

Many of our actions in recent years, such as revising our strategic objectives, establishing a Sustainability Committee (read more on pages 114-116) and implementing our Value Creation Framework (VCF) (page 17), align with the principles of the Task Force on Climate-related Financial Disclosures (TCFD). However, we recognise there is more to do. This year, we acted to further embed sustainability risks into our governance and risk management processes and improve our alignment with the TCFD.

As well as mitigating physical risk to our own assets, and navigating transition risks such as changing climate-related regulation and customer preferences, we have a wider enabling role to build national resilience and contribute to the UK's net zero transition. We prioritise our actions and investment in a way that carefully balances sustainability outcomes for our business with the sustainable development of the UK, taking a long-term view even if it involves, at times, short-term trade-offs.

We've voluntarily reported against the TCFD for several years. For the first time this year, and taking into account The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 requirements, we have expanded our disclosure to cover all 11 recommendations across the four key thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

We report voluntarily on our progress, and we will continue to report against the framework as we improve compliance with these recommendations over time. Our compliance is set out in the table on page 62. We believe we are compliant with six out of the 11 recommendations this year, with five recommendations where we are part compliant.

We're committed to taking steps toward full alignment in the future. Over the next year, we will focus on strengthening our alignment with both the Strategy and Metrics and Targets pillars by developing better data and analysis tools to support quantitative scenario analysis on key climate-related risks and opportunities, updating our net zero objectives and targets to include our wider Scope 3 impacts (from our Rural and Marine activities) and examining how we can reinforce national resilience beyond our own portfolio.

We are also starting to adopt guidance from the Taskforce on Nature-related Financial Disclosures (TNFD) to inform our approach and commitments to nature-related risks and opportunities, helping us to further address climate and nature impacts in a joined-up way.

2023/24 actions

1.	Carrying out a gap analysis of our current operations against the TCFD framework to improve the business processes that underpin our management of climate-related risks and opportunities, and our reporting.
2.	Enhancing the governance frameworks that support our assessment and management of climate-related risks and opportunities.
3.	Establishing a TCFD Steering Committee focused on driving the management and integration of climate-related physical and transition risks across the business.
4.	Undertaking our first enterprise-wide qualitative scenario analysis to identify climate-related risks and opportunities across our business and wider operations.

Task Force on Climate-related Financial Disclosures continued

TCFD compliance summary

Pillar	Recommended disclosure	Alignment	Pages
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	Compliant	63 and 84-119
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant	64 and 84-119
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Compliant	65-66 and 75-82
	b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Part compliant	67
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Part compliant	67
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Compliant	68 and 75-82
	b. Describe the organisation's processes for managing climate-related risks.	Compliant	68 and 75-82
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Compliant	68 and 75-82
Metrics and Targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Part compliant	69 and 71-74
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Part compliant	70 and 71-74
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Part compliant	70 and 71-74

Governance

a. Board's oversight of climate-related risks and opportunities

Our Board has overall accountability "for the company's purpose, values, risk appetite and strategic objectives, which are centred on four environmental, social and financial outcomes:

1. Responsibly generate value and financial returns for the country
2. Be a leader in supporting the UK towards a net zero carbon and energy-secure future
3. Take a leading role in stewarding the UK's natural environment and biodiversity
4. Help create inclusive communities and support equality, economic growth and productivity

The Board is responsible for overseeing climate-related impacts through the delegation of matters to the four standing Committees of the Board (Sustainability, Audit, Remuneration and Nomination). The Board also receives matters over the delegation threshold from the Value Creation Committee (which has representation from the Group Leadership Team, with the voting members being the Chief Executive, the Chief Financial Officer and the Executive Director, Purpose, Sustainability & Stakeholder).

The Board stays informed through Committee updates, including regular reporting from the Sustainability Committee after each meeting. They also receive a biannual management update on our sustainability strategy and progress against targets, along with a dedicated sustainability session during the annual strategy meeting.

Board Committees

Meeting quarterly, the Sustainability Committee ensures social and environmental considerations are embedded in the delivery of the company's strategy. The Committee supports the identification of sustainability-related risks, monitors progress against sustainability performance targets (including energy and net zero) and collaborates with the Audit Committee on matters such as TCFD and other climate-related disclosures.

The Audit Committee is responsible for overseeing the risk management process at The Crown Estate, where Climate Change has been identified as a principal risk. It also retains oversight of our financial and non-financial disclosures in the annual report and external audit processes.

The Remuneration Committee has integrated climate considerations into our remuneration schemes, including energy reduction and sustainability targets accounting for 20% of the overall bonus pool. Read more on pages 103-113.

The Nomination Committee is responsible for developing the skills and capabilities of Board Members. Environment and net zero expertise is recognised as an emerging core skill; the skills matrix will be developed further to capture the needs of the enterprise.

Our Board comprises individuals with diverse skills and backgrounds that are crucial to our business and strategy. These include experience and strengths related to sustainability and climate matters. Read more about the membership of our Board on pages 90-91.

The terms of reference of each of the standing Committees are being reviewed and the oversight of climate-related risks and opportunities are being more overtly addressed.

The diagram below, which aligns with our enterprise-level governance, sets out The Crown Estate's governance structure for the oversight of climate-related risks and opportunities. Read more about our governance structure on pages 84-119.

Climate risk governance

The Board
Responsible for providing guidance and constructive challenge in furtherance of the delivery of The Crown Estate's purpose and strategy, including climate-related impacts.

Sustainability Committee
Responsible for overseeing that the approach to all aspects of sustainability (including climate-related impacts) and best practice are embedded in the delivery of our strategy for value creation, including considering external stakeholder perspectives.

Audit Committee
Responsible for overseeing the effectiveness of our overall corporate risk process and external disclosures, including climate considerations.

Remuneration Committee
Responsible for integrating sustainability targets into our remuneration schemes.

Nomination Committee
Responsible for ensuring the appropriate mix of skills on the Board in support of our strategic objectives, including net zero and sustainability.

Value Creation Committee
Responsible for ensuring we meet our wider financial, environmental and social commitments in line with our purpose.

Group Leadership Team
Responsible for day-to-day decision-making and implementation of our sustainability strategy and business plans.

Management-level working groups such as the Net Zero Taskforce and TCFD Steering Committee
Responsible for ensuring cross-team collaboration, sharing knowledge, day-to-day decision-making and management in pursuit of our net zero and climate-related strategic objectives including managing risks and capturing opportunities.

Task Force on Climate-related Financial Disclosures continued

b. Management's role in assessing and managing climate-related risks and opportunities

Value Creation Committee

The Value Creation Committee (VCC) has replaced a traditional investment committee. It has representation from the Group Leadership Team, with the voting members being the Chief Executive, the Chief Financial Officer and the Executive Director, Purpose, Sustainability & Stakeholder. This management committee is responsible for reviewing, monitoring and overseeing the VCF and all investment and divestment proposals which require its approval under the financial delegated authorities.

During the last year, additional climate risk metrics, including embodied carbon and net zero performance, have been incorporated alongside other non-financial metrics in the VCF appraisal process. This allows for the value of our assets exposed to climate risk to be considered at the strategic planning level. We continue to build both on the processes to embed sustainability-related financial impacts and on the integration and adaptation of the tool across the business.

Group Leadership Team

While the Board is the ultimate owner of corporate risk (including the principal risk of Climate Change) with the Audit Committee reviewing the risk management process and internal control systems, the Group Leadership Team (GLT) is responsible for the day-to-day decision-making and implementation of our sustainability strategy and business plans.

Individual GLT members are responsible for managing risk within the risk appetite of the business. This includes the strategic risks within their business units and the principal risks (including Climate Change) assigned to them. The GLT holds regular sessions on strategic, operational and emerging risks, where current and potential issues are considered and actions determined. This allows early discussions of changes in our operating environment. The Head of Risk and Assurance attends these sessions to provide input into this and other elements of executive decision-making.

Innovating for net zero carbon homes

In a bid to support the provision of sustainable housing in the UK, we are piloting projects to test different ways to build net zero homes. By using best-practice sustainable design and construction to minimise operational and embodied carbon, the projects explore how new homes can be built more sustainably.

Working with partners, we are aiming to create 110 sustainable new homes across two sites, in Wootton, Bedfordshire and Knutsford, Cheshire.

Around a third of these homes will be affordable housing, in line with local policy requirements, and all have ambitious embodied carbon and energy efficiency targets. We have also set objectives and targets on resource efficiency, employment and skills, and are aiming for 15% biodiversity net gain. We will take the lessons learnt from these projects and share them with the wider sector to help raise industry standards and collectively work at scale to meet the challenge of decarbonising real estate.

Sustainability working groups

Our Net Zero Taskforce and Nature Recovery Working Group bring together a range of representatives from across our business. These groups, alongside the Sustainability team, drive our climate and nature-related activities, manage the associated day-to-day risks and opportunities and are responsible for providing updates and recommendations to the GLT and then to the Board.

TCFD Steering Committee

To oversee the initial implementation of climate-related considerations, we established a temporary cross-functional management committee in early 2024. The committee, which includes the Head of Sustainability, Head of Risk and Assurance and our Group Financial Controller, meets regularly and is sponsored by a member of the GLT. It is responsible for determining how to integrate and embed climate-related considerations into existing governance, strategy, risk management and disclosures across The Crown Estate.

Sustainability, Finance and Risk teams

Our Sustainability team is responsible for the day-to-day management of our Group sustainability strategy, as well as monitoring how business units are meeting sustainability objectives and reporting progress to the Sustainability Committee and GLT. Our Risk and Finance teams are also involved in managing climate risk at The Crown Estate: the Risk function helps facilitate the management of our exposure and response to climate risks, while Finance is responsible for testing the integrity of sustainability data and our external reporting against climate-related disclosures.

Improving insights and awareness

Our sustainability decisions are informed by both internal and external insights. We continue to be part of cross-sector networks and partnerships. This includes being active members of bodies such as the Better Buildings Partnership (BBP), the UK Green Building Council (UKGBC) and Accounting for Sustainability (A4S).

We also share data through projects such as the Marine Data Exchange and Offshore Wind Evidence and Change Programme (read more on pages 9 and 27).

Internal events and communications keep employees informed about climate-related impacts. Our Windsor team has completed bespoke Carbon Literacy training, further enhancing expertise and empowerment, and we will roll out similar training to other business units.

Strategy

a. Climate-related risks and opportunities we have identified over the short, medium and long term

The core purpose and ethos of The Crown Estate is rooted in ensuring long-term value creation, which includes environmental and social considerations. Our strategy is centred on the most material national risks and opportunities that we believe we can make the greatest contribution to, of which climate is one of four key priorities. Our diverse portfolio of urban, rural and marine assets puts us in a unique position to help tackle the escalating climate and nature challenges, strengthen national resilience and support long-term sustainable development.

The climate crisis means that all businesses need to adapt and innovate and we're focused on the role we can play in this transformation. We aim to show leadership in the built environment, embarking on an ambitious development pipeline to decarbonise heritage buildings, and launching two demonstration projects to test different approaches to building net zero homes. Our rural strategy is designed to support the UK's green agricultural transition, supporting both food production and nature. And our work on renewable energy, within our Marine portfolio, is contributing to the country's net zero ambitions.

Our Marine Delivery Routemap, a strategy designed to help co-ordinate action for net zero and nature recovery through the sustainable management of the seabed, is also an example of positive strategic action and building business resilience.

Qualitative scenario analysis

In 2023/24, we conducted an initial review of climate-related risks and opportunities that could affect The Crown Estate across our business operations, supply chain and customer activities in the short, medium and long term.

We engaged key stakeholders across the business through surveys and workshops to establish a long list of climate-related risks and opportunities, using qualitative scenario modelling, to strengthen our business-wide understanding of climate impacts on our future resilience. The process considered risks and opportunities across our operations within our London, Regional, Windsor & Rural and Marine portfolios.

In our scenario analysis, we used a combination of Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) – as used in the Intergovernmental Panel on Climate Change (IPCC) assessment reports – and judged the most relevant for our business to successfully navigate a range of climate futures:

1.5°C

Sustainable development – renewable energy sources prioritised as the world transitions towards a low-carbon economy through international co-operation (SSP1/ RCP2.6 combination)

2.5°C

Regional rivalry – persistent reliance on fossil fuels with inadequate global co-operation result in worsening climate impacts and socioeconomic disruption (SSP3/ RCP6.0 combination)

2.8°C

Inequality – inconsistent international co-operation with varying degrees of progress in mitigating climate change, leading to uneven global impacts and challenges (SSP4/ RCP4.5 combination)

4.0°C

Fossil-fuelled development – rapid economic growth resulting in extensive use of fossil fuels exacerbating the physical impacts of climate change (SSP5/ RCP8.5 combination)

To identify and prioritise the most material risks and opportunities, our assessment focused on impact (including financial and reputation criteria) and likelihood for risks (based on the number of scenarios in which risks and opportunities are likely to occur), and ease of implementation for opportunities. We provide further details on our risk assessment process in the Risk Management section of this statement (see page 68).

We have used the following time horizons, which are the same as we currently use for our corporate risk management process:

Short term: 0 to 2 years
Medium term: 2 to 5 years
Long term: greater than 5 years

Definitions of risks

- **Physical risk:** Physical impacts from climate change, such as increased flooding, leading to impacts on operations, supply chains, employee productivity and revenue
    - **Chronic risk:** Impacts stemming from the gradual, long-term effects of climate change, such as sea level rise, changing precipitation and wind patterns, and shifts in temperature
    - **Acute risk:** Impacts due to sudden and severe events caused by climate change, such as extreme weather events
- **Transition risk:** Changes in climate policy and technological uptake which could impact our business and our supply chain such as changes in policies, regulations or market dynamics

These time horizons align with our existing risk management processes and financial planning cycles. Additionally, during this climate risk and opportunity identification process, we incorporated a fourth time horizon, spanning more than ten years. This extended horizon ensures that we capture climate-related impacts that unfold gradually over time. Notably, the most material risks and opportunities identified in this exercise align with the three time horizons already embedded in our risk management framework. We continue to review our risk management processes to determine if adjustments to these time horizons are necessary.

The table on page 66 highlights the most material climate-related risks and opportunities identified in the opinion of the management team. It provides insights into the potential impact of these risks and opportunities under specific scenarios and the associated time horizons. We have identified which impacts affect our business operations and activities, as well as the broader impacts that affect our enabling role to contribute to UK climate objectives. Information on how we are managing these impacts is summarised on page 67.

We will conduct quantitative analysis over the next year; further develop mitigation and adaptation tools; and better integrate climate risk and opportunity development into strategic and financial planning processes.

Task Force on Climate-related Financial Disclosures continued

Climate-related risks and opportunities

Type	Description	Potential impact	Time horizon
Climate-related risks			
Physical Chronic and Acute 2.8°C 4.0°C	— Rising sea levels and shifts in wind patterns, reducing potential profitability of energy infrastructure — Increased severity and frequency of extreme weather events, such as storm surges and windstorms, that cause physical damage to assets or operational disruption to the delivery of renewable energy generation — Long-term changes to the land, caused by the erosion of coastlines and rising sea levels, along with severe weather such as flooding from storms, causing physical damage to assets that are close to sea level — Severe weather conditions, such as floods and drought, leading to a decrease in agriculture productivity across our rural portfolios — Increased likelihood of heat events, causing overheating within owned buildings across our real estate portfolios	— Lower asset values (across our portfolios) — Assets becoming stranded/obsolete or difficult to insure — Reduced capacity to deliver renewable energy generation, impacting the achievement of financial and environmental goals — Increased need and associated costs to support regenerative farming principles and the transition to sustainable agriculture practices	Medium to long term
Transition Market 1.5°C 2.5°C 2.8°C	— Inability to provide leased assets in line with growing conscious consumer trends, changing customer preferences and strengthening market standards for low-carbon, energy-efficient and climate-resilient buildings — Inability to diversify The Crown Estate's range of climate-related activities and revenue sources	— Loss of customers or reduced demand for our assets — Assets becoming stranded/obsolete — Lower asset values (across our portfolios) — Potential business disruption	Short to long term
Transition Reputation 1.5°C 2.5°C 2.8°C	— Reduced capacity to effectively collaborate with key stakeholders – such as partners, the public sector, NGOs and industry peers – to foster a co-ordinated response to climate change — Challenges in minimising Scope 3 emissions due to the difficulties inherent in influencing complex, global supply chains to transition to low-carbon practices	— Negative reputational perception and impact — Reduced capacity to meet net zero and climate commitments, impacting the achievement of financial and environmental goals	Medium term
Transition Policy and legal 1.5°C	— Increased regulatory requirements and reinforced standards for low-carbon, energy-efficient building regulations, and regulatory requirements for other assets, impacting achieving compliance on owned and managed assets	— Negative consequences to maintaining business operations and a licence to operate — Assets becoming stranded/obsolete — Increased cost of compliance and operational costs — Increased risk of legal action — Negative reputational impact	Short to medium term
Climate-related opportunities			
Resource efficiency 1.5°C	— Increased energy efficiency from retrofitting existing built infrastructure to create more resilient and attractive assets within Regional, London and Windsor & Rural portfolios	— Reduced carbon emissions, reduced exposure to carbon taxes, and improved valuations and lease terms	Short to long term
Products and services 1.5°C	— Measuring and sharing data to support and deliver our climate and sustainability goals (for example, building on The Crown Estate's Marine Data Exchange)	— Enhanced capacity to deliver on climate goals and environmental commitments — De-risked assets and investments	Short term
Market 1.5°C 2.5°C 2.8°C	— Co-ordinating a response to climate change with the public sector, NGOs and industry peers (including collaborating with others to develop skills and expertise required to overcome the challenges associated with transitioning to a low-carbon future) — Developing our role as a leader in catalysing low-carbon energy and carbon capture development and innovation (for example, our Marine Delivery Routemap will help to accelerate the transition to a net zero, nature-positive energy future) — Developing our role as a leader in catalysing nature-based solutions to climate change	— Increased resilience to external shocks — Decreased business disruption — Positive stakeholder perception and enhanced reputation — Enhanced capacity to support national net zero and energy targets — Enhanced delivery of nature recovery, improving nature restoration and resilience	Short to long term

Key: Impact of climate change on our operations and activities; Impact of climate change on our operations and activities and the UK's strategic climate resilience

b. Impact of climate-related risks and opportunities on our business, strategy and financial planning

The VCF is one example of how our strategic aims are translated into decision-making on a day-to-day basis, guiding investment and divestment decisions in line with our wider financial, environmental and social commitments.

We still have more to do to integrate climate risk into existing business processes. We are working to establish the right governance, guidance and interventions to make sure that climate considerations are embedded throughout our business operations and decision-making processes. Our more detailed quantitative analysis will enable us to examine in greater detail the regional variations of how transition and physical risks could affect the resilience of our assets across the UK.

To respond to the climate-related risks and opportunities that we've identified on page 66, adapt to the impacts of the climate crisis and mitigate the risks posed, we're taking action on multiple fronts to shore up the resilience of our portfolio and support the UK's transition to net zero:

— **Net zero pathway:** We are committed to net zero within our own operations and developing net zero targets and pathways to reduce emissions within our wider value chain, in line with a 1.5°C trajectory. Read more on pages 18-25 and 71-74
— **Energy reduction and efficiency:** We are focusing on reducing our real estate energy consumption, improving energy efficiency as a key part of decarbonising our business. See the progress we have made against our real estate energy reduction targets on pages 71-74
— **Renewables:** Because we manage the seabed and much of the coastline around England, Wales and Northern Ireland, we believe we can play a significant role in the UK's energy security and net zero strategy by supporting the growth of marine renewable energy. Read more on pages 18-25 and online at: thecrownestate.co.uk/offshore-wind-report
— **Carbon capture and storage (CCS):** This evolving technology can help reduce carbon emissions at source and store them underground, contributing to the UK's net zero carbon emissions 2050 target. We grant leases for offshore pipeline transportation, seabed and subsurface rights to developers for CO_2 storage. Read more on pages 21-22.
— **Nature-based solutions:** We champion nature recovery and develop natural ways to capture carbon, such as encouraging seagrass restoration in our Marine portfolio and restoring and creating woodlands and peatlands. Read more on pages 21 and 29
— **Engaging with suppliers:** Our Supplier Charter helps align our supply chain by including climate considerations in the supplier selection and tender scoring process. Read more at: thecrownestate.co.uk/responsible-business
— **Engaging with customers:** During the year, we have worked together with retail customers to identify and deliver energy and carbon reduction initiatives, alongside setting out new requirements in our leases in a bid to influence wider positive change

c. Resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

We recognise the critical importance of assessing the resilience of our business strategy against climate-related risks and opportunities. We have considered a range of climate scenarios, as outlined on page 65, to stress test our business model against different temperature pathways, including a 1.5C pathway, to gain insights into potential impacts on our operations and our wider value chain activities. The potential impacts are described on page 66.

We will continuously improve our scenario analysis approach, as we remain vigilant to the changing nature of the world around us. Regular checks and balances through our risk and governance processes will help strengthen the resilience of our strategy and ensure it remains robust, adaptable, and aligned with the changing climate landscape.

We have described the warming scenarios and time horizons we used to inform our qualitative scenario analysis on page 65, where we also highlight our current most material risks and opportunities. Underpinning our principal risk of Climate Change, we are now integrating these risks into our risk management processes so that we can take the steps necessary to minimise the negative impacts of climate change and take steps towards adaptation where necessary.

We will conduct quantitative analysis in the next year to bring more rigour to the process of understanding how the climate emergency may impact all of our portfolios, including financial performance. It will also contribute to strengthening and testing our business resilience.

We're also trialling innovative ways to use data to strengthen our horizon risk scanning and inform our business activities, working with industry experts and best-practice tools including MSCI's Real Assets Climate Risk Solution.

A heritage building for the future

Our London development pipeline has the opportunity to create energy-efficient, accessible buildings that will stand the test of time. We are completing an ambitious refurbishment of 10 Spring Gardens, a building between The Mall and Trafalgar Square, that will deliver 80,000 sq ft of sustainable workspace.

Over 90% of the building's original structure and façade will be retained, greatly reducing the use of new raw materials. New windows will improve the structure's thermal performance and the old ones will be recycled. The scheme will also include greening in and around the building, including the planting of new trees to support biodiversity and wellbeing. With these designs, we are targeting the highest levels of sustainability accreditation: a NABERS five star rating, EPC A and BREEAM Excellent.

Task Force on Climate-related Financial Disclosures continued

Risk Management

a. Processes for identifying and assessing climate-related risks

Our purpose and strategy anchor our ambition to respond to the climate and nature crises and help create a sustainable future. Climate Change as one of our principal risks and 'Environment and Net Zero' is a specific risk category, with a 'seek' risk appetite level within our risk appetite framework, meaning that we are willing to take risk in the pursuit of achieving environmental and net zero objectives.

We carried out a stand-alone exercise to identify our most material climate-related risks and opportunities, as detailed in the Strategy section on page 65, to support and underpin our principal risk.

Climate risks were evaluated against the impact of a risk materialising, split into five categories – minor, moderate, major, serious and critical – and the likelihood of a risk occurring over 0-2 years, 2-5 years, greater than 5 years and greater than 10 years. When evaluating opportunities, impact was considered against the 'ease of implementation' using a scale ranging from 'negligible' (where it would be challenging to implement an opportunity) through to 'high' (where realising the opportunity is within reach). An overall risk score was then assigned based on the combination of impact and likelihood or ease of implementation.

During the year, we introduced a double materiality methodology into our risk identification process to make sure that we fully assess the two-way impacts of the most important environmental, social and governance issues for our business. By taking this approach we are able to maintain an up-to-date perspective and proactively identify any new areas not previously identified. Read more on page 76.

As we move forward with our plan to strengthen climate risk and opportunity management in the organisation, we will consider how these additional detailed climate related risks and opportunities will augment the overarching Climate Change principal risk and examine how existing and emerging changes in climate regulations could affect us, using this additional information to inform our risk management approach.

Calculating the value of our real estate assets at risk from climate change

As we integrate climate change into our strategy, the better our climate data and the better our decision-making will be. This is as true for accurately measuring our emissions and setting our net zero ambitions as it is for understanding our climate-related risks and opportunities. Yet the diversity of our portfolio, spanning traditional real estate, farmland and marine, makes this challenging at times and requires applying different methodologies and tools to develop best-practice approaches.

Through external expertise we have established insights and quantified the potential impacts of physical climate risk within our real estate portfolio. We are also piloting the use of MSCI's Real Assets Climate Risk Solution to enhance how we assess climate risk and understand impacts at both portfolio and asset level. The tool provides a forward-looking financial indication of how physical climate risk might impact our asset value for investment decisions in our London and Regional businesses. Based on our initial assessments under four climate scenarios ranging from 1.5°C to 4°C warming, we estimate an equivalent of 0.6% to 1.7% of the value of our real estate portfolio at risk due to a combination of potential factors affecting property values and operational costs resulting from physical climate risks.

We'll continue to use insights like these to further enhance our understanding and build business resilience.

b. Processes for managing climate-related risks

Climate Change (as a principal risk) is integrated into our risk management strategy, alongside our other risk management processes.

We have a clear risk appetite framework over multiple categories each with a defined appetite level as shown in our Risk Management section on page 68. This supports the business to create environmental value in a way that is consistent with our VCF. Our risk appetite is set by the Board. We look to manage our risks within that appetite with appropriate controls. Our risk model, as described on page 76, has more information about risk appetite, controls, assurance and feedback.

As our business-wide risk platform continues to evolve, we are working to enhance material climate risks and opportunities as sub-risks under the Climate Change principal risk and establish appropriate controls and processes to manage action.

One of the main actions we can take to manage and mitigate climate change is to set ambitious, science-aligned decarbonisation and nature recovery ambitions (read more on pages 18-25 and 26-33). Recognising the role that we can play in addressing climate change, we have set clear goals to reduce our carbon footprint while positively contributing to environmental stewardship. Our climate targets are set out in greater depth in the Metrics and Targets section of this statement on pages 69-70.

c. Processes for integrating the identification, assessment, and management of climate-related risks into the organisation's overall risk management

As a principal risk, Climate Change is included in our company risk processes as a matter of course – identified, assessed and managed using the same processes as detailed in our Risk section of this report on pages 75-82. Our Risk Management framework and risk registers are regularly reviewed and managers periodically complete self-assessments to check the effectiveness of their controls.

The TCFD Steering Committee is reviewing how to assign and embed ownership of the physical and transition climate risks identified through the qualitative analysis we undertook in the year. We are also exploring how we can further capture and integrate climate-related opportunities into existing business processes and frameworks.

Our Risk, Finance and Sustainability teams work closely together and are all represented on the TCFD Steering Committee, ensuring that cross-functional perspectives are represented in climate-related risks and opportunities discussions.

Metrics and Targets

a. Metrics and targets used to assess climate-related risks and opportunities in line with our strategy and risk management process

The table below includes current key climate-related metrics that we currently use to inform our management of climate-related risks and opportunities, noting some of these assessments are qualitative.

Category	Description	Read more
Net zero	We are committed to achieving net zero as part of our overarching business strategy, taking a 1.5°C-aligned approach in line with climate science. We play a dual role on net zero: helping the UK to meet its energy and climate goals and decarbonising our own business operations. We are in the process of updating our net zero ambition, originally set in 2020, to include net zero targets and trajectories for our Rural and Marine portfolios.	Net Zero Carbon and Energy Security on pages 18-25
Greenhouse gas (GHG) emissions	Our carbon emissions data for Scopes 1, 2, and 3 is detailed on pages 73-74, in accordance with the Greenhouse Gas Protocol and Streamlined Energy and Carbon Reporting (SECR) legislation. We are in the process of establishing a complete baseline, including our Rural and Marine portfolios, to provide us with the insights needed to reduce Scope 3 emissions and identify where we can make the most difference in contributing to the UK's net zero goals.	SECR statement on pages 71-74
Energy use in real estate	Decarbonising our buildings, reducing energy use and improving efficiency are key to our climate performance monitoring plans. We are also committed to procuring electricity from renewable sources where we procure the electricity.	Net Zero Carbon and Energy Security on pages 18-25 and SECR on pages 71-74
Remuneration	Enterprise-wide annual bonuses are linked to estate energy reduction targets and carry a 20% weighting. Climate considerations are also embedded into executive remuneration policies and apply to the Chief Executive and members of the Group Leadership Team, including sustainability metrics in long-term incentive plans.	Remuneration Committee Report on pages 103-113
Waste and water	We collect and publish metrics for waste and water management, across our London, Regional and Windsor portfolios.	Nature Recovery and Biodiversity on pages 26-33
Nature recovery	We continue to deliver a range of nature recovery initiatives across our business and are now working towards a set of company-wide nature commitments. We have set a target to dedicate 15% of our rural landholding to nature recovery, in addition to existing priority habitats. This includes planting woodlands, hedges and hedgerow trees.	Nature Recovery and Biodiversity on pages 26-33
Physical risks	The results of our qualitative climate-related risk and opportunity assessment are shown on page 66, and how we manage climate-related risk is described throughout this report.	Task Force on Climate-related Financial Disclosures on pages 67-68
Carbon budgeting	We are developing mechanisms to incorporate cost to ensure carbon alignment across asset, portfolio and enterprise status. We have established a Net Zero Filter, a carbon management tool, to help us identify embodied and operational carbon targets to meet our decarbonisation goals within real estate.	Net Zero Carbon and Energy Security on pages 18-25
Development Sustainability Principles	Our Development Sustainability Principles (DSP) play an important part in integrating sustainability considerations into the life-cycle of our development practices. They include specific net zero and climate resilience targets.	Net Zero Carbon and Energy Security on pages 18-25 and thecrownestate.co.uk/development

Task Force on Climate-related Financial Disclosures continued

Data quality and innovation

We continue to improve our processes to gather accurate, quality data to measure and manage energy and emissions across our diverse sectors. For example, setting an energy target for our real estate portfolio has helped us better understand these challenges and work to improve data quality, but overall we are using significant estimations to understand our emissions and this is a priority issue for improvement.

Our central London heritage building portfolio was not designed with climate resilience in mind, so we're also piloting digital innovation; establishing new data sources; and influencing behaviour shifts with colleagues, partners and suppliers to help drive change.

b. Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and the related risks

We publish Scopes 1, 2 and some Scope 3 GHG emissions in our SECR statement on pages 71-74. This includes absolute emissions and an intensity ratio in line with the GHG Protocol. We have disclosed our emissions metrics for 2023/24, 2022/23 and 2021/22 to allow for historical comparison and trend analysis.

We work with a specialist consultancy organisation to produce our energy and emissions data for our real estate portfolios, with our Scopes 1 and 2 absolute and emissions intensity externally assured.

We follow the operational control boundary outlined by the GHG Protocol for our London, Regional and Windsor Estate assets. For these portfolios, the operational control boundary means that data collection is focused on the directly managed operations at properties under The Crown Estate's operational control. For indirectly managed properties an estimation technique has been applied in order to determine Scope 3 emissions associated with the operation of these properties to allow for full GHG reporting.

Our Scope 1 includes direct emissions from gas consumption in our buildings, refrigerants and company owned vehicles and machinery. Data is collected through meter readings, invoices, third party reports and company fuel management systems.

Scope 2 includes emissions originating from generated electricity usage purchased by The Crown Estate for operationally controlled assets. Meter readings, invoices and electricity contract information are used to calculate electricity consumption. Relevant Defra emissions are applied to determine location-based and market-based emissions.

Scope 3 emissions are currently reported across our London, Regional and Windsor portfolios, including activities that cover purchased goods and services, capital goods, fuel and energy-related activities, operational and construction waste, business travel, employee commuting, leased vehicles and machinery and downstream leased assets. Data collection methods include information from purchase ledger spend, meters, invoices, development data analysis, employee surveys and fuel dashboards.

Over the last year, our energy interventions have driven a reduction of 2.3% in absolute Scopes 1 and 2 emissions from 10,286tCO_2e in 2022/23 to 10,048tCO_2e. In 2023/24 we saw an increase in our Scope 3 emissions by 8.7%, due to an increase in supplier spend.

We continue to develop our data collection and reporting processes to improve our emissions reporting – working collaboratively with both suppliers and customers. We are in the process of establishing our Scope 3 emissions for our Rural and Marine activities; this will provide us with data and insights to drive meaningful action and establish sector-specific net zero targets and trajectories.

For more details, see our SECR statement on pages 71-74.

c. Targets used to manage climate-related risks and opportunities and performance against target

In line with climate science, we are committed to taking a 1.5°C-aligned approach to reaching net zero. Since we set our net zero target in 2020, scientific guidance has evolved. We have a longstanding commitment to measuring and managing our carbon emissions, and we are currently in the process of undertaking a comprehensive analysis of Scope 3 emissions to include the Rural and Marine portfolios.

Over the coming year, we will build on our baseline to develop net zero pathways at enterprise and sector level. We aim to focus on, and carefully balance, strategies to reduce our own emissions while also supporting the growth of the offshore wind sector, which is vital for the UK's transition to net zero.

Finally, we will continue to improve our understanding of the interconnections between climate, nature and communities, through commitments underpinning our strategic objectives and the delivery of our sustainability priorities on net zero, nature recovery and inclusive communities, while continuing to deliver financial value for the benefit of the nation.

Non-Financial and Sustainability Information (NFSI) statement

For ease of reference, information related to our climate-related disclosures can be found on the following pages:

Pillar	Pages
Governance	63-64 and 84-119
Strategy	65-67 and 1-82
Risk Management	68 and 75-82
Metrics and Targets	69-70 and 71-74

Streamlined Energy and Carbon Report

Reducing energy consumption and improving the efficiency of our real estate and wider operations is central to our goal of decarbonising our business, minimising environmental impact, and contributing to achieving net zero emissions.

Our energy consumption, energy reductions and associated carbon emissions data for 2023/24 is detailed in the tables on page 72, in accordance with the Greenhouse Gas (GHG) Protocol and Streamlined Energy and Carbon Reporting (SECR) legislation. Additional information on our environmental data can be found in the Sustainability Data Supplement at thecrownestate.co.uk/annual-report

Recognising the value of data, we have invested heavily in data collection processes and continue to evolve our estimation methodologies, helping us to prioritise decarbonisation interventions. We have made significant progress in the past reporting year to improve both the quality of our energy consumption data and our methodologies. As a result, we have learned a lot about our data processes and restated the 2022/23 and 2021/22 results for a number of data points, including absolute energy consumption and the related intensities and emissions. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement at thecrownestate.co.uk/annual-report. Additionally, our Environmental Reporting Criteria at thecrownestate.co.uk/assurance provides details on our data methodologies, definitions and assumptions.

Our energy consumption

Energy reduction and efficiency

To support our net zero ambition, we implemented an ambitious energy reduction target to reduce energy consumption (excluding electric vehicle (EV) charging) by 10% compared with 2021/22, with a stretch target of 13% across our London, Regional and Windsor real estate assets. This target is linked to our 2023/24 enterprise-wide annual bonus and carries 20% weighting; read more on pages 103-113.

We are pleased to report a 15% reduction compared with our restated baseline year of 2021/22, exceeding our 13% stretch target. By prioritising actions and accelerating progress on decarbonising our operations, absolute energy consumption decreased from 101,188MWh (restated) in 2021/22 to 85,964MWh in 2023/24. The largest improvements were made this year, with a reduction of 11.9%, from 97,554MWh (restated) in 2022/23 to 85,964MWh in 2023/24. See the table on page 72 for more information.

Like-for-like energy consumption, as shown on page 72, reduced by 13,622MWh or 14.0% from 2021/22 to 2023/24. Compared with 2022/23, energy consumption decreased by 11,624MWh or 12.1%. These results highlight the direct impact of our energy and carbon reduction and efficiency interventions delivered this year. The key initiatives and measures implemented in 2023/24 include:

— implementing 'quick wins' such as upgrading lighting and air conditioning systems
— developing long-term decarbonisation plans and creating 'building passports' to provide up-to-date asset-level information
— optimising building management systems and software to enhance energy efficiency and fix faults quickly
— a comprehensive review of energy meters to improve data quality, analysis and reporting
— creating a dedicated team of specialists to identify short-term fixes and provide the expertise and capabilities necessary for long-term success
— collaborating with customers and suppliers to achieve shared energy and carbon reduction goals

Energy intensity values also serve as indicators of energy management and building performance. We analyse energy intensity across three separate categories: offices, shopping centres and retail parks. The results on page 72 demonstrate that energy intensity decreased across all sectors compared with the previous year.

Renewable energy

As well as reducing energy consumption and improving efficiency, sourcing renewable and low-carbon energy remains part of our decarbonisation approach. During 2023/24, we procured 97%Ⓐ of our electricity from renewable sources, where we are responsible for purchasing the electricity.

Our carbon emissions

Scopes 1 and 2 carbon emissions

Our reduced energy consumption is reflected in a 2.3% reduction in our Scopes 1 and 2 emissions compared with 2022/23 (as shown on page 73). Our largest emissions reduction in these Scopes comes from 'Scope 1: Direct emissions from gas consumption', which reduced by 23.2% compared with 2022/23 due to a reduction in the amount of gas consumed across our portfolio.

Scope 3 emissions

As part of our commitment to reducing carbon emissions, we are actively measuring and understanding our Scope 3 emissions. The results on page 74 show an increase by 8.7% in 2023/24 compared with the previous year. This is the result of increased supplier spend resulting in higher emissions associated with purchased goods and services and capital goods.

This year, we have improved supplier emissions calculations with a more granular methodology. We continue to collaborate with our suppliers to improve data insights, providing better data and targeting areas for action to reduce emissions further. We are also establishing a comprehensive carbon baseline that includes Scope 3 emissions from Rural and Marine activities. This holistic approach allows us to identify and focus on the areas we can impact the most as we work toward our net zero ambition.

Restating our emissions

Where our improvements to our data collection processes and methodologies lead to a material change in our reported energy or emissions, we restate the previously reported results.

Improvements in the quality of the energy data have led to restatements of energy consumption and the related Scopes 1, 2 and 3 emissions. Furthermore, improvements in our data coverage mean we now record energy consumption on a higher number of meters, including those in void properties where responsibility for energy procurement transfers to us for the duration of the void period.

In Scope 1, we have improved our data collection processes for refrigerants and have moved from reporting estimated to actual data. Having access to actual measurements has enabled us to prioritise refrigerant upgrades across our portfolio. Additionally, 2022/23 Scope 3: purchased goods and services and capital goods emissions have also been restated due to a move towards a more granular and accurate spend-based methodology.

Ⓐ Independent limited assurance (see inside front cover)

Our energy data

Absolute and like-for-like energy consumption, and energy intensity, are detailed in the following tables:

Energy consumption – absolute[1,2]

	Absolute (MWh)			Absolute (MWh)	
	2023/24	2022/23 (restated)[3]	Year-on-year (decrease) %	2021/22 (restated)[3]	2023/24 v 2021/22 (decrease)/ increase %
Electricity	**63,159**	68,755	(8.1)	66,973	(5.7)
Fuel	**23,357**	29,707	(21.4)	34,666	(32.6)
Total including EV charging	**86,516** Ⓐ	**98,462**	**(12.1)**	**101,639**	**(14.9)**
EV charging[4]	**(552)**	(908)	(39.2)	(451)	22.4
Total excluding EV charging	**85,964** Ⓐ	**97,554**	**(11.9)**	**101,188**	**(15.0)**
Number of assets	**184**	187	(1.6)	189	(2.6)

Energy consumption – like-for-like[5]

	Like-for-like (MWh)			Like-for-like (MWh)		
	2023/24	2022/23	Year-on-year (decrease) %	**2023/24**	2021/22	2023/24 v 2021/22 (decrease) %
Electricity	**61,222**	66,429	(7.8)	**60,692**	63,749	(4.8)
Fuel	**23,153**	29,570	(21.7)	**23,119**	33,684	(31.4)
Total including EV charging	**84,375** Ⓐ	**95,999**	**(12.1)**	**83,811** Ⓐ	**97,433**	**(14.0)**
Number of assets	**176**	176		**172**	172	

1. All data relates to those assets where The Crown Estate is responsible for procuring the energy, including 40,217MWh (2022/23: 45,737MWh[3]) procured in respect of, and recharged to, tenants.
2. The absolute energy data reported above represents 98% (2022/23: 98%[3]) of floor areas of directly managed properties in our London and Regional portfolios and on the Windsor Estate.
3. Following improvements to energy consumption data quality and completeness, absolute energy consumption has been restated for 2022/23 and 2021/22. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement at: thecrownestate.co.uk/annual-report.
4. EV charging points are provided across our Regional sites and on the Windsor Estate. Following the introduction of customer charging for the use of EV charging points across our Regional portfolio, electricity consumption for EV charging reduced from 908MWh in 2022/23 to 552MWh in 2023/24.
5. Like-for-like metrics are recalculated for each two years being reviewed and are based on restated 2022/23 and 2021/22 data. Refer to the Environmental Reporting Criteria for more information at: thecrownestate.co.uk/assurance.

Energy intensity[1,2]

	kWh/m²			kWh/m²
	2023/24	2022/23 (restated)[1]	Year-on-year (decrease) %	2021/22 (restated)[1]
Offices	**234.3** Ⓐ	260.0	(9.9)	258.2
Shopping centres	**45.8** Ⓐ	49.0	(6.5)	52.9
Retail parks	**3.0** Ⓐ	4.4	(31.8)	3.3

1. Following improvements to energy consumption data quality and completeness, and improvements to our intensity methodology, energy intensity has been restated for 2022/23 and 2021/22. Energy intensity is calculated for properties where our data satisfies the requirements specified in our Environmental Reporting Criteria. Energy intensity is split according to sector types, in recognition of the varied asset operations, data coverage, and energy profiles. Offices intensity is based on whole building gross internal area; shopping centres intensity is based on common parts areas; retail parks intensity is based on areas associated with external lighting and services. These methodologies are in line with the Better Buildings Partnership recommendations. In previous years we reported a total energy intensity metric in the Annual Report; for the first time this year we have shown the energy intensity for the three separate sector types, for all years presented to better reflect the asset mix within our portfolio. Furthermore, we have improved the intensity methodology by implementing stricter inclusion criteria to create a more accurate intensity measure, resulting in fewer assets meeting the specified requirements compared with the methodology used in the 2022/23 Annual Report. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement. Further details about methodologies can be found in the Environmental Reporting Criteria. All data relates to those assets where The Crown Estate is responsible for procuring the energy.
2. Energy intensity coverage represents 57% (2022/23: 55%[1]) of the floor area of directly managed properties in our London and Regional portfolios and on the Windsor Estate. Assets contributing to the intensity data account for 62% (2022/23: 64%[1]) of the absolute energy consumed.

Ⓐ Independent limited assurance (see inside front cover)

Our carbon data

Carbon emissions for absolute Scopes 1 and 2, and emissions intensity, are detailed in the following tables:

Greenhouse gas emissions – absolute Scopes 1 and 2[1]

		Absolute tCO_2e			Absolute tCO_2e
	GHG Protocol category	2023/24	2022/23 (restated)[2,3]	Year-on-year (decrease)/ increase %	2021/22 (restated)[2,3]
Scope 1	Direct emissions from gas consumption[2]	**2,290**	2,981	(23.2)	3,795
Scope 1	Refrigerants[3]	**609**	55	1,007.3	242
Scope 1	Owned vehicles and machinery	**215**	212	1.4	225
Total Scope 1		**3,114** △	**3,248**	**(4.1)**	**4,262**
Scope 2 (location-based)	Emissions from generated electricity usage[2,4]	**6,934** △	7,038	(1.5)	7,562
Total Scopes 1 and 2 (location-based)		**10,048**	**10,286**	**(2.3)**	**11,824**
Scope 2 (market-based)	Emissions from generated electricity usage[2,4]	**696** △	1,049	(33.7)	1,432

1. All Scopes 1 and 2 data relates to those assets where The Crown Estate is responsible for procuring the energy.
2. Following improvements to energy consumption data quality and completeness, Scope 1 (Direct emissions from gas consumption) and Scope 2 (Emissions from generated electricity usage) have been restated for 2022/23 and 2021/22. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement.
3. Following a move from using estimations to collecting actual data, Scope 1 (Refrigerants) have been restated for 2022/23 and 2021/22. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement. Further details about methodologies can be found in the Environmental Reporting Criteria.
4. EV charging points are provided across our Regional sites and on the Windsor Estate. Prior to 2023/24 EV charging was supplied to customers free of charge and the related emissions included in Scope 2 (Emissions from generated electricity usage). Following the introduction of customer charging for the use of EV charging points across our Regional portfolio during 2023/24, the related emissions are included in Scope 3 Category 3 (Electricity and transmission distribution losses) in line with the GHG Protocol.

Emissions intensity[1,2]

	kgCO_2e/m^2			kgCO_2e/m^2
	2023/24	2022/23 (restated)[1]	Year-on-year (decrease) %	2021/22 (restated)[1]
Offices	**46.7** △	49.3	(5.3)	52.0
Shopping centres	**9.4** △	9.4	–	11.1
Retail parks	**0.6** △	0.8	(25.0)	0.7

1. Following improvements to energy consumption data quality and completeness, and improvements to our intensity methodology, emissions intensity has been restated for 2022/23 and 2021/22. Emissions intensity is calculated for properties where our data satisfies the requirements specified in our Environmental Reporting Criteria. Emissions intensity is split according to sector types, in recognition of the varied asset operations, data coverage, and energy profiles. Offices intensity is based on whole building gross internal area; shopping centres intensity is based on common parts areas; retail parks intensity is based on areas associated with external lighting and services. These methodologies are in line with the Better Buildings Partnership recommendations. In previous years we reported a total energy intensity metric in the Annual Report; for the first time this year we have shown the energy intensity for the three separate sector types, for all years presented to better reflect the asset mix within our portfolio. Furthermore, we have improved the intensity methodology by implementing stricter inclusion criteria to create a more accurate intensity measure, resulting in fewer assets meeting the specified requirements compared with the methodology used in the 2022/23 Annual Report. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement. Further details about methodologies can be found in the Environmental Reporting Criteria.
2. Emissions intensity coverage represents 57% (2022/23:55%[1]) of the floor area of directly managed properties in our London and Regional portfolios and on the Windsor Estate. Assets contributing to the intensity data account for 62% (2022/23: 64%[1]) of the absolute energy consumed.

△ Independent limited assurance (see inside front cover)

Streamlined Energy and Carbon Report continued

Greenhouse gas emissions – absolute Scope 3 (indirect)

Our reported Scope 3 emissions are detailed below:

		tCO2e		Year-on-year (decrease)/ increase	tCO2e
	GHG Protocol category	**2023/24**	2022/23 (restated)[1,2]	%	2021/22 (restated)[1,2]
Scope 3	Category 3: electricity and transmission distribution losses[1,3]	**1,192**	1,216	(2.0)	1,258
Scope 3	Category 6: business travel	**60**	47	27.7	20
Scope 3	Category 8: leased vehicles/ machinery/tools	**133**	131	1.5	134
Scope 3 (location-based)	Category 13: downstream leased assets (evidenced tenant energy)[1,4]	**8,066**	8,700	(7.3)	9,213
Total assured Scope 3		**9,451** Ⓐ	**10,094**	**(6.4)**	**10,625**
Scope 3	Category 1: purchased goods and services[2]	**21,134**	16,672	26.8	9,288
Scope 3	Category 2: capital goods[2]	**18,988**	13,909	36.5	15,620
Scope 3	Category 5: waste generated in operations	**134**	143	(6.3)	108
Scope 3	Category 7: employee commuting	**147**	117	25.6	101
Scope 3	Category 13: downstream leased assets (estimated tenant energy)[1]	**40,257**	41,988	(4.1)	43,766
Total gross Scope 3		**90,111**	**82,923**	**8.7**	**79,508**
Scope 3 (market-based)	Category 13: downstream leased assets (evidenced tenant energy)	**-**	–	–	–

1. Category 3 (electricity and transmission distribution losses) and Category 13 (downstream leased assets (evidenced tenant energy)) are directly related to energy consumption. The 2022/23 and 2021/22 restatements of absolute energy consumption, following improvements to data quality and completeness, have resulted in the need to also restate these data points. Category 13 (downstream leased assets (estimated tenant energy)) has also been restated as its estimation is based on emissions intensity. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement.
2. Following improvements made to the Category 1 (purchased goods and services) and Category 2 (capital goods) emissions calculation methodologies, including applying a more granular and accurate approach, amounts reported have been restated for 2022/23 and 2021/22. Information about the impact of the restatements, along with the data as originally reported in the 2022/23 Annual Report, can be found in the Sustainability Data Supplement. Further details about methodologies can be found in the Environmental Reporting Criteria. As we continue to evolve our methodology, including a move to collect emissions data directly from key suppliers, these are likely to be restated again in future years.
3. EV charging points are provided across our Regional sites and on the Windsor Estate. Prior to 2023/24 EV charging was supplied to customers free of charge and the related emissions included in Scope 2 (Emissions from generated electricity usage). Following the introduction of customer charging for the use of EV charging points across our Regional portfolio during 2023/24, the related emissions are included in Scope 3 (Electricity and transmission losses) in line with the GHG Protocol.
4. Scope 3 Category 13 (downstream leased assets (evidenced tenant energy)) data relates to assets where The Crown Estate is responsible for procuring the energy.

Ⓐ Independent limited assurance (see inside front cover)

Estimations and uncertainty

We are always seeking to improve the quality of our data and to use the latest and most accurate industry models. Despite this, environmental reporting is an evolving area, and our reporting necessarily involves certain estimates and assumptions.

Definitions

Location-based emissions: emissions from electricity usage calculated in accordance with the spread of energy sources in the National Grid over the year in question (eg fossil fuels and renewables).

Market-based emissions: emissions from electricity usage calculated taking into account the sources of the energy purchased (eg validated renewable sources) and the corresponding emissions actually released into the atmosphere (ie as a result of the purchase of non-renewable sources).

Methodology for quantification and reporting of carbon emissions

We quantify and report our organisational GHG emissions according to the GHG Protocol, using the operational control approach. Energy use data has been collated and converted into carbon dioxide equivalent (CO_2e) using the UK Government GHG Conversion Factors for Company Reporting in order to calculate emissions from corresponding activity data.

This report is prepared in accordance with the GHG Protocol's Scope 2 Guidance. We therefore report both a location-based and market-based Scope 2 emissions figure (and Scope 3 as applicable). The Scope 2 market-based figure reflects emissions from electricity purchasing decisions that we make. When quantifying emissions using the market-based approach we use supplier-specific emissions factors where possible. If these factors are unavailable, a residual mix emissions factor is used and, as a final alternative, a location-based grid emissions factor is used.

More information can be found in our Environmental Reporting Criteria at: thecrownestate.co.uk/assurance.

Risk management

Introduction

Our approach to risk is to ensure that we manage it at all levels within our Group as it is integral to every activity. The individual business units are the owners of the risks they run and are best placed to understand and manage them. Our Risk team facilitates this understanding and makes sure that everyone is equipped with the advice, tools and support they need to manage risks within the risk appetite set by the Board, in a way that is consistent with our purpose and values.

Current areas of focus

For much of the year, the economic landscape remained difficult, marked by cost inflation, resource scarcity, labour shortages and global volatility – although there were more positive signs for the economy towards the year end.

The changing political landscape, including national and local elections, has created uncertainty, while trends in digital disruption, patterns of work, societal pressures and significant pressures on climate and nature also require a response.

Pages 10-11 describe the work we are undertaking to respond to these trends and manage their impact on our ability to create value for our customers, partners and stakeholders.

Risk management framework

As the ultimate owner of corporate risk, the Board sets our risk appetite – a mechanism by which it determines the level of risk the Group should take in the pursuit of its strategy. In this way, our risk management responsibilities are cascaded through the business so that decisions can be taken within a clear framework of acceptable and unacceptable risk.

The Audit Committee continues to regularly review risk management processes and internal control systems and has reported its findings to the Board, as set out on pages 96-98.

Additionally, the Board made an assessment of the principal risks which are set out on the following pages.

Individual Group Leadership Team (GLT) members are responsible for managing risk within the risk appetite of the business. This includes the strategic risks within their business units and the principal risks assigned to them.

The GLT holds regular sessions on strategic, operational and emerging risks, where current and potential issues are considered and actions determined. This allows early discussions of changes in our operating environment. The Head of Risk and Assurance attends these sessions to provide input into this and other elements of executive decision-making.

The business units continue to maintain registers of risks and controls pertinent to their areas which are regularly reviewed and maintained, with self-assessments recorded by management on the effectiveness of their controls at a point in time.

The Risk and Assurance Group, which comprises senior leaders within the Group, supports the further consolidation of effective control and risk management into the operational management of the business.

The Group Insurance function sits within the Risk and Assurance team, ensuring risk oversight of our insurance strategy and approach to risk transfer.

The Internal Audit function acts as a clear third line of defence, reporting directly to the Audit Committee. It provides independent assurance on risk management effectiveness.

Risk appetite

We have a clear risk appetite framework which drives decision-making and supports the business to create financial, environmental and social value in a way that is consistent with our Value Creation Framework (VCF), while protecting us from downside exposure. It is underpinned by an evolving infrastructure of control assurance, review and reporting, and these processes continue to be developed and enhanced.

The framework is designed to be comprehensive and consistent with our broader measures of success. It has also been designed to be clear and practical, giving the business readily measurable criteria aligned with our purpose and values to assess what we are, and are not, willing to do to deliver on our strategy.

We have reviewed our risk appetite measures in light of major trends and our strategy, resulting in a number of changes as follows:

- Legal and regulatory has been split into two distinct categories, 'Legal' and 'Regulatory', in order to apply a 'Cautious' as opposed to 'Averse' risk appetite for legal risk which applies to areas of litigation where a more cautious approach feels appropriate to support the pursuit of our strategy
- The Board has increased its appetite for Customer Needs, changing it from 'Seek' to 'Hungry' to reflect the need for an ambitious approach to delighting our customers and that not all new initiatives will succeed
- The Board has also increased its appetite for Stakeholders, Partners and wider Convening Activity from 'Open' to 'Seek' to reflect that we are willing to take more risk to grow our convening activity where our convening influence is high

As well as our determination of risk appetite, we recognise that the success of its application depends on identifying and understanding our risks, and the integration of our broader risk management approach into the processes established for our VCF and strategy (see page 17).

The risk appetite levels represent Group-level goals, and there is scope within a well-balanced portfolio to have a mixture of risk levels, as long as the overall portfolio is consistent with the Board's risk appetite.

Risk management continued

Our risk model

Our Purpose and Values

Governance

	Risk appetite		Controls	Assurance	Feedback
Strategic risks	**Strategy:** Risk appetite bridges risk into our strategy	— Strategic goals — Capital allocation — Business planning	Group and Business Unit controls	Assurance framework across three lines of defence	'Lessons learned' inform course correction, or
Operational risks	**Operations:** Risk appetite drives the measures we use to efficiently and effectively control our operations	— Operational targets — Delivery — Direct — Extended enterprise	are resourced to achieve risk appetite	including control effectiveness, monitoring and reporting	different control priorities, or different risk appetite

Double materiality analysis summary

At The Crown Estate, our purpose and strategy are built on creating long-term prosperity for the nation – environmentally, socially and financially. By considering the impact that we have on society and the environment, and how our business is impacted by sustainability issues, we can make better decisions about where to focus our efforts.

This principle is at the heart of our strategic approach that guides us in identifying and addressing the impacts that are most relevant to our business and stakeholders. As part of our risk management approach, we are regularly reviewing and refining what we do to ensure that our interventions focus on where we can have the most impact, so we remain robust, relevant and responsive to the evolving needs of our business and society.

This year, we initiated a comprehensive double materiality assessment, drawing on insights from across the business and from external stakeholders. Our aim was to establish a current perspective on risks and opportunities, providing us with an up-to-date view and identifying any blind spots. We seconded an external specialist into the team to enhance our team's capabilities. This provided valuable insights, methodologies and best practices that we can learn from and integrate into our processes, helping us navigate complex issues related to double materiality on an ongoing basis.

We evaluated environmental and social impacts alongside financial performance. Through this process, we have identified more than 200 risks and opportunities. Each of these will be carefully considered and, where relevant, integrated into our existing risk management system and processes. This will ensure that sustainability-related risks and opportunities are embedded effectively into our ongoing activities.

From our initial assessment, these are the 16 key topic areas identified, which can be mapped to our four strategic priorities as set out in the table below.

By continuing to explore topic interdependencies, including the trade-offs and joint benefits, we are able to concentrate resources where we can make the most impact. This work is essential for the ongoing development of our sustainability commitments and decision-making processes across the business.

See pages 61-70 for our 2023/24 Task Force on Climate-related Financial Disclosures (TCFD) report for more detail on our climate-related risks and opportunities that were identified as part of this process.

Strategic objectives	Key areas
Responsibly generate value and financial returns for the country.	— Data privacy — Diversification of business model and assets — Market and policy interventions — Supply chain and third party partnerships — Transparent reporting and disclosure
Be a leader in supporting the UK towards a net zero carbon and energy-secure future.	— Pathway to net zero — Technology and innovation — Resilience and adaptation to climate impacts
Take a leading role in stewarding the UK's natural environment and biodiversity.	— Land use and biodiversity — Water usage — Resource circularity — Mineral and material extraction
Help create inclusive communities and support equality, economic growth and productivity.	— Pollution — Local economies — Health, safety and wellbeing — Diversity, equity and inclusion

Risk appetite

Ref	Risk category	Appetite	Description
1	**Brand and Reputation**	Open	We take a proactive approach in our communication and engagement with existing and potential stakeholders, including customers. This is a vital part of ensuring that Crown Estate activity is informed by external perspectives and our purpose and role are well understood. We take appropriate risk when necessary to support our strategy.
2	**Business Continuity and Resilience**	Averse	We have limited appetite for risks which erode our ability to continue operating in the face of operational shocks.
3	**Capital Allocation and Liquidity**	Seek	We recognise that there is a need to take risk in the pursuit of our purpose and take a risk-adjusted approach in the allocation of capital where differing risk weightings are applied to different activities based on a range of factors. We have a low appetite to place our liquidity position at risk.
4	**Change and Innovation**	Hungry	We are willing to invest in change and innovation and prepared to take risks that permit us to deliver disciplined wholesale change (business transformation), and continuous improvement to our operating model and business practices.
5	**Control and Assurance**	Averse	We have limited appetite for lack of effective control and assurance around the operation of our processes including activities relating to the acquisition, protection and analysis of data. We address these risks through effective controls, assurance, reporting and governance.
6	**Customer Needs**	Hungry	We are willing to take risk in the development and delivery of clear and differentiated value propositions which fulfil or exceed our customers' needs. We recognise the need for an ambitious approach to delighting our customers and are fully conscious that not all new initiatives will succeed.
7	**Digital Transformation**	Open	We will take appropriate risk in driving our digital transformation to ensure business resilience into the future and in the pursuit of our strategy and delivery of our operations.
8	**Environment and Net Zero**	Seek	We seek to drive the green agenda and net zero and be recognised as having an important role in advancing biodiversity. We are willing to take risk in the pursuit of these objectives.
9	**Health and Safety**	Strongly averse	We have a very low appetite for health and safety risk and aspire to a goal of no health and safety incidents where we operate. Where health and safety risk exists, this will be mitigated through effective controls.
10	**Legal**	Cautious	We wish to avoid legal risk subject to the extent that doing so affects other risk appetite measures and strategic objectives.
11	**Outsourced Activities and Supply Chain**	Averse	We have limited appetite for risks arising from the operation of our supply chain and from other outsourced activities. We regard effective control of our extended enterprise as fundamental to our good operation.
12	**People and Culture**	Seek	We are willing to take risk to build and maintain a team and culture with the skills and convictions to deliver our strategy in accordance with our values and collective identity.
13	**Political Exposure**	Open	Our activities make it necessary to navigate the political environment and our plans will be impacted by changes in that environment. We assess our strategy to be responsive to these changes, while maintaining our independence in determining our response.
14	**Regulatory**	Averse	We wish to avoid, or manage on an as low as reasonably practicable basis, risks which involve compliance with primary legislation or regulation.
15	**Social Impact**	Seek	We seek to drive health, wellbeing and community creation and to support productivity and economic development. We are willing to take risk in the pursuit of these objectives.
16	**Stakeholders, Partners and wider Convening Activity**	Seek	We are willing to take risk to leverage our contractual, commercial and wider relationships in the achievement of our strategy and our ability to use our influence to achieve value both directly and indirectly. We are open to taking risks in growing our convening activity where our convening influence is high.

Risk appetite level definitions

Hungry
We are willing to take a very high level of this kind of risk to achieve our strategic objectives

Seek
We are willing to take a significant amount of this kind of risk in order to achieve our strategic objectives

Open
We are willing to actively take this kind of risk in order to achieve our strategic objectives

Cautious
We want to avoid this kind of risk, subject to the extent that doing this affects other risk appetite measures and strategic objectives

Averse
We want to avoid this kind of risk as far as is reasonably possible

Strongly averse
We see avoiding this kind of risk as fundamental, appetite is as near to zero as is reasonably possible

Principal risks and uncertainties

Pages 78-82 set out what we believe to be our most significant risks. For each risk we have included notes on our mitigations and some context around why the risk has been included on this list. We have also included an indication of what we believe to be the most pertinent risk appetite measures and arrows indicating broadly whether we think these risks are increasing, decreasing or remaining stable.

Impact

All risks are to be considered with the following categories of impact in mind:

- Financial, environmental and social in terms of our Value Creation Framework
- Reputation in terms of the effect on our people, customers and other stakeholders
- Injury and loss of life

The overall estimate of impact may come from a combination of these components.

Likelihood

We evaluate likelihood of a material risk event happening across a number of broad timeframes, with the greatest emphasis being placed on the near term (0-2 years).

Residual impact and likelihood change

The directional arrows at the end of each column represent a simple evaluation of how we believe these risks have changed over the course of the financial year. While this is not a direct year-on-year comparison as there has been some evolution in both the risks included this year and in their descriptions, we nonetheless wanted to provide an indication of how our perception of the gravity of each of the risks has changed in the period so as to give some direction of travel.

The evaluation is given in terms of residual risk, ie, the direction of impact and likelihood after the operation of our existing controls.

Principal risks

Risk	**Value Creation** We significantly underperform our goals in creating financial, environmental and social value due to the market and broader economic challenges or issues in mobilising internal capacity or capabilities.	**Systemic Change** A systemic change in our markets or in our wider business, economic, social or political environment fundamentally alters one or more of our key markets or business areas beyond our ability to effectively adapt and this results in significant underperformance.
Why it matters	As we implement our strategy we will need a continued focus on managing risk, securing capital and delivering against our strategic objectives.	As the speed of systemic change accelerates, we must continue to adapt to protect our performance.
Key mitigations	Value Creation Framework (VCF) in place to continually monitor performance, with strategic goals set and measured in VCF terms Mitigating external risks: — Strategic planning process — Business planning/ prioritisation process Mitigating internal risks: — Operating model review — People strategy — Governance and oversight (including by the Value Creation Committee) — Financial controls — Quarterly business reviews A comprehensive set of net zero plans and programme of activity implemented at Group and business unit level	Market and sector analyses, including greater external engagement Detailed strategic planning Ongoing strategy review and feedback process Strategic goals set and measured in VCF terms Review and monitoring process of emerging risks People strategy Updating of digital planning including the development of an artificial intelligence strategy
Key risk appetite category	3 Capital Allocation and Liquidity	4 Change and Innovation
Residual impact change	↔	↔
Residual likelihood change	↔	↔

Principal risks

Risk	**Strategic Transformation** We fail to transform our strategy because of an inability to respond to change resulting from limitations in our capabilities and capacity, failure to adapt our culture and transform our operations, or from constraints in our constitution, including limitations on our scope for action and access to capital.	**Policy Environment** Pace of change in the policy environment, and a link between our role and the delivery of certain policy directives, may adversely affect our ability and/or the perception of our ability to implement against our mandate or result in challenge to the independence of that mandate.	**Technology Resilience** Our ability to run our critical systems or properly protect or process information, either through internal failures or external cyber-attack or failure of critical infrastructure, results in diminished ability to operate, loss of company data, damage to our reputation, loss of confidence with customers, partners and other stakeholders and/or financial loss or penalties.
Why it matters	As our business continues to develop, both organically and through planned transformation to help us deliver on our strategy, we need to adapt to both external challenges and internal obstacles.	We need to pay close attention as the policy landscape continues to shift, to ensure we continue to deliver our mandate and meet the potentially changing needs of our stakeholders.	We continue working to enhance our capabilities – first, by modernising our systems and procedures, and second, by addressing escalating external risks, including those presented by advancements in AI.
Key mitigations	Strategic planning process – allocating resources to deliver the business strategy/strategic direction with the right control mechanisms in place to guide its implementation Business planning/prioritisation process – establishment of the immediate objectives, identifying key deliverables against the strategy and wider value objectives, strong engagement with the business to ensure delivery of priorities in accordance with prescribed enterprise prioritisation Operating Model Review process – building resilience into the organisation aligned with our strategy, culture and values People strategy – continued focus on culture change through the development of our people, and opportunities for leadership Governance and oversight – over costs, quality, timing and risk	Proactive and integrated approach in place to understand the external environment and what our stakeholders think of us, and build awareness of and support for organisation through thoughtful profile raising Enterprise and business unit stakeholder engagement at local community, devolved and UK levels Ongoing enterprise-wide engagement through townhalls and interactive sessions at all levels Continuing to build strong relationships with stakeholders across government and non-government stakeholders and interested parties Ongoing review of upcoming legislative/policy changes that could affect our business to identify risks and opportunities, including understanding market demands and stakeholder views Community and wider stakeholder engagement to shape and influence the world around us to support delivery of our strategies	Modernisation of our IT infrastructure Changes to system configuration are validated and controlled Continue to: — understand potential cyber risks (Prepare) — implement effective preventative cyber security controls and activities (Protect) — implement processes and technology for the timely detection of malicious activity (Detect) — develop activities to take action upon event detection (Respond) — enhance resilience and recovery planning (Recover) Promotion of appropriate internal behaviours and cyber culture Crisis Management Policies Framework regularly updated Information security policies and processes
Key risk appetite category	4 Change and Innovation	13 Political Exposure	2 Business Continuity and Resilience
Residual impact change	↔	↔	↔
Residual likelihood change	↔	↑	↔

Principal risks

Risk	Marine Delivery	Major Incident	Talent and Performance
	Underperformance of the Marine strategy in aligning with our remit and responding to changing circumstances and heightened market, industry, and stakeholder pressures.	A major incident, series of events or a significant local, national or international crisis affecting us and/or our customers could lead to a significant financial loss, business interruption and/or reputational damage.	We cannot attract, retain and develop our talent requirements and we do not evolve our culture to drive effective performance, resulting in capability, capacity and cultural challenges which prevent us from executing our strategy.
Why it matters	The demands and expectations on our Marine business remain high in terms of the quantum, range and speed of expected delivery.	The severity of the potential impact of this risk is ever-present.	We recognise that people capability and culture are fundamental to the delivery of our strategy and will take a number of years to reach maturity.
Key mitigations	Building organisational capacity and capability to deliver against increasing market and policy demands Continually enhancing stakeholder and customer engagement Deploying capital through targeted strategic investments Co-ordination of engagement with other relevant organisations Delivering de-risking and enabling investments to reduce risks of development delays or failures and increase commercial, social and environmental returns Enhancing data and evidence capability Development of Whole of Seabed Programme for nature and net zero	Crisis Management Framework with clearly defined escalation processes, and roles and responsibilities Regular testing of crisis management arrangements Regular liaison with appropriate agencies Ensuring that the safety and security of everybody is a primary concern in the planning and delivery of all The Crown Estate activity as well as meeting our legal responsibilities Insurance arrangements are in place and cover insurable catastrophic events	Development and delivery of a compelling and differentiated Employee Value Proposition Building resource and strategic workforce planning capability, including the implementation of an Applicant Tracking System Implementation of a new reward and performance management framework Talent and succession structures and practices Continual evolution of a learning and development curriculum and the development of new leadership and management programmes Culture and people engagement plan Strategies for listening and diversity, equity and inclusion Creation of the Enterprise Leadership Community to educate and develop our leaders within The Crown Estate
Key risk appetite category	13 Political Exposure	2 Business Continuity and Resilience	12 People and Culture
Residual impact change	↔	↔	↔
Residual likelihood change	↔	↔	↑

Principal risks

	Strategic Relationships	Health and Safety	Digital Business Transformation
Risk	Significant financial loss, reputational damage, or loss of convening power from failure to understand, manage, and deliver within strategic relationships – joint venture partners, customers, NGOs, outsourced service providers and governments. Failure to monitor and manage suppliers effectively, build supply chain resilience, and support our customers, particularly in times of geopolitical and economic uncertainty.	Risk to health and safety of our people, customers, supply chain or anyone interacting with our operations or assets, which adversely impacts our reputation, causes financial loss and/or results in criminal liability. This risk arises either through a failure to provide sufficient ongoing support or through a significant health and safety incident on our premises or in relation to our portfolio.	We do not meet our technological needs and the digital expectations of our customers, through failure to act with a clear purpose and an understanding of those needs, and an integrated approach to cultural elements.
Why it matters	The interests of our stakeholders are diverse and complex. Managing these interests continues to be a major focus for us.	How we protect and care for people is considered in everything we do, to ensure that we are not only a successful business but also that we have a positive and lasting impact on our supply chain and the industries we are connected to.	We continue to invest in updating and developing our technology to enable our strategic ambition, explore new growth opportunities and work more efficiently and effectively.
Key mitigations	Proactive communication and engagement strategy to position the enterprise and business units in the context of purpose, strategy and people Joint venture governance framework Stakeholder/customer engagement and communication plans as part of business unit strategies Continuing to build strong relationships with stakeholders Terms and conditions, key performance indicators and performance management in place with respect to our key outsourced delivery partners Stakeholder engagement to shape and influence the world around us to support delivery of our strategies Ongoing national partner mapping (stakeholder, infrastructure, development delivery) to unlock opportunities at scale	Comprehensive regular reporting to the GLT and Board Embedding of our new Safety First framework, supported by business-wide training and continuing cultural improvement, including with our managing agents Health and safety policies, management systems, use of external standards and business unit operational controls Clearly defined health and safety responsibilities within the business and our managing agents	Development of data foundations and insights Development of a modern IT infrastructure and automation across key customer-facing processes Evolution of new innovative business models enabling commercialisation of technology and data through our digital portfolios Enabling agile delivery and building product capabilities The ability to ensure information security is part and parcel of our culture Communication – embedding a digital culture within the organisation
Key risk appetite category	1 Brand and Reputation 13 Political Exposure	9 Health and Safety	7 Digital Transformation
Residual impact change	↔	↔	↔
Residual likelihood change	↔	↔	↔

Principal risks

Risk	**Climate Change** Failure to deal adequately with the physical risks and effects of climate change and/or transition risks related to net zero legislation, our own net zero commitments and evolving expectations of business, resulting in damage to our portfolio or reputation, reduced value creation, or a sub-optimal contribution to the UK's net zero transition and climate resilience.
Why it matters	We have a dual role to play in the UK's net zero transition, both through decarbonising our own business and by showing leadership in relation to national net zero goals, for example through our activities in offshore wind.
Key mitigations	Full carbon baselining exercise completed for the enterprise, and net zero trajectories set for each sector based on sector-specific standards and guidance In-year energy and carbon targets in place and linked to remuneration Deep dive into climate risk undertaken this year following TCFD guidance Climate risk considerations introduced into governance at Value Creation Committee and Board level Ensuring our physical assets are suitably assessed for impacts of climate change and mitigation steps taken to reduce the risk of stranded assets Assessing the actions we can take to maximise our contribution to national climate resilience Assessing the actions we can take to maximise our contribution to nature-based solutions that deliver nature and carbon outcomes
Key risk appetite category	8 Environment and Net Zero
Residual impact change	↔
Residual likelihood change	↔

Emerging risks

We have a number of mechanisms for ensuring that emerging risks are identified and managed effectively. The principal and most important method is, and will always be, the alertness of individual teams operating within their fields of expertise and reporting the changes in risk environment as they perceive them. As well as reporting through the management structure, there are various prompts for risk-based conversations within our governance structure and operating model. These conversations inform our discussions on, and reviews of, our principal risks.

If particular areas of risk are felt to be significant then specialist teams are created including relevant experts and members of teams affected, or likely to be affected, by the emerging risk. These teams are composed for the duration of a perceived risk and their membership and reporting mechanisms can be kept fluid to adapt to an evolving situation. For more persistent areas of emerging risk, more structured bodies are created, with greater formality of reporting and membership.

There are also various ongoing structures in place, which enable regular and formal discussion of emerging risks, and external specialists are engaged to track relevant trends and events in the external environment. The Risk team itself operates as a risk information gathering and reporting function through a range of mechanisms facilitated by its ongoing cross-business activity, including representation in key committees and main decision-making bodies as well as its extensive contacts across the Group.

This Strategic Report was approved by the Board on 2 July 2024 and signed on its behalf on 18 July 2024 by:

Dan Labbad
Chief Executive

Governance

Strong and adaptable governance, supporting The Crown Estate's strategy and resilience

Generating value for the nation into the long term

"By responsibly generating value and financial returns for the country, we are able to increase investment in the delivery of our strategy, in turn driving further growth and value."

Sir Robin Budenberg CBE
Chair

Last year I began by reflecting on the scale of our ambition, and the clear transition unfolding as we moved from strategy formulation to the early phases of implementation. This year, that progress has continued at pace, and I am very encouraged by the early results our strategy is beginning to yield.

We are a very special organisation, one with a unique set-up and remit, and one I am immensely proud to be Chair of. We are here to develop a remarkably diverse and important portfolio of assets for the long term, and the care with which our people do this is inspiring.

Before I reflect on some of our highlights, I would like to take this opportunity to thank everyone in the business for their hard work, vision and commitment. It is your dedication to our shared purpose, to deliver lasting and shared prosperity for the nation, which is delivering the impact showcased throughout this Annual Report.

Investing for the nation

With our world facing immediate and long-term challenges the Board is very conscious of our responsibility to take collective action now, by leveraging our significant and diverse portfolio.

We operate independently and as a commercial business, but are distinct from the private sector in that we're here to serve the country, taking a long-term view in all we do, and generating a profit for government and the nation's finances.

Our commercial focus is central to the way we operate – by responsibly generating value and financial returns for the country we are able to increase investment in the delivery of our strategy, in turn driving further growth and value.

In a move that would bolster our ability to make a significant difference in the areas in which our strategy is focused, we welcomed the government's commitment in the King's Speech in July 2024 to bring forward legislation to modernise our investment powers and give us the ability to borrow, which we currently do not have. This will give us more flexibility and allow us to have an even greater impact as we fulfil our core remit of creating value for the nation.

Delivering on our strategy

While our business units are at varying stages of their strategy implementation, a commonality between them is the tangible progress they have all made this year. Our Marine business is arguably the furthest advanced and achieved a couple of major milestones in the year. Offshore Wind Leasing Round 4 was the most significant financial event of the year, as we recognised a full year's option fee income for the first time since the Agreements for Lease were signed in January 2023. We also launched Offshore Wind Leasing Round 5 – furthering the UK's leading position in renewable energy by working with our customers to pioneer floating offshore wind in the Celtic Sea.

Working in partnership with Westminster City Council, and following extensive public engagement in 2023, we have set out our vision for Regent Street, Haymarket and Piccadilly Circus in our Regent Street Public Realm Vision Report. This is a once-in-a-generation chance to unlock a landmark public realm opportunity, which includes how we can introduce a green corridor between Regent's Park and St James's Park. This will create a permanent replacement for the temporary public realm scheme we developed during the Covid-19 pandemic (read more on page 30).

Across our Rural portfolio we have continued to have an enthusiastic response from farmers to our investment in The Crown Estate Environment Fund, which has increased to £10 million. Since it launched two years ago about 200km of new hedgerows and around 400 acres of new woodland have been planted.

Our Regional strategy is focused on where we can support urban regeneration, housing and the innovation economy. In support of this, we recently announced a significant new partnership with Oxford Science Enterprises and Pioneer Group to provide vital high-specification workspace in Oxford city centre to support the UK's science, technology and innovation ambitions. The partnership has a long-term ambition to invest up to £1.5 billion to address the lack of suitable real estate and community infrastructure for these sectors through regeneration and development.

As a Board our role is to oversee, support and where necessary challenge the strategy. Decision-making across such a broad range of priorities isn't always straightforward and I appreciate the Board's energy and commitment to ensuring everything we do is in the spirit of our purpose and values.

We are fortunate to have a diverse Board which brings a range of experience and perspectives to bear on the work of The Crown Estate.

The last year saw Paula Hay-Plumb OBE complete her one-year term as Board Counsellor in December 2023, having served as a Commissioner since 2015. I am incredibly grateful to Paula, who as Chair of our Audit Committee led our drive towards higher standards of governance and transparency and has overseen the further integration of sustainability reporting into our practice. I'd like to personally extend my thanks on behalf of the entire Board to Paula for her dedication and service to our ambition.

There were two role changes during the period. Having been appointed to the Board on 4 July 2022, Anne Kavanagh became Chair of the Remuneration Committee on 1 January 2024. James Darkins moved to the position of Board Counsellor for a period of 12 months from 1 January 2004 following the end of his second term as a Commissioner.

As my second term as Chair draws to a close this summer, it has been agreed by the Board and HM Treasury that to ensure a smooth transition my term has been extended up to 31 July 2025, dependent upon the timing of a new Chair's appointment. I look forward to continuing to work with Dan and the wider Board on the realisation of our ambitions. You can read more on our Board Members on pages 90-91.

Board engagement

As a Board we always welcome opportunities to meet with colleagues and hear more about their work and views on our organisation's direction. These informal conversations and taking the time to listen to our people, outside of our formal meetings and conversations, are instrumental to ensuring the Board, the business and most importantly its people are truly aligned to our purpose.

The Board plays an important role in monitoring and assessing the organisation's culture to ensure it evolves alongside business operations and helps drive success. It has two dedicated sessions a year in which to discuss the Group's People strategy – one to approve it and one to monitor its progress. As part of this, it reviews the results of the Group's annual employee engagement survey and Lived Experience review. You can read more on these results and our People strategy on pages 54-57.

Further insights are garnered and shared through various engagement activities. Internal initiatives from the past 12 months included a 'Meet our Board' podcast series, where colleagues interviewed Board Members about their experiences both at and outside of The Crown Estate; and 'Afternoon Tea with the Board' sessions. These informal get-togethers afforded the Board the opportunity to receive direct feedback and to meet and get to know more colleagues. I found these sessions incredibly useful as well as thoroughly enjoyable.

It's always rewarding to be able to step outside of the office too and talk to colleagues and other stakeholders on site, and I feel very fortunate that we managed this on several occasions this year. Alongside visits to Fosse Park in Leicester, Windsor Great Park and some of our developments in London, we had the pleasure of visiting Milford Haven in Pembrokeshire in March 2024. Here we went on a walking tour led by the Port Authority, followed by a visit to Pembrokeshire College. You can read more on our work with Pembrokeshire College on page 37.

Finally, in May 2024, I, along with the majority of our Board, attended our first all-colleague business-focused conference. It was a fantastic day that celebrated the work we are doing to achieve our ambitious goals and the people who are making it happen. The event closed with our inaugural Impact Awards. Receiving over 200 nominations, the nine award categories recognised those who are making an exceptional impact. From championing collaboration and innovation, to diversity, equity and inclusion, our Safety First approach, outstanding customer service, through to living our purpose and values, the categories reflected the diversity of our business activities. My congratulations to all nominees, finalists and winners.

Board evaluation

During the year, the Board supported a process of self and peer assessment led by the Executive Director, People & Culture. This internal review focused on the evaluation of key skills and a 360 degree assessment followed by individual meetings to discuss feedback. The evaluation informed a Board conversation and the Board development plan for the year ahead.

Overall, feedback on the Board has continued to be positive and shows further improvement on previous evaluations. The Board culture is recognised as welcoming and inclusive and it has achieved greater diversity of perspectives and challenge in conversations, building on an open and constructive relationship with the Group Leadership Team and wider colleagues.

Our team

As our business and ambition for the country grows, so does the extraordinary team delivering this progress. This year, alongside our many new joiners we also welcomed colleagues from The Royal Farms and Royal Farm Shop to our Group (read more on page 39) and this summer, post year end, we are bringing our London property management team from JLL in-house. This will better enable us to achieve our goal to deliver best practice in safety, quality of experience, and sustainability to our customers (read more on page 47).

With our talented team, bold plans for the future and strong sense of purpose, I have every confidence in The Crown Estate's ability to deliver prosperity for the nation, today and for generations to come.

Sir Robin Budenberg CBE

Our constitution and governance framework

Legal status and the Crown Estate Act 1961

The Crown Estate Act 1961 (the Act) adopted the recommendations of the Report of the Committee on Crown Lands 1955 (known as the 'Eve Report' after its author, Sir Malcolm Trustram Eve), which envisaged the role of the Crown Estate Commissioners as analogous to that of trustees of a trust. It constituted the Crown Estate Commissioners as a body corporate operating with an independent commercial mandate in the management of The Crown Estate. As such, the Crown Estate Commissioners is a statutory corporation and not a company for the purposes of the Companies Act 2006. The formal name of the organisation is the Crown Estate Commissioners, but we operate under the trading name 'The Crown Estate' and any reference to 'the Commissioners' in this report is to the individual Executive Board Member and Independent Non-Executive Board Members collectively. The Commissioners collectively form the Board.

The Crown Estate has been classified as a non-financial public corporation by the Office for National Statistics.

The primary statutory duty of the Board is to maintain The Crown Estate as an estate in land and to maintain and enhance its value and the return obtained from it with due regard to the requirements of good management. Good management encompasses broad value creation, including a commitment to environmental and social value creation, in alignment with strong financial performance.

The Crown Estate has the authority to perform all acts of the Crown's right of ownership, subject only to any restrictions in the Act which currently bar The Crown Estate from:

- borrowing
- investing in equities
- acquiring land outside the UK
- granting leases for more than 150 years

The net revenue profit of The Crown Estate is paid into the UK Consolidated Fund, where it is added to the funds arising from general taxation and is available to HM Treasury to use for the benefit of the nation.

Governance of our assets

The assets managed by The Crown Estate are not the property of the government, nor are they part of the Sovereign's private estate. The assets form part of the hereditary possessions of the Sovereign in right of the Crown; in other words, lands owned by the Crown corporately, not personally.

The Crown is distinct from the Sovereign Monarch. It encompasses both the Sovereign and the government and it is one of our oldest institutions.

In 1066, all land in England was deemed to belong to William the Conqueror "in right of the Crown". By the time George III ascended to the throne, the size of the estate had reduced and it was producing insufficient revenue and so he surrendered Crown revenues to the management of Parliament as part of a settlement for Crown Lands in 1760.

Since 1760, the Sovereign has played no part in managing Crown land. The functions of the Crown are ordinarily exercised by Ministers of the Crown accountable to Parliament. However, in the Act, Parliament charged the Commissioners with the function on behalf of the Crown of managing and turning to account the land and other property, rights and interests vested in the Crown. HM Treasury oversees The Crown Estate in the performance of that function. The Sovereign is an important stakeholder for us as we manage our estate on behalf of the Crown and the Act requires the Commissioners to make to His Majesty a report on the performance of their functions in each year and to lay a copy of their report before Parliament. This Annual Report and Accounts is addressed to His Majesty The King, as referenced on the contents page.

Relationship with HM Treasury

The Crown Estate's activities and governance are also shaped by the Framework Document between The Crown Estate and HM Treasury, which was updated in June 2023 and is available on our website: thecrownestate.co.uk/governance

The Crown Estate's sponsor department is HM Treasury and its sponsoring minister, the Exchequer Secretary, answers for its affairs in Parliament when the need arises. HM Treasury is charged with general oversight of The Crown Estate's business. The Crown Estate therefore supplies HM Treasury with regular information, including the quarterly financial information supplied to the Board, a balanced scorecard of its financial and non-financial performance, information about significant business developments and information about any unusual or innovative proposals. In addition, The Crown Estate regularly discusses with HM Treasury its corporate plan and revenue targets looking forward to the next financial year and projecting the two following financial years as well as the strategy for the year ahead. The remuneration policy and framework for The Crown Estate's staff is the responsibility of the Board's Remuneration Committee. The Committee will share any planned changes to the remuneration framework with HM Treasury to seek their agreement. Remuneration of our Board Members is set by HM Treasury.

UK Corporate Governance Code

In June 2023 our Framework Document was reviewed and updated by HM Treasury. The Framework Document requires The Crown Estate, without limitation so far as is consistent with the Crown Estate Act 1961, to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the Code), as amended and updated from time to time. The Code is available from frc.org.uk.

The Code serves as a benchmark for our corporate governance performance and its disclosure requirements serve as a means to demonstrate good governance practice to all of our stakeholders. For clarity around how this Governance section reflects the themes of the Code, the five sections of the Code are addressed as highlighted on the right.

Other elements of our governance framework

The Crown Estate observes the Nolan Principles of Public Life. As such, it is committed to selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Crown Estate must follow the standards in 'Managing Public Money' which is specific HM Treasury guidance. Our Chief Executive is our Accounting Officer and he is thus bound by the requirements of chapter 3 of 'Managing Public Money', with personal responsibility for leading the organisation in an ethical manner, seeking good value for money and securing the quality and integrity of its business. Should a conflict arise between a decision of the Board and his personal view of his duties as Accounting Officer, he must seek guidance from the HM Treasury Permanent Secretary before acting. The UK Companies Act 2006 is the technical accounting guide for the preparation of the Annual Report. It complements guidance on the handling of public funds and thus also informs our governance.

We are unique as a non-financial public corporation in that we also have an independent commercial mandate and thus we seek to apply the standards that are most appropriate to the various elements of our business in pursuit of applying best practice. We also recognise that governance is not just about best technical practice and having the right principles, processes and structures in place; we know that good governance is as much about our culture and behaviours.

Board Leadership and Company Purpose

Our Board has a clear role in service of The Crown Estate's purpose. Read about how it discharges its leadership responsibility, sets strategic direction and provides independent and objective rigour to The Crown Estate's strategic thinking.

Read more on **pages 88-93**

Division of Responsibilities

Our Board has structured the corporate governance of The Crown Estate to deliver strategic decision-making with proportionate checks, balances and controls.

Read more on **pages 88-89**

Composition, Succession and Evaluation

Our Board delivers continuous improvement and rigorously assesses its own performance, while our Nomination Committee works to ensure we continue to attract, nurture and develop people to deliver our strategy.

Read more on **pages 99-102**

Audit, Risk and Internal Control

Our Audit Committee oversees the structures and processes by which we manage and assess risk and assure our control environment.

Read more on **pages 96-98**

Remuneration

Our Remuneration Committee seeks to develop and integrate remuneration policies that promote the delivery of our strategy, the creation of value and the long-term success of The Crown Estate.

Read more on **pages 103-113**

Governance structure

NON-EXECUTIVE BOARD COMMITTEES

It is the responsibility of the Board to constitute such committees as necessary for it to fulfil its function. In line with the UK Corporate Governance Code, as a minimum the Board should have three committees. Currently, the Board has four standing Committees of the Board: Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee. Each Committee consists of Independent Board Members, except the Remuneration Committee which may have up to one Board Counsellor, and ensures focus and challenge around those areas at the heart of the delivery of The Crown Estate's purpose and strategy. The terms of reference for all four Committees were amended in March 2023 as part of continuing efforts to improve our governance structures, with the next review set for mid-2024 to incorporate our increased focus on climate change-related issues and sustainability.

Audit Committee

Responsible for reviewing, monitoring, overseeing and challenging the integrity of The Crown Estate's financial and narrative statements, its internal control environment, risk management systems and framework, internal audit process and external audit process.

Read more on **pages 96-98**

Nomination Committee

Responsible for ensuring that the Board and its Committees have an appropriate combination of skills, experience and knowledge to effectively challenge The Crown Estate's strategy and monitor its execution.

Read more on **pages 99-102**

Remuneration Committee

Responsible for ensuring that remuneration policies and practices support strategy and promote the long-term sustainable success of The Crown Estate, and that they are aligned with the purpose, culture and values and linked to the delivery of its long-term strategy.

Read more on **pages 103-113**

Sustainability Committee

Responsible for ensuring that The Crown Estate exemplifies best practice in all matters related to sustainability and that this is embedded in the delivery of the strategy for value creation and aligned with its purpose.

Read more on **pages 114-116**

THE BOARD

The Board operates independently of government and has the power to regulate its own procedures. The Board has responsibility for the purpose, risk appetite, strategy and values of The Crown Estate and to ensure that, together, they enable The Crown Estate to deliver successfully its statutory mandate in perpetuity. It also decides upon all exceptional matters and transactions. The Board consists of not more than eight Commissioners.

As at 31 March 2024, the Board consisted of:

Independent Non-Executive Chair (or First Commissioner)	1
Executive Board Member (or Second Commissioner)	1
Senior Independent Board Member (Senior Independent Director)	1
Independent Non-Executive Board Members (excluding the Chair and Senior Independent Member)	5
Board Counsellors	2

Commissioners may normally serve for up to eight years over two four-year terms. The Board is assisted by non-voting co-opted Board Counsellors. No Non-Executive Board Member may serve on the Board, as a Board Member and Counsellor, for more than a total of ten years.

Board Counsellors support the delivery of the Board Members' duties and functions, and this may occur both in and outside of Board and Committee meetings.

Read more on **pages 89-91**

MANAGEMENT COMMITTEES

Value Creation Committee

Responsible for reviewing, monitoring and overseeing the Value Creation Framework and all investment and divestment proposals which require its approval under the financial delegated authorities.

Read more on **pages 117-118**

Group Leadership Team

Responsible for the implementation of strategy and business plans and provision of overall Group leadership and management.

Read more on **pages 117-118**

TCFD Steering Committee

A temporary management committee responsible for determining how to integrate and embed climate-related considerations into existing governance, strategy, risk management and disclosures across The Crown Estate.

Read more on **page 64**

Individual members of the Board have distinct roles to play

The Board

The membership of our Board is built on the principle that a diversity of skills, background, experience and approach underpins strong decision-making. Our Board's purpose is founded on independence and diverse thinking which it leverages to set strategy and constructively challenge our business in service of The Crown Estate's purpose – creating lasting and shared prosperity for the nation.

Role*	Responsibilities
Leadership	
Chair	The Chair is First Commissioner and leads the Board in providing support and challenge to the Chief Executive and executive team, keeping under review the general progress and long-term development of The Crown Estate. The Chair is responsible for formulating the Board's objectives; ensuring that the Board complies with any direction given in the writing by the Secretary of State under and in accordance with the Act; promoting the efficient and effective use of staff and other resources; delivering high standards of regularity and propriety; and representing the views of the Board to the general public. The Chair also has further obligations that include, but are not limited to, ensuring: the Board has a balance of skills and diversity which is appropriate to directing The Crown Estate's business; there are regular internal and external reviews of Board performance and composition; and there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Code.
Chief Executive	The Chief Executive is currently the only Executive Board Member, discharging the role of Board Member, as Second Commissioner, alongside his executive duties. His executive role encompasses developing and implementing strategy, overseeing operations and ultimate responsibility for risk management, people and culture. The Chief Executive also has independent duties and responsibilities to HM Treasury as Accounting Officer.
Oversight	
Senior Independent Board Member	In addition to the role of Non-Executive Board Member, the Senior Independent Board Member's role includes leading a meeting with other Non-Executive Members without the Chair present at least once annually to appraise the Chair's performance; representing the Board in Board Member recruitment; acting as a check and balance to the Chair; providing a sounding board for the Chair; and acting as an intermediary for other Board Members when necessary.
Independent Non-Executive Board Member	The role of the Independent Non-Executive Board Member is to bring exemplary skills, experience and knowledge to the Board, constructively challenging where necessary. This ensures an adequate balance of skills is available to The Crown Estate to fulfil its strategic objectives in compliance with its constitution and in service of its purpose. An Independent Non-Executive Board Member will act in good faith and in the best interests of The Crown Estate and in accordance with their statutory, common law and fiduciary duties as a Board Member.
Guidance	
Board Counsellor (Non-Executive)	The role of the Non-Executive Board Counsellor is to support the delivery of the Crown Estate Commissioners' duties and functions. They supplement the collective skills, expertise and knowledge of the Board Members to inform Board decision-making, including constructively challenging the Executive where necessary. Board Counsellors attend Board meetings as advisers (ie in a non-voting role). They may have been a Crown Estate Commissioner or may be expected to become a Crown Estate Commissioner in due course, or they may be appointed to bring specific expertise to the Board, to a Committee, or otherwise.
Governance	
Company Secretary	The Company Secretary advises the Chair, the Board and individual Board Members on their responsibilities under the prevailing regulatory framework. The Company Secretary supports all meetings and ensures clear and timely information flows both between the Board and its Committees. They work with the Chair to facilitate the induction of new Non-Executives, and the provision of professional development as required. The Company Secretary is a Board appointee.

* All Board Member appointments are documented in a formal contractual appointment, which supplements the Royal Warrant granted to Commissioners.

Our Board

**Sir Robin Budenberg CBE
Chair, Independent Non-Executive Board Member and First Commissioner**

Appointment: Robin took up the post of Chair of The Crown Estate on 1 August 2016 and was reappointed for a further four years on 1 August 2020. Robin's term technically expires on 31 July 2024, but to ensure a smooth transition for the appointment of a new Chair, his term has been extended until 31 July 2025.

Committees: N R

Tenure: 7 years 8 months

Key strengths: Strategic Overview / Leadership / Finance / Governance

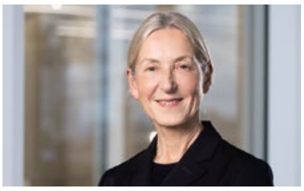
**Dan Labbad
Chief Executive, Accounting Officer, Executive Board Member and Second Commissioner**

Appointment: Dan was appointed as Chief Executive on 9 December 2019 and to the Board on 1 January 2020. Dan was reappointed for a further four years in 2023.

Committees: None

Tenure: 4 years 3 months

Key strengths: Leadership / Property / Infrastructure / Sustainability / Change Management



**Dame Karen Jones DBE
Independent Non-Executive Board Member and Senior Independent Board Member**

Appointment: Karen was appointed to the Board on 1 January 2020 and as Senior Independent Board Member on 9 June 2020. She was reappointed for a further four years on 1 January 2024.

Committees: N S

Tenure: 4 years 3 months

Key strengths: Food, Retail and Leisure Markets / Digital and Online Retail / Property and Placemaking / Transformation / Culture / Brands and Customer / Growing Businesses / Financial – Risk and Audit / Environment – Net Zero / Ecology / Biodiversity

**Vijay Bharadia
Independent Non-Executive Board Member**

Appointment: Vijay was appointed a Board member with effect from 1 April 2023. His first term expires 31 March 2027.

Committees: A*

Tenure: 1 year

Key strengths: Finance / Audit / Governance / Risk and Assurance / Transformation / Culture

* Effective 1 July 2023

**James Darkins
Independent Non-Executive Board Member / Board Counsellor**

Appointment: James was appointed to the Board on 1 January 2016 and reappointed for a further four years on 1 January 2020. His term expired 31 December 2023 and he was appointed as a Board Counsellor with effect from 1 January 2024.

Committees: A* R** N

Tenure: 8 years 3 months

Key strengths: Real Estate Investments / Capital Markets / Property Development / Financial / Risk / Commercial Investments / Transformation / Culture

* To 30 June 2023
** To 31 December 2023

**Juliet Davenport OBE
Independent Non-Executive Board Member**

Appointment: Juliet was appointed to the Board on 1 September 2020. Her first term expires 31 August 2024.

Committees: S

Tenure: 3 years 7 months

Key strengths: Renewable Energy / Marine Renewables / Carbon Capture / Environment – Net Zero / Ecology / Biodiversity / Commercial Investments

**Anne Kavanagh
Independent Non-Executive Board Member**

Appointment: Anne was appointed to the Board on 4 July 2022. Her first term expires 3 July 2026.

Committees: R* A N

Tenure: 1 year 9 months

Key strengths: Commercial Investment / Real Assets Investment / Capital Markets / Property Development / Regeneration / Social Community Engagement / Societal Dynamics / Diversity

* Effective 1 January 2024

**Clare Shine
Independent Non-Executive Board Member**

Appointment: Clare was appointed to the Board on 4 July 2022. Her first term expires 3 July 2026.

Committees: R S

Tenure: 1 year 9 months

Key strengths: Net Zero / Biodiversity / Marine and Coastal / Political / Public Sector / Social Policy and Law / Growing Businesses

Sara Wood
Board Counsellor

Appointment: Sara was appointed as Board Counsellor on 1 July 2021. Her first term expires 30 June 2025.

Committees: None

Tenure: 2 years 9 months

Key strengths: AI / Automation / Platform / Data / Software and Commercial / Brands and Customer / Growing Businesses / Development of New Products and Services

Paula Hay-Plumb OBE
Board Counsellor

Appointment: Paula was previously a Board member from 1 January 2015 to 31 December 2022 and was appointed as a Board Counsellor with effect from 1 January 2023. Her term expired on 31 December 2023.

Committees: None

Tenure: 9 years*

Key strengths: Finance / Governance / Risk and Assurance / Public Sector / Policy

* A Board Commissioner for 8 years and a Board Counsellor for 1 year to 31 December 2023

Neetu Ogle
Group Head of Legal and Company Secretary

Neetu joined The Crown Estate in February 2022 as Group Head of Legal and from 1 April 2022 as Company Secretary. Neetu left her role as Company Secretary on 18 September 2023 and Group Head of Legal on 20 October 2023.

Nicholas Cheffings
Interim Company Secretary

Nicholas joined in June 2021 as Interim Head of Legal and Company Secretary before Neetu's tenure and has since been Special Advisor to the Chief Executive. He was appointed as Interim Company Secretary on 26 September 2023.

Committee membership key

A Audit Committee
N Nomination Committee
R Remuneration Committee
S Sustainability Committee
Committee Chair

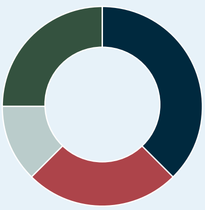
All tenures as at 31 March 2024.

We recognise that diversity brings a wider range of insights and experiences, which is essential for effective governance and innovation. We remain committed to fostering an inclusive culture and will continue to focus on diversity across gender, social background and ethnicity. Ensuring we not only maintain but actively review an appropriate balance, including a diverse range of skills, experience, knowledge and background on the Board, is important to us. Read more on pages 99-102.

Terms of appointment

Each Board Member of The Crown Estate is appointed as a Commissioner under Royal Warrant for a period of up to four years. In general, a Board appointment may be renewed for one further period of up to four years. The Act specifies that there may be no more than eight Commissioners, one of whom will be First Commissioner, who will chair the Board. Board Counsellor appointments are not to the statutory position of Commissioner and are therefore made under a contractual appointment. No Non-Executive Board Member may serve on the Board, whether as a Member or Counsellor, for more than ten years in total.

Tenure



0-2 years	3
2-4 years	2
4-6 years	1
6-8 years	2

Board meeting attendance

Board Member	Board	Strategy session	Additional Board meetings*
Robin Budenberg, Chair	6/6	1/1	2/2
Dan Labbad, Chief Executive	6/6	1/1	2/2
Vijay Bharadia	6/6	1/1	1/2
James Darkins	4/4	1/1	2/2
Juliet Davenport	6/6	1/1	1/2
Karen Jones	6/6	1/1	2/2
Anne Kavanagh	6/6	1/1	1/2
Clare Shine	6/6	1/1	2/2

We have two Board Counsellors. James Darkins became a Board Counsellor on 1 January 2024. James attended two Board meetings in his capacity at Board Counsellor. Sara Wood, a Board Counsellor since 2021, has continued in that capacity. In 2023, as agreed in advance with the Chair, Sara did not attend two meetings due to personal circumstances which ensured the continuation of her role as Board Counsellor.

Paula Hay-Plumb, who became a Board Counsellor on 1 January 2023 and ended her term on 31 December 2023, attended meetings during this time.

* Additional Board meetings are Board meetings that are scheduled on an ad hoc basis, surplus to the agreed scheduled Board meetings, as required by the organisation. These meetings cover urgent approvals, updates and other pressing matters. Where there have been unavoidable diary conflicts, the Board Members have reviewed papers and provided comments ahead of the meeting to the Chair and Company Secretary.

Embracing the principles of section 172 of the Companies Act 2006

Engaging with our stakeholders

Under section 172 of the Companies Act 2006, directors of companies must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to various factors including:

— the likely consequences of any decision in the long term
— the interests of the company's employees
— the need to foster the company's business relationships with suppliers, customers and others
— the impact of the company's operations on the community and the environment
— the desirability of the company maintaining a reputation for high standards of business conduct
— the need to act fairly as between members

Although section 172 does not strictly apply to The Crown Estate, the stakeholder considerations set out therein are important nationally and thus we want to be transparent about how our Board Members have regard to them when making decisions. The Strategic report and this Governance section explain and provide examples of how the Board has aimed to comply with this section 172 duty. The Board Members have given regard to the above factors via the following means.

1. Likely consequences of any decision in the long term

The very purpose and ethos of The Crown Estate are rooted in ensuring long-term value creation. Our duty is to maintain and enhance the value of the estate we manage for the benefit of this and future generations. The Board's Sustainability Committee completed its first full year of operation, underpinning the Board's view that The Crown Estate's business must operate in a long-term sustainable context. In the same vein, the Board has spent considerable time considering long-term consequences associated with unlocking valuable new clean energy capacity through floating offshore wind in the Celtic Sea. More information on the activities of the Sustainability Committee can be found on pages 114-116.

Further details on the purpose of The Crown Estate to create lasting and shared prosperity for the nation can be found in the Strategic Report on pages 1-60.

2. Interests of our employees

We aim to empower our people to realise their full potential and drive the growth needed to deliver our ambitious Group strategy. We want to build an inclusive culture in order to attract and develop new and wide-ranging capabilities and we want to create a workplace that encourages diverse thinking and recognises people for their contribution.

Effective employee engagement is essential to make sure that everyone in our organisation is aligned with our purpose, is motivated, and understands the part they can play in contributing to our success. We have established the Enterprise Leadership Community, extending leadership further into the organisation and developing leadership behaviours to hold our leaders to account in driving high performance through empowering our people. Our expanded learning and development curriculum and Connected Conversations have made it easier for everyone to see how they are contributing to our strategy.

Further details can be found on pages 54-57.

3. Need to foster our business relationships with suppliers, customers and others

The Board understands that working in an open and collaborative way with stakeholders is fundamental to how we strive to deliver prosperity for the nation. Due to the number, diversity and distribution of our stakeholders, it is inevitable that much of the engagement takes place at an executive and operational level, but the importance of building and maintaining strong relationships is key for us. Our Supplier Charter states our expectations in five key areas: Health, Safety and Wellbeing; Sustainability; Ethical and Inclusive Practices; Privacy and Information Security; and Innovative Business Practices. This will guide how we select and support our supply chain.

Further details can found in the Stakeholder Engagement section on pages 12-15.

4. Impact of our operations on the community and the environment

The Sustainability Committee has now operated for a full financial year, focusing on The Crown Estate's environmental and social impact, striving to adopt best practice in both. For more information on the activities of the Sustainability Committee this year, see pages 114-116.

Read more on work with communities and the environment in the Strategic report on pages 1-60.

5. Desirability of maintaining a reputation for high standards of business conduct

The Crown Estate aspires to be a market leader, adopting best practice and continuously improving the way in which it goes about its business. This year has seen a continued review of policies around how the business conducts itself.

6. Need to act fairly as between our members

The Crown Estate does not have shareholder members but the Act imposes a general duty on the Commissioners, while maintaining The Crown Estate as an estate in land, to maintain and enhance both its value and the return obtained from it. In our accounts, the Commissioners are required to distinguish between capital and income and to make any proper adjustments between our capital account and income account. In these ways, The Crown Estate is mandated to act fairly as between its stakeholders, including between the current and future generations.

How the Board operates

The independence of the Board

It is an essential part of our approach to governance that the Board is able to demonstrate an appropriate level of independence.

To support this, we continuously review the independence of each of our Non-Executive Board Members against the criteria for independence as set out in Provision 10 of the Code. With regard to Provision 7, our formal declarations of interest processes confirm that none of the Non-Executive Board Members has (to their knowledge) any conflict, or potential conflict, of interest which has not been disclosed to the Board, nor any connection through employment, business or personal relationships that might lead to an erosion of independence.

The same assessment of independence is conducted and reported with regard to each of our Board Counsellors, though it should be noted that their ongoing independence is not a condition of service, as they do not form part of the formal Board decision-making process.

Biographical details and a full list of declared interests of our Board can be found on our website at: thecrownestate.co.uk/governance

Delegation

The Board has the authority to exercise all of the powers vested in The Crown Estate by the Act, but the Board has chosen to delegate all matters except those set out as reserved matters in its terms of reference. The delegation is to the four standing Committees of the Board (Audit, Nomination, Remuneration and Sustainability).

The Board also receives matters over the delegation threshold from the Value Creation Committee (which consists of three members of the Group Leadership Team). All other powers are delegated to the Chief Executive. The Board reserves the right to vary all delegations at its discretion.

The terms of reference of each of the standing Committees are reviewed annually to ensure compliance with best practice and amended accordingly. These will next be reviewed in early to mid-2024.

Board activity and administration

The Board held six scheduled meetings spread evenly throughout the year as well as a strategy session in October 2023 and an offsite meeting in Wales in March 2024.

Board meetings are generally scheduled for at least six hours and are augmented by time spent in closed session for Board Members (both with and without the Chief Executive).

Board and Committee meetings are pre-scheduled on a rolling calendar year's notice and high-quality information relating to each individual meeting is provided (other than in exceptional circumstances) at least one week ahead of the meeting to allow proper consideration. This year, the Board found the quality of the papers to be acceptable and provided management with feedback as part of our ongoing improvement efforts.

Administration of the Board is the responsibility of the Company Secretary who operates the key procedures and policies of the Board and maintains our corporate records and the terms of reference for our Board and Committees. Following the resignation of the Company Secretary on 18 September 2023, the Board appointed Nicholas Cheffings as Interim Company Secretary from 26 September 2023.

How the Board monitors culture

When driving cultural change, governance is a key place to start, putting in place a framework for decision-making and ensuring an environment of openness and transparency. Our Board regularly reviews the diversity, equity and inclusion action plan progress, which has included review of the annual colleague One Voice survey and Lived Experience independent review, which gave insights into the lived experiences of our colleagues across all levels of the organisation. The Board also has two dedicated sessions in the year discussing the People strategy, one to approve it and one to monitor progress. Our culture is underpinned by our values of being caring, together, creative and impactful.

The Board plays an important role in monitoring and assessing our culture and workforce engagement to ensure it evolves alongside business operations and helps drive our success. The Board also engages directly with our people, through events such as 'Afternoon Tea with the Board' to allow a relaxed environment to talk with Board Members and provide direct feedback. In December 2023, we started an internal podcast called 'Meet our Board' podcast series where colleagues interview a Board Member about their experience, including their career and working for us.

Key matters

The table below sets out the key matters reviewed by the Board during the year.

Strategic Planning and Execution	— Group strategy — Digital strategy including Artificial Intelligence overview — Net Zero and Decarbonisation planning — Value creation and execution considerations including capital allocation to drive value creation, principal risks and risk appetite
People and Culture	— People strategy — Diversity, Equity and Inclusion — Talent review
Environmental Sustainability	— Carbon Capture and Storage — Health, safety and environment — Nature Recovery — Social Impact — Marine strategy
Corporate Governance and Reporting	— Annual Report and Accounts 2022/23 — Principal risks key mitigations — Board objectives — Board Operating Framework — Modern Slavery statement — Debt Framework
Business Operations and Security	— London development — Rural strategy — Windsor & Rural — Brand and insights — Cyber security — Regional strategy
Risk Management and Governance	— Chief Financial Officer's report — Accounting Officer's Report and Management Assurances on Internal Controls — Going Concern and Viability Assessment — Reappointment of National Audit Office as external auditor and consideration of external audit effectiveness — Principal risks — Risk appetite — Risk Spotlight: Operational risk and Data — Litigation update — External cyber/information security review — Enterprise Policy review

The Accounting Officer's statement

The Accounting Officer

The Treasury has appointed The Crown Estate's Chief Executive (the Second Commissioner) as the Accounting Officer for The Crown Estate. His responsibilities as Accounting Officer, including those relating to the propriety and regularity of The Crown Estate's finances and for the keeping of proper records, are set out in the Framework Document between The Crown Estate and the Treasury, and in 'Managing Public Money'. The Framework Document, which was recently updated, can be found online at: thecrownestate.co.uk/governance

With regard to this Annual Report and Accounts, the Accounting Officer discharges part of that personal responsibility in confirming the accuracy and completeness of the Annual Report itself, in alignment with determining that it is fair, balanced and understandable in accordance with both the UK Corporate Governance Code 2018 (the Code) and the UK Companies Act 2006 (the Companies Act) and underlying regulations to the extent they apply to a large unquoted business and insofar as they apply to The Crown Estate, in accordance with the Accounts Direction issued by the Treasury.

The Accounting Officer's responsibilities are delivered in alignment with the requirements and duties provided in the Crown Estate Act 1961. To that end, the Chief Executive is supported in discharging his responsibilities as Accounting Officer by the Board of The Crown Estate.

The Board is responsible for ensuring that The Crown Estate has in place a proper system of controls, financial and otherwise; and under section 2(5) of the Crown Estate Act 1961 is required to prepare a statement of accounts in the form and on the basis determined by the Treasury. The financial statements are prepared on an accruals basis and must give a true and fair view of The Crown Estate's revenue and capital position, the state of affairs at the financial year end and of income and expenditure and cash flows for the financial year in question.

In preparing The Crown Estate's accounts the Board is required to:

— observe the accounts directions issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
— make judgments and estimates on a reasonable basis;
— state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
— (as appropriate) prepare the financial statements on a going concern basis

The Accounting Officer's statement

As Accounting Officer, it is my judgment that The Crown Estate is supported by an appropriate governance framework. I also confirm that this Annual Report accurately represents the operational activity and financial performance of The Crown Estate in the 2023/24 financial year and sets out the principal issues and opportunities facing the business, and the processes in place to manage them.

I believe that this Annual Report satisfies both the Code and Companies Act requirement to be fair, balanced and understandable and satisfies the level and form of reporting required by the Crown Estate Act 1961, our framework document with the Treasury and 'Managing Public Money'.

So far as I am aware, there is no relevant audit information of which the auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

In July 2022, The Crown Estate wrote to HM Treasury to draw attention to the fact that restrictions contained in the Crown Estate Act 1961, particularly on our ability to borrow and on the types of investment that we are able to make, were placing in jeopardy our long-term resilience and constraining our future ability to enhance the value of our estate and the return derived from it for the benefit of the nation. We suggested measures to remediate these issues before they presented an immediate risk.

Since sending that letter, The Crown Estate has been in extensive discussions with government ministers and officials. These resulted in the agreement last year with HM Treasury of a new Framework Document which temporarily increased the statutory transfer* (from 9% to 27% from The Crown Estate's revenue for 2022/23 to 2025/26) until legislation could be passed to modernise our borrowing and investment powers.

In July 2024, the King's Speech included a commitment to introduce legislation to amend the Crown Estate Act 1961, allowing us to borrow and to invest more flexibly in line with our core remit and duties. We have welcomed this commitment and hope to see the legislation passed as quickly as possible, thereby ensuring The Crown Estate is not constrained in the activities it can pursue and its ability to maximise the value of its return to HM Treasury for the benefit of the nation's finances.

Pending such legislation, we will consider such short-term mitigants as may be necessary.

As I noted in last year's Accounting Officer's statement, there is work ongoing to strengthen our processes and controls and it is expected to take a number of years to achieve the standard to which we aspire. Throughout the year we have continued to make steady progress against these targets and the areas requiring particular attention for improvement that we have previously highlighted continue to evolve, informed by our continuous drive for improvement and the changes in our external environment. We will place particular focus on the following matters in the coming financial year:

— working with stakeholders to ensure that The Crown Estate is well placed to respond and adapt to the challenges and opportunities of the future, enabling us to maximise our positive impact
— a continued emphasis on improving our operational discipline, particularly as we integrate new business activities and restart our development pipeline
— improving the quality, efficiency and effectiveness of our control infrastructure encompassing health and safety, our supply chain, procurement and data quality
— responding to the rapidly changing digital world, including AI, by continuing to develop the digital resilience of our technology and improving our data and information security
— our people – continuing our efforts to attract, retain and develop a diverse talent pool as we embrace new businesses and embed a culture to drive our performance

Dan Labbad
Accounting Officer
18 July 2024

* The statutory transfer is a percentage of the current year revenue of The Crown Estate, as set out in our audited accounts, that is transferred to our capital account in accordance with the Crown Estate Act 1961.

Audit Committee report

Vijay Bharadia
Chair of the Audit Committee

> "The Audit Committee is dedicated to building The Crown Estate's resilience amidst evolving business and external dynamics, managing principal risks and seizing opportunities for long-term growth and stability, creating long-term value for the nation."

Membership and attendance 2023/24

	Meetings scheduled	Meetings attended
Vijay Bharadia (Chair from 1 July 2023)	5	5
James Darkins (Chair to 30 June 2023)	5	5
Anne Kavanagh	5	5

The members during the year have each served for the following periods on the Committee:

Vijay Bharadia, 1 year as a member from 1 April 2023, including as Chair from 1 July 2023.

James Darkins, 8 years 3 months as a member until 31 December 2023, including as Chair from 1 January 2023 to 30 June 2023. James continues to attend Audit Committee meetings in his new capacity as a Board Counsellor.

Anne Kavanagh, 1 year 10 months. Anne joined the Committee from 4 July 2022 and attended her first meeting on 12 July 2022.

Paula Hay-Plumb attended four meetings in her capacity as Board Counsellor.

I joined The Crown Estate on 1 April 2023 and took over as Chair of the Audit Committee on 1 July 2023. I would like to thank Paula Hay-Plumb OBE, who served as Chair of this Committee for the eight years to 31 December 2022, and James Darkins, who served as Chair from 1 January 2023 to 30 June 2023, both for their service and for their support to me as I joined this Committee.

Overview

The Committee plays a critical role in supporting The Crown Estate and the Board by discharging its mandate in full. The Committee's role and primary focus is to assist the Board in fulfilling its oversight responsibilities relative to the integrity of financial reporting and effectiveness of internal controls. We oversee The Crown Estate's financial reporting and related elements of its accounting, disclosures, internal controls and regulatory compliance, in addition to the internal and external auditing processes. The Committee also supports the Board in providing oversight and challenge of risk management processes to ensure that we meet the expectations of our stakeholders. The Committee has continued to consider emerging topics and key areas through risk spotlights on cyber security, data, the risk management and internal control processes, sustainability data and the changing regulatory landscape in the current financial year. The Committee has also considered the governance and risk management of the integration of our London property management operations during 2024/25, ending our contract with JLL.

During the year, the Audit Committee held five meetings. All members attended all meetings.

Following each meeting, the Committee provides formal updates to the Board to ensure effective knowledge transfer and transparency and provide insight.

Audit Committee membership

The Audit Committee is a Board Committee which comprises a minimum of three members, each being an Independent Board Member (Commissioner) as determined by the Board, at least one of whom shall have recent and relevant experience working with financial and accounting matters. The quorum necessary for a Committee meeting is the presence of two members. The Chair of the Board shall not be a Committee member. From time to time, it is recognised there may be temporary periods where members may fall below the three members due to departures or pending new appointments, during which time a Board Counsellor may attend Committee meetings, as has been the case in both 2022/23 and 2023/24.

The Audit Committee benefits from skills and experience gained by its members from significant exposure to:

- accountancy and finance
- transformation and culture
- property and commercial operations
- risk management, including health and safety

The members of the Committee together possess the financial knowledge and commercial experience to meet the needs of the Board and the business; and to satisfy the requirements of the UK Corporate Governance Code 2018. For further information about the members, see: thecrownestate.co.uk/our-board

Attendance at Committee meetings

In addition to the Audit Committee members, the Chief Executive (in his dual capacity which includes that of Accounting Officer); Chief Financial Officer; Head of Internal Audit; representatives from the NAO; Executive Director, Operations; Head of Risk and Assurance; Group Financial Controller; Company Secretary; Deputy Company Secretary; and others as specified by the Committee, will attend meetings as and when appropriate and necessary and with the agreement of the Committee Chair.

National Audit Office (NAO): representatives of our external audit team, including its framework partner from Forvis Mazars acting on behalf of the Comptroller and Auditor General.

PwC: our outsourced Head of Internal Audit

Key duties of the Committee

The key duties of the Audit Committee include to:

- monitor the integrity and framework compliance of The Crown Estate's financial statements and recommend their approval to the Board
- review and report to the Board on the effectiveness of The Crown Estate's systems of risk management and internal controls
- approve the annual Internal Audit Plan and resourcing and management's response to their findings. Reviewing the effectiveness of the Internal Audit function
- recommend to the Board the appointment, and approve the remuneration, of the external auditor, including reviewing the external auditor's effectiveness and independence

Alignment with the Code

In June 2023, our Framework Document was reviewed and updated by HM Treasury. The Framework Document requires The Crown Estate, without limitation so far as is consistent with the Crown Estate Act 1961, to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the Code), as amended and updated from time to time. The Board has undertaken to comply with the Code, with this extending to the Board's Committees, including the Audit Committee. In line with this commitment, the Committee terms of reference will be reviewed in 2024 to map and align with the Code.

Committee evaluation

An internal Committee evaluation was commenced in 2023/24. This was to ensure alignment across Committees and to identify continuous improvement opportunities for implementation into 2024.

Reporting and assurances

In order to best enable the discharge of its duties, the Committee reviewed and obtained reports and assurances from a number of internal and external contributors. Reports included updates in relation to key matters of focus, covering judgments and matters supporting the financial statements and regular updates in relation to the effectiveness of risk management and internal controls. In line with our commitment to climate change, the Committee, alongside the Sustainability Committee, also received updates in relation to sustainability reporting and our ambition to comply with the recommendations of the Task Force on Climate-related Financial Disclosures.

Specific key sources of assurance included:

Management's update on accounting matters, disclosures and judgments in relation to the financial statements

The Chief Financial Officer provided regular reports to the Committee, outlining the proposed approach for treatment of significant judgments, accounting standards and alignment with the Code. This included providing the Committee with assurance on key processes underlying our statements on viability and going concern and assessment of the Annual Report and Accounts as 'fair, balanced and understandable'.

In consultation with HM Treasury we undertook a change in the accounting direction under which the Annual Report and Accounts are prepared. Following this change the Annual Report and Accounts adopt the principles of the UK Companies Act 2006 and underlying regulations to the extent they apply to a large unquoted business and insofar as they apply to The Crown Estate, as opposed to the UK Government Financial Reporting Manual. The financial statements continue to be prepared in accordance with UK adopted International Accounting Standards.

Management reports on processes to support effective management of key risks and internal controls

The Committee reviewed key risk management processes through a combination of management assurances, reports and an internal audit of risk management effectiveness.

Independent assurances on internal controls

The Committee receives independent assurance through the work of Internal Audit at each meeting. It reviews and endorses the annual plan of Internal Audit activity prepared by the Head of Internal Audit, and reviews the results of that work together with management's progress in strengthening and enhancing internal controls where improvement opportunities have been identified. The Committee works closely with the Head of Internal Audit, who has unfettered access to the business.

Fraud and whistleblowing

The Committee takes its role of oversight in the prevention and detection of fraud very seriously. There are existing reporting mechanisms in place, such as the Speak Up process, which includes a phone line, a web intake and a mobile-friendly web intake which can be used by anyone to report suspected frauds (inclusive of a broad range of financial and conduct impropriety). The process now includes five clear steps to ensure reports are dealt with in the proper manner and effectively:

1. **Receiving a report:** employees are encouraged to talk to their manager, raise a concern with the relevant function or have the option of using Speak Up.

2. **Triage:** the Ethics and Compliance Lead will review cases and will provide a holding response to the reporter. The report will also be notified to the Head of Legal at The Crown Estate.

3. **Investigations process:** all concerns reported are followed up in an appropriate and timely manner. A set of principles ensures investigations are conducted in a consistent way across The Crown Estate and the rights, dignity and reputation of investigation subjects, witnesses and reporters are respected.

4. **Corrective Action and Prevention Plan:** this is completed between the relevant business area and agreed, identified Incident Lead.

5. **Management reporting:** incidents will be reported to the Head of Legal and our Group Leadership Team and, for the most serious instances, to the Board.

The Speak Up process has been made available to customers, suppliers, stakeholders and members of the public, as well as The Crown Estate's staff. If suspected fraud involves a senior member of staff, it will be reported to the Chair of the Audit Committee.

No substantiated instances of fraud or bribery were reported to the Committee in the 2023/24 financial year. One allegation was reported and investigated by Internal Audit, which concluded with no evidence of an actual fraud being found.

External auditor

The appointment of the Comptroller and Auditor General as external auditor is mandated by the Crown Estate Act 1961. The Committee undertook a structured assessment process of the NAO's performance for the 2022/23 audit year. The review process enables insightful feedback to be provided formally, under a performance framework agreed between The Crown Estate and the NAO.

The NAO continued its outsourcing of the operational delivery of the audit to its framework partner, Forvis Mazars. As stipulated in the Crown Estate Act 1961, the Comptroller and Auditor General of the NAO is the audit signatory for the accounts of the Group and Parent. The Audit Committee has received regular updates from representatives of the NAO and its framework partner.

As our external auditor, the NAO and its framework partner are given complete access to all financial and other information and the Committee meets (without management present) with the NAO and its framework partner and (separately) with the Head of Internal Audit. In addition, the Audit Committee Chair meets with the Head of Internal Audit on a regular basis.

Non-audit services

Neither the NAO nor its framework partner provides non-audit services to The Crown Estate. The Crown Estate does not have a policy in respect of non-audit services.

Assurance of the 2023/24 Annual Report and Accounts

Each financial year, the Committee provides a series of key assurances to the Board in connection with the Board's approval of the Annual Report and Accounts.

Significant areas of judgment

At its May 2024 meeting, the Committee reviewed the key accounting policies and judgments:

— Offshore wind valuation, with a focus on Offshore Wind Leasing Round 4
— London and Regional investment property valuations

The Committee was satisfied that the valuation process was robust and had been professionally conducted, resulting in an effective valuation. The Committee also reviewed the recoverability of receivables and assurance over the control environment.

At the June 2024 meeting the Committee reviewed the Annual Report and Accounts, paying particular attention to the disclosure of the key judgments. The Audit Committee reviewed the processes to preserve independence and manage conflicts in relation to the valuers.

Fair, balanced and understandable

At its June 2024 meeting, the Committee considered whether the process followed in the production of the 2023/24 Annual Report and Accounts supported its assessment as being 'fair, balanced and understandable' in accordance with the Code. The Committee was satisfied that the process followed was appropriate and endorsed the presentation of the Annual Report and Accounts to the Board as being 'fair, balanced and understandable'.

Committee activities during the year

Set out below are some of the key matters addressed by the Committee:

Financial reporting and assurance

— External auditor's report on the Annual Report and Accounts
— Annual Report and Accounts 2022/23, including assessment of fair, balanced and understandable
— Accounting Officer's report
— Resource accounts 2022/23
— Annual portfolio valuation, governance and assurance
— Round 4 valuation review
— Provisions for rent and receivables
— Financial reporting framework update
— Going Concern and Viability Assessment

Internal audits, external audits and controls

— Internal Audit plan 2023/24 and regular updates from Head of Internal Audit
— Reappointment of NAO as external auditor and consideration of external audit effectiveness
— Framework of internal controls over financial reporting
— Governance and financial control of joint ventures
— Internal controls programme update and implementation of agreed actions by management
— Effectiveness of Internal Audit
— Approve the remuneration of the external auditor, including reviewing the external auditor's effectiveness and independence

Risk management

— Identification and management of principal risks and risk appetite
— Effectiveness of risk management systems
— Management assurances on internal controls over principal and fraud risks
— Data governance and management
— Cyber and information security review
— Annual transparency report
— Litigation update
— Ethical and compliance update
— Enterprise policy review

Nomination Committee report

Dame Karen Jones DBE
Senior Independent Board Member and Chair of the Nomination Committee

"The Nomination Committee ensures there is the right blend of skills and knowledge on the Board to constructively challenge the Executive to achieve our purpose. As such, independent evaluation of the Board is undertaken to assess the skills, capabilities and ways of working and to suggest effective development measures. The Committee also undertakes planning for succession of Board Members and the Chief Executive."

Membership and attendance 2023/24

	Meetings scheduled	Meetings attended
Karen Jones (Chair)	2	2
Robin Budenberg	2	2
James Darkins	2	2
Anne Kavanagh	1	1

Dan Labbad, Chief Executive, attended both meetings of the Committee in the year.

The members during the year have each served for the following periods on the Committee:

Karen Jones, 2 years 3 months as member and 2 years as Committee Chair from 1 April 2022.

Robin Budenberg, 6 years 8 months as Committee Chair and 2 years as a member from 1 April 2022.

James Darkins, 1 year 3 months (joined as a member from 1 January 2023).

Anne Kavanagh, 4 months (joined as a member from 29 November 2023).

Overview

Meeting twice this year, the Nomination Committee forms an integral part of our overall governance structure. The role and key objective of the Nomination Committee is to ensure the Board and its Committees have an appropriate combination of skills, experience and knowledge to effectively challenge The Crown Estate's strategy and monitor its execution.

The Committee also ensures there is a formal, rigorous and transparent procedure for appointments to the Board and assists by regularly reviewing its composition, diversity and effectiveness in achieving its objectives. It also ensures plans are in place for orderly succession to positions as Board Members (Commissioners), Board Counsellors, members of the Group Leadership Team (GLT) and the Company Secretary.

Nomination Committee membership

The Nomination Committee is a Board Committee, which comprises a minimum of three members, one of whom will be the Chair of the Board. It is recognised that the number of members may fall below three for temporary periods due to departures and pending new appointments. The quorum necessary for a Committee meeting is the presence of the Committee Chair and the Chair of the Board. Each Committee Member is a Board Member and independent as determined by the Board.

The Nomination Committee benefits from skills and experience gained by its members from significant exposure to:

— governance and risk of commercial investments, financial risk and audit
— land management and rural environment – net zero, ecology and biodiversity
— real assets – investments, capital markets, property development and regeneration
— social community, engagement, societal dynamics, diversity, ethics, and health and safety
— branding and customers
— transformation and culture
— growing business or development of new products and services

Attendance at Committee meetings

The Committee shall meet at least two times a year and otherwise as the Committee Chair shall determine. In addition to the Nomination Committee members, the Chief Executive; Executive Director, People & Culture; Company Secretary; Deputy Company Secretary; external advisers; and others as specified by the Committee, may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee Chair.

Reporting to and by the Nomination Committee

The Committee reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. It prepares a formal report on its activities and how the Committee has discharged its responsibilities to be included in the Annual Report, which describes the work of the Committee within its terms of reference and according to applicable guidance and laws.

Key duties

The key duties of the Nomination Committee are to:

— regularly review the structure, size and composition of the Board and its Committees, taking account of The Crown Estate's strategic priorities and the issues and trends affecting its long-term success
— constantly review the leadership needs of the organisation, for both Board and senior management, to ensure the continued ability of the organisation to compete effectively in the marketplace and deliver its strategic priorities
— ensure plans are in place for orderly succession to both the Board and senior management positions and oversee the development of a diverse pipeline for succession
— initiate the process of Board appointments and oversee the selection process for Board Members in keeping with the process set out by the Office of the Commissioner for Public Appointments
— assist the Chair of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its Committees
— the Senior Independent Board Member conducts the annual evaluation of the Board Chair on performance over the year, including leadership, meeting facilitation and Committee oversight. This assessment is reported back to the Board
— review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning, its diversity and how effectively the members of the Board work together to achieve objectives
— review annually the time required from Board Members, excluding the Chief Executive, and Board Counsellors
— recommend to the Board the appointment of the Senior Independent Board Member, the membership and the Chairs of the Board Committees

Key skills matrix

We conducted a skills assessment for Board Members and Counsellors to ensure we have the right expertise for long-term success in our evolving market. The Board has received briefings on emerging technology and artificial intelligence skills, which are an exciting advancement to its overall capabilities and we anticipate their positive impact on strategic decision-making.

Collective view of the skills, experience and knowledge of the members of the Board

Key

Deep experience – distinctive strength

Good experience and knowledge

Core skills

- **Governance and Risk**
- **Financial** – Risk / Audit
- **Commercial** – Investments
- **Marine** – Renewables On and Offshore / Offshore Wind / Carbon Capture
- **Real Assets** – Investments / Capital Markets / Property Development / Regeneration
- **Land Management / Rural**
- **Environment** – Net Zero / Ecology / Biodiversity
- **Digital / Technology**
- **Political / Public Sector / Policy**

Supplementary skills

- **Social** – Community Engagement / Societal Dynamics / Diversity / Ethics / Health and Safety
- **Brands and Customer**
- **Transformation and Culture**
- **Growing Businesses / Development of New Products and Services**

— make recommendations concerning any matters relating to the continuation in office of a Board Member or Counsellor, including the suspension or termination of service of the Chief Executive as an employee of The Crown Estate

Alignment with the Code

In June 2023, our Framework Document was reviewed and updated by HM Treasury. The Framework Document requires us, without limitation so far as is consistent with the Crown Estate Act 1961, to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the Code), as amended and updated from time to time. The Board has undertaken to comply with the Code, with this extending to the Board's Committees, including the Nomination Committee. In line with this commitment, there is a review by the Board set for June 2024 of the Committee terms of reference to better align with the latest updates to the Code.

Committee evaluation

An internal Committee evaluation was commenced in 2023/24. This was to ensure alignment across Committees and to identify continuous improvement opportunities for implementation into 2024.

Succession planning

In June 2023, the Committee commenced planning for succession for our current Chair, Robin Budenberg, whose term is coming to an end on 31 July 2024. To ensure a smooth transition once a new Chair has been appointed, his term was extended up to July 2025, a decision endorsed by the Board and in agreement with HM Treasury. We are confident that a new Chair, selected through a rigorous and detailed recruitment process, will have the right skills and expertise to further the hard work Robin has put into helping us realise our purpose.

A panel approach

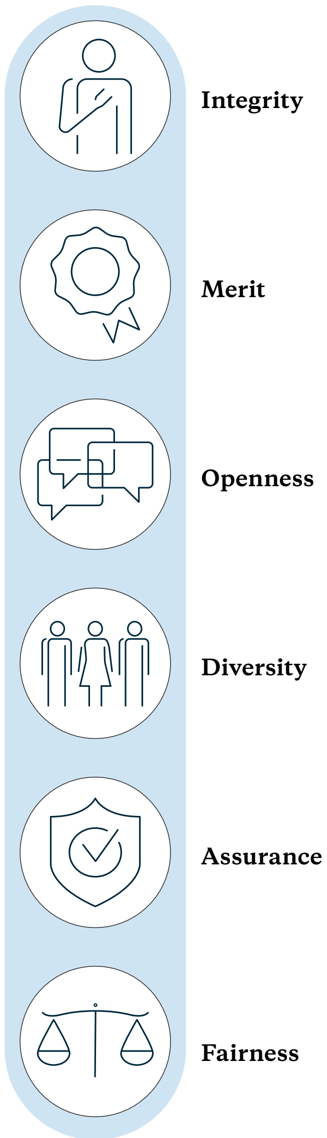
All of our appointments are undertaken by a diverse panel representative of our stakeholders. The panel is formed from HM Treasury, The Crown Estate and at least one independent member. In the case of the Chair, this also includes a representative of the Office of the Commissioner for Public Appointments to identify two appointable candidates. Recommendations for appointment are made by HM Treasury to the Prime Minister and His Majesty The King.

Developing the skills mix of the Board

All our Board appointments are supported by analysis based on the skills, experience and diversity of the existing Board combined with a strategic projection of future skills requirements including sustainability-focused skills embracing nature, biodiversity, social impact or climate change expertise.

An open and fair approach

In accordance with the Public Appointments Order in Council 2016 (the 2016 Order), the appointment process for Non-Executive Board Commissioners follows the government's Governance Code for Public Appointments (December 2016), which came into force on 1 January 2017, as administered by the Office of the Commissioner for Public Appointments. The Principles of Public Appointments, with which our processes comply, include:

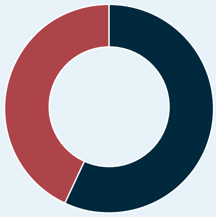


Our appointment processes and criteria are all developed to ensure that we act in compliance with these principles.

Nomination Committee report continued

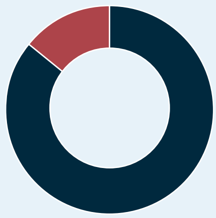
Diversity
Developing the diversity of the Board is a key responsibility of the Nomination Committee, and all our searches have a clear focus on bringing forward applicants through each stage of the process with characteristics that will serve to broaden this aspect of Board composition. The Board has also participated in the first annual declaration of diversity and social mobility characteristics, in line with employee measures.

Gender diversity



Female	57%
Male	43%

Ethnic diversity



White	86%
Black, Asian or other minority ethnicity	14%

Conflicts and Board independence
Conflicts may arise from time to time. Board Members annually declare interests and are given an opportunity at the start of each Board or Committee meeting to declare again. Ensuring Board independence is paramount, as it safeguards against conflicts of interest and promotes transparent decision-making aligned with the best interests of The Crown Estate. As such, there are clear guidelines for identifying, addressing and resolving conflicts promptly to uphold the Board's independence.

Executive Board appointments
Executive Board Member appointments (our Chief Executive is an Executive Board Member) are not strictly subject to the requirements of the 2016 Order. However, by agreement with HM Treasury, The Crown Estate ensures that the spirit and principles of the 2016 Order are followed for the appointment of Executive Board Members.

Use of executive search agents
The Crown Estate uses executive search agents to assist with the management and administration of our appointment processes. In the past year, we have worked with Egon Zehnder and Korn Ferry on Board Commissioner-related assignments.

We can confirm that none of the executive search agencies used have any material connection with The Crown Estate or The Crown Estate's individual Board Members.

Committee activities during the year
In the financial year of 2023/24 the Committee met in June 2023 and November 2023 to discuss the recruitment and succession of our Board and Committee members. These discussions focused on ensuring the skills, experience and knowledge of the Board and Committees meet the evolving needs of The Crown Estate both now and in the future.

Board evaluation
The Board supported a process of self and peer assessment led by the Executive Director, People & Culture. This review focused on the evaluation of key skills and a 360 degree assessment followed by individual meetings to discuss feedback for each Board Member with the Chair. The Senior Independent Board Member, having met with Independent Board Members in the Chair's absence, conducted the evaluation of the Chair and discussed the feedback directly with him. The evaluation informed a Board conversation and the Board development plan for the year ahead.

Outcomes
Overall, feedback on the Board has continued to be very positive and shows further improvement on previous evaluations.

The Board culture is recognised as welcoming and inclusive and provides a supportive environment where individuals feel able to contribute and are valued and respected.

The Board has achieved greater diversity of perspectives and challenge in Board conversations, building on an open and constructive relationship with the GLT and colleagues across the business.

Remuneration Committee report

Anne Kavanagh
Chair of the Remuneration Committee

"This year we have continued to embed our new Remuneration Framework to attract and retain key skills and talent, supporting our purpose and strategy to create more value for the nation."

Membership and attendance 2023/24

	Meetings scheduled	Meetings attended
Anne Kavanagh (Chair from 1 January 2024)	5	4
Robin Budenberg	5	5
James Darkins (Chair to 31 December 2023)	5	5
Clare Shine	2	2

The members during the year have each served on the Committee for the following periods of time:

Anne Kavanagh, 1 year 9 months (3 months as Chair from 1 January 2024).

Robin Budenberg, 4 years 3 months.

James Darkins, 7 years (4 years 10 months as Chair to 31 December 2023).

Clare Shine, 9 months (appointed to the Remuneration Committee in July 2023).

Introduction

Our Remuneration Framework is essential to ensuring that we are attracting and retaining the right skills and talent to drive financial and sustainability performance in line with our purpose and strategy. This is integral to driving better outcomes and creating lasting and shared prosperity for our customers, stakeholders and the nation.

This year, the Committee has continued to focus on embedding the principles of the new Remuneration Framework that is effective across the organisation and that were outlined in full in last year's Annual Report and Accounts.

In particular, the Committee has taken positive steps this year to support:

— better transparency, equity and fairness in pay outcomes
— a stronger feedback loop that can improve decision-making and talent development
— vigilance to the ongoing cost-of-living pressures on our people where relevant

Composition of the Committee

The Remuneration Committee is a Board Committee and the terms of reference state that the Committee shall have a minimum of three members, each being a Board Member, one of whom may be a Board Counsellor. The Committee will be quorate with the presence of two members.

The Remuneration Committee benefits from skills and experience gained by its members from significant exposure to:

— remuneration
— organisational and cultural change
— finance and governance
— real assets – investments, capital markets, property development, financial
— commercial – investments

Attendance at Committee meetings

In addition to the Remuneration Committee members, the Chief Executive; Executive Director, People & Culture; Head of Reward; Company Secretary; Deputy Company Secretary; and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee Chair.

Other senior employees (for example the Chief Financial Officer) and key stakeholders such as the Chair of the Pension Scheme Trustees may attend all or part of meetings at the invitation of the Committee as required. No attendee is involved in any decision relating to their own remuneration. The professional external advisers to the Remuneration Committee are invited to attend as required.

Remuneration Committee report continued

Role and duties of the Remuneration Committee

The role of the Remuneration Committee is to ensure that remuneration policy and practices support the delivery of our long-term strategy and promote the sustainable success of The Crown Estate and that remuneration policy and practice are aligned to purpose, culture and values.

In summary, the main duties of the Committee are to:

- review workforce remuneration and related policies, ensuring that total reward is aligned with our purpose, values and culture as well as the requirements set out in the Framework Document between HM Treasury and The Crown Estate
- exercise its judgment and discretion when authorising remuneration outcomes in respect of the Chief Executive and members of the Group Leadership Team (GLT) and senior management to ensure outcomes are appropriate and reflective of performance
- review and approve the design of any bonus schemes and determine targets and key performance indicators (KPIs) in relation to such schemes, and regularly assess performance against targets and KPIs
- review and approve the design of any long-term incentive plans (LTIP) and associated performance conditions
- review the malus and clawback provisions and policy
- approve the terms of service contracts of the Chief Executive and members of the GLT
- make recommendations in relation to remuneration for Board Members (excluding the Chief Executive) and Board Counsellors

Look back on 2023/24

Remuneration highlights

A market-aligned pay award was implemented during 2023 for base salaries and, in response to ongoing cost-of-living pressures, we provided a one-off payment to support our employees, where appropriate.

Our overall Group performance against financial, capital and sustainability targets resulted in an annual bonus award for employees, reflecting strong progress and delivery against our key financial and strategic goals. These are set out in Chart B on page 106. This included the potential for maximum outcomes for individuals with outstanding performance ratings, ensuring that the highest level of award is available to the highest performers in years of strong company performance.

Our approach to Chief Executive pay is outlined on page 105.

Transparency, equity and fairness

Pay transparency has been a theme this year, with communication across the business to socialise the details of the Remuneration Framework and what this means at an individual level. This included the introduction of job levels to provide greater clarity and consistency on potential remuneration packages.

The feedback received through our annual engagement survey, One Voice, has been positive. For example, 76% of employees reported that they believe communication on pay and reward is clear.

The Committee is continuing to focus on addressing outcomes for pay and reward at an individual as well as Group level to improve equity and fairness – for example, focusing on understanding more about the pay gaps highlighted at a Group level through our Gender Pay Gap reporting on page 55, and making sure we're continuing to make progress in this area.

The Committee also reviewed the outcome of the pay and bonus exercise this year to ensure greater fairness and equity for underrepresented groups, with an aim of reducing gaps for our current employees.

Engaging with our people

Engaging and listening to our people to create a two-way dialogue is a key part of improving the Remuneration Committee's decision-making and ensuring greater transparency and equity in our approach to pay and reward.

This year, the Committee worked with independent advisers to review employee engagement on remuneration topics. This led to formalising the Committee's engagement on a more regular basis to improve how views are captured and responded to.

The Committee's engagement with our employees includes:

- regular representation and updates from the Executive Director, People & Culture at Committee meetings
- feedback received through our employee survey, One Voice
- regular updates to the Board on remuneration outcomes, including in support of diversity, equity and inclusion
- wider engagement with the business undertaken by the Board and outlined on page 93

Malus and clawback

The Committee reviewed the malus and clawback arrangements in 2023/24 and as a result has introduced a new policy. This provides greater clarity on the trigger events and process that would be followed if the clause was invoked.

The Committee may decide to apply clawback and/or malus to all or part of any award and/or payment in the event of: a material misstatement of the accounts within 24 months of the end of the performance period relating to an award; material change in the financial circumstances of the business; or if it is found that the participant in any plan has engaged in misconduct that would have justified dismissal.

The Committee has added a regular standing review of the policy during the annual cycle.

Remuneration Framework

In last year's Annual Report and Accounts we set out the full details of the revised approach to pay and reward through our Remuneration Framework.

The key components of our Remuneration Framework are set out below:

- Total expenditure on variable pay is linked to the performance of The Crown Estate such that we align the interests of our leaders and our colleagues with those of our stakeholders
- Our colleagues are measured, managed and rewarded upon their team and individual performance rather than a Group-wide assessment being applied uniformly across the business. Our approach to performance management distinguishes those who deliver the greatest impact
- Our incentives are linked to the financial performance of the Group and to our purpose and strategic priorities. Sustainability is integral to how we will deliver value to the nation in both the short and long term. Sustainability targets therefore account for 20% of the overall bonus pool
- In addition to ensuring an approach that is aligned with the market and focused on rewarding stretching performance, the Remuneration Committee also strives to ensure that policy and practice support The Crown Estate's culture and values. This includes continuing to understand how we can better promote an equitable approach, for example through alignment with our diversity, equity and inclusion action plan
- With the exception of the Chief Executive, the remuneration levels for our people are benchmarked against median pay in comparable organisations. It is not our aim to compete for talent through higher pay, but instead to offer attractive pay combined with working for a unique, purpose-driven organisation that provides excellent opportunities for personal development. The Remuneration Committee has reviewed the total remuneration of the Group Leadership Team, ensuring that reward remains aligned to our comparators at a median level
- For the Chief Executive, our remuneration approach results in total compensation at a discount to the market

Chief Executive remuneration

Last year, we outlined in detail the review of Chief Executive pay and reward that was introduced alongside the new Remuneration Framework. While the approach to Chief Executive compensation considers many of the same factors as the wider Remuneration Framework, Chief Executive remuneration is treated separately.

Our approach to Chief Executive pay and reward seeks to ensure that The Crown Estate can attract and retain a world-class leader from a diverse pool of eligible candidates, with the ability to lead an organisation that, in value terms, would rank in the top 50 companies of the FTSE 100 if it were publicly listed. At the same time, it recognises that some form of remuneration discount is appropriate in leading an organisation that serves the nation.

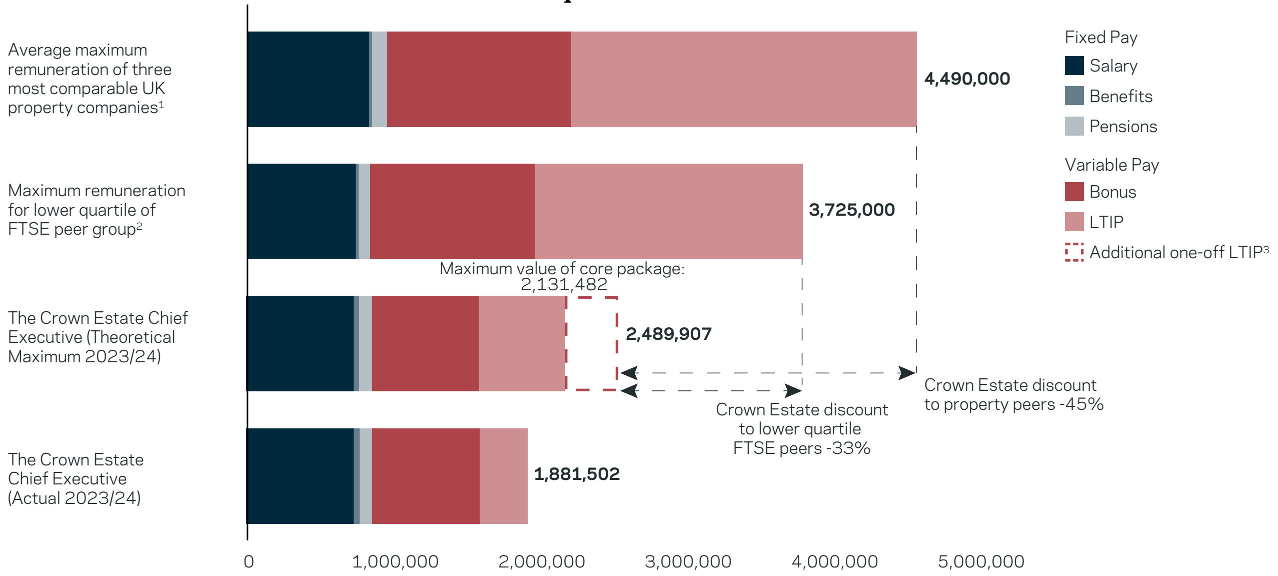
For this reason, Chief Executive pay is benchmarked against the lower quartile of FTSE peers (rather than the median). The maximum opportunity for Chief Executive pay shown in Chart A on page 106 represents around a 33% discount to the maximum opportunity for this lower quartile of the FTSE peer group. Chart A also shows that by focusing on the lower quartile of a broader peer group, the outcome reflects an even more significant discount (45%) to our property peers which are operationally less diverse than The Crown Estate given their lack of exposure to the marine, energy and rural sectors.

The Chief Executive reward package has been constructed with a high percentage of pay at risk relative to the public sector (57% being performance pay compared with approximately 25% for a basket of relevant public sector enterprises as selected by independent adviser, Willis Towers Watson), and to incentivise long-term performance against key financial and strategic goals, including sustainability.

During 2023/24, the first of two one-off, five-year LTIPs (two years longer than standard LTIPs) was granted that will not begin to vest until 2028. The second five-year LTIP will be granted in 2024/25. Taking into account the inflexibility of a four-year term contract and the importance of retaining the Chief Executive to the end of that term, pro-rating will not apply to the three and five-year LTIP schemes provided that the Chief Executive remains employed until the end of his contract.

On 1 January 2024, the Chief Executive's base salary increased by 5% per annum. Base salary will continue to increase by a minimum of 5% per annum over the term of the contract in order to reduce the discount of the core element of Chief Executive remuneration (ie excluding the one-off LTIPs) to the remuneration level of the selected benchmark.

Chart A – Chief Executive remuneration comparison 2023/24

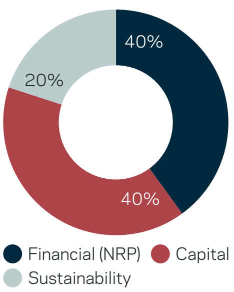
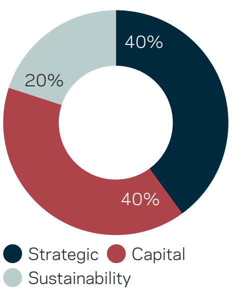


Source: Willis Towers Watson 2024

1. British Land, Land Securities and SEGRO.
2. The originally selected FTSE peer group comprises property, utilities, housebuilding and infrastructure companies in the FTSE 100 as at June 2023.
3. The additional LTIP represents the illustrative value of two 150% of salary LTIP awards spread over six years ie an additional maximum opportunity of 50% of salary per year based on this additional LTIP entitlement.
4. Theoretical Maximum is not comparable with Actual given different LTIP entitlements included.

Chart B – Incentive measures and how they link to our strategy

The table below sets out the key performance metrics used in our remuneration schemes for 2023/24 and how these are linked to our Value Creation Framework.

	Our Value Creation Framework		
Link to our incentives	**Financial**	**Capital**	**Sustainability**
Annual bonus measures 2023/24 	Net Revenue Profit (NRP) versus pre-agreed targets (40%)[1]	Market relative measure of total return against real estate portfolio Delivery of offshore wind capacity supporting achievement of financial as well as environmental goals (40%)	Estate energy reduction targets (20%)
LTIP measures 2023/24 award 	Relative performance versus MSCI total return benchmarks (40%)	Additional Marine pipeline capacity and developing a routemap of our seabed (30%) Securing appropriate funding capability to deliver long-term value to the nation (10%)	Delivering for the UK, through embedding nature recovery into the core of our business (15%) and measuring our social impact through gender representation in senior roles (5%)

1. For these purposes Net Revenue Profit excludes the impact of Round 4 option fees.

Chief Executive and Group Leadership Team – key elements of remuneration policy 2023/24

Element of remuneration policy	Operation in 2023/24
Base salary Reviewed 1 January each year for the Chief Executive and 1 July for the GLT.	Chief Executive salary reviewed and increased by 5% to £743,400 effective 1 January 2024. GLT salaries reviewed 1 July 2023.
Annual bonus Annual discretionary non-pensionable bonus for the Chief Executive and GLT, based on the achievement of financial targets and KPIs set by the Board in accordance with the Remuneration Framework (see Chart B on page 106). Chief Executive: maximum opportunity 100% of base salary paid in the financial year, target opportunity 67%. GLT: maximum opportunity 90% of base salary, target opportunity 60%. Any bonus amount over 50% of salary is deferred for one year and paid subject to continuing employment and/or good leaver provisions. Annual bonus awards are subject to: (i) leadership and behaviours remaining consistent with The Crown Estate's culture and values and (ii) provisions for malus and clawback.	Underlying revenue account profit increased year-on-year by £883.2 million (137%). Financial performance exceeded the target and fell just short of maximum stretch. We met our two capital targets by exceeding our bespoke MSCI property benchmark and by delivering potential for future offshore wind capacity launching Offshore Wind Leasing Round 5. Sustainability targets were met or exceeded, with one being missed. We met or exceeded the significant majority of our KPIs. As stated above, The Crown Estate's performance – relative to the bonus measures set out in Chart B and related KPIs – resulted in a bonus pool which justified the payment of maximum bonus levels to those who performed at the highest level in the organisation. Given the Chief Executive's personal contribution to the achievement of these bonus measures and KPIs and the Chair's assessment of his personal achievements and leadership performance, the Remuneration Committee considered it appropriate that he should be one of these individuals receiving the maximum level of bonus. GLT awards ranged from 60% to 90% of their individual maximum annual bonus opportunities.
Long-term incentive plan (three-year scheme) Discretionary, non-pensionable, cash plan with a three-year vesting and performance period. Chief Executive: maximum opportunity 80% of base salary. GLT: maximum opportunity 60% of base salary. LTIP awards are measured against a basket of capital, strategic and sustainability measures (see Chart B). Performance of prior period LTIP (up to the 2021 grant) awards are measured solely on relative performance against a bespoke MSCI total return benchmark. LTIP awards are subject to: (i) leadership and behaviours remaining consistent with The Crown Estate's culture and values and (ii) provisions for malus and clawback.	The LTIP award granted in 2021 vested on 31 March 2024. The performance measure for this grant was solely based on capital performance (since 2021) relative to the bespoke MSCI benchmark. The successful implementation of Offshore Wind Leasing Round 4 (Round 4) has considerably enhanced capital returns since 2021. Excluding the impact of Round 4, performance outperformed the benchmark. Including Round 4, performance exceeded the stretch target. Accordingly, this award vested in full in line with its conditions.
Long-term incentive plan (five-year scheme for Chief Executive) One-off five-year LTIP awards with a maximum value of 150% of salary available only to the Chief Executive.	In 2023/24 the first of two five-year awards was granted to the Chief Executive. This award will be measured against the following metrics: — 50%: Marine and offshore wind: capacity — 10%: London portfolio void rates — 15%: Nature, net zero and sustainability — 25%: Creation of long-term structure to create financial and operating capacity to implement future strategy
Pensions See page 109 for a description of the pension schemes operated throughout the Group. Employees may opt out of the schemes and receive a cash allowance where they are at risk of exceeding HMRC pension tax allowances.	The Chief Executive has opted out of pension scheme membership and along with other eligible employees receives a cash allowance equal to 12% of base salary.
Flexible benefits Eligible employees receive a flexible benefits allowance of 5.34% of base salary.	The Chief Executive and GLT members received this allowance.

Operation of Remuneration Policy in 2024/25

For the 2024/25 year, no changes were proposed to the underlying remuneration policy for base salary, annual bonus, three-year LTIP, pensions or flexible benefits. The next salary review for the Chief Executive will be on 1 January 2025 and for the GLT on 1 July 2024. Subject to continued strong performance, the Committee intends to grant the second of the five-year LTIP awards with a maximum value of 150% of salary to the Chief Executive in 2024/25. The Committee reviews variable pay opportunities for each GLT member annually, within the scope of its remuneration policy.

Advisers to the Remuneration Committee

The Committee is advised by Willis Towers Watson, appointed as an independent external professional adviser since 2014 and reappointed following a procurement process in 2021. The Crown Estate has received appropriate assurance that none of the advisers from this firm have any connection with The Crown Estate's GLT or Board Members.

Alignment with the UK Corporate Governance Code 2018

The terms of reference for the Board and its Committees were revised to reflect our strategic goals and the requirements of the UK Corporate Governance Code 2018 (the Code). Those changes have focused on ensuring that the Remuneration Committee has an active and appropriate role in ensuring that The Crown Estate's remuneration policies are properly formulated and applied throughout the business. We aim to revise our strategic goals and we will make sure that the terms of reference reflect this change as and if required. The Crown Estate is not required to comply with the Code. However, we supplement our statutory requirements by seeking to align with the Code where consistent with our constitution. Our established approach complies with many of the requirements of the Code because the Committee's remit extends to pay policy for all staff and is not limited to GLT.

Committee evaluation

The Board commissioned an independent external evaluation of the operation of its Committees in 2023/24 to supplement the normal internal evaluation process. This evaluation highlighted the strong governance procedures and practices in place for all Committees, including the Remuneration Committee.

In addition, the evaluation highlighted specific areas where the Remuneration Committee processes can be improved, including engaging more deeply with our People strategy development to give greater visibility on our planning, performance and retention, which the Board has already started to address – and will continue to be focus areas for the Board moving forward.

Appointment terms

Each voting Board Member of The Crown Estate is appointed as a Commissioner under Royal Warrant for a period of up to four years. In general, a Board appointment may be renewed for a further term of up to four years. No member may serve for more than ten years.

Dan Labbad, Chief Executive, was initially appointed on a four-year contract expiring on 31 December 2023 with a notice period of six months. The Board unanimously agreed to extend the Chief Executive's term for a further four years, which has been agreed under a Royal Warrant expiring on 31 December 2027.

Robert Allen, Chief Financial Officer, was appointed on 1 July 2021 on a permanent contract with a six-month notice period, having previously served as Interim Chief Financial Officer from 1 March 2021. Judith Everett, Executive Director, Purpose, Sustainability & Stakeholder, is also on a permanent contract with a six-month notice period.

External non-executive board appointments held by the GLT

The Board of The Crown Estate supports non-executive appointments to third party organisations where the Board is satisfied that these are manageable alongside their responsibilities and do not generate any conflict of interest with accountabilities at The Crown Estate and sees these as part of the professional development of our people. They are permitted to retain earnings from these appointments. Dan Labbad, Chief Executive, held non-executive appointments as a non-executive director of Raspberry Pi Holdings plc and a director of The Hornery Institute, trading as Studio THI.

Judith Everett, Executive Director, Purpose, Sustainability & Stakeholder, is Deputy Chair of the Board of the UK Green Building Council.

Executive appointments

The Committee has continued to review the remuneration packages for new appointments to the GLT, to ensure that the business has the required skill and capability to deliver the future strategy. There is an established process with regard to remuneration on recruitment of our Chief Executive. This involves correspondence with HM Treasury to agree the core elements of the package which may differ from the Policy agreed for the current Chief Executive; however, the principles used to set the pay will be consistent.

Changes in Chair, Commissioner and Counsellor fees for 2024/25

The fees for Chair, Commissioners and Counsellors have increased by only £700 (3.6%) in the last 14 years, with the Chair and First Commissioner fee having no increase applied since 2009. In that time the size and complexity of The Crown Estate and the time commitments of the Chair, Commissioners and Counsellors have increased substantially.

It is essential that the level of fees for these roles is sufficient to attract a diverse range of candidates to fill them. The Committee has therefore recommended to HM Treasury that the fees be increased as follows to reflect the increased demands of these roles and also the absence of any substantive increase over the last 14 years. HM Treasury has accepted these recommendations which apply from 1 April 2024.

	2023/24 fee	**Fee effective 1 April 2024**
Chair and First Commissioner	£50,000	**£105,500**
Board Commissioners	£20,000	**£30,000**
Audit and Remuneration Committee Chairs	£5,000	**£8,000**
Sustainability Committee Chair	£5,000	**£6,500**
Nomination Committee Chair	£2,000	**£3,000**
Chair of the Internal Habitats Regulations Assessment Oversight Group	£5,000*	**£5,000**

* Effective from 1 January 2024

Loss of office

The Crown Estate's policy is to compensate leavers within contractual terms for loss of office and/or early termination. The annual bonus and LTIP schemes both contain termination provisions which mean that awards would lapse for a leaver in ordinary circumstances. The schemes also contain provisions which allow for awards to pay out in circumstances where an individual is deemed a good leaver. There were no loss of office payments made during the financial year.

Pensions

Three pension schemes are in operation in The Crown Estate: the Civil Service Pensions (CSP), The Crown Estate Pension Scheme (CEPS) and the Royal Household Pension Scheme (RHPS). The CEPS and the CSP comprise a number of sections which offer different pension benefits as shown below.

Scheme name	Section	Type of scheme	Open to new members	Status
CEPS	Opal	Defined benefit	No	Open to existing active members for contributions and benefit accrual.
	Quartz	Hybrid 'Core' defined benefit, with optional defined contribution top-up	Yes	Core – contributions and benefits subject to Scheme Earnings Cap (£36,346 for 2023/24). Top-up – contributions paid on pensionable earnings above the Scheme Earnings Cap.
	Topaz	Defined contribution	Yes	Member contributions voluntary.
CSP	Classic Classic Plus Premium	Defined benefit – final earnings	No	Closed to all members on 31 March 2022 for future contributions and benefit accrual.
	Nuvos	Defined benefit – career average earnings	No	Closed to all members on 31 March 2022 for future contributions and benefit accrual.
	Alpha		No	Open to pre-1 April 2022 members for future contributions and benefit accrual.
	Partnership	Defined contribution	No	Open to CSP members only.
RHPS	n/a	Defined contribution	No	Open to Royal Household employees whose employment was TUPE transferred to The Crown Estate on 22 March 2024. Closed to new employees.

In the past, employees who opted out of pension membership could receive a cash allowance equal to 8% of basic pay; this cash allowance has been withdrawn to new members. For employees who are at risk of exceeding HMRC pension tax allowances for the accrual of pension benefits, a cash allowance equal to 12% of basic pay is available.

At 31 March 2024, there were 597 CEPS members, 69 CSP members and 61 RHPS members. There were 26 non-pensionable members of whom eight were in receipt of the cash allowance.

The latest CEPS triennial actuarial valuation was completed at 31 March 2023. The Crown Estate and CEPS Trustees determined that the scheme had around 20% more assets than required to meet its expected obligations. As a result, we have agreed with the Trustees that no deficit reduction contributions are required, and The Crown Estate and CEPS Trustees have agreed that from 1 March 2024 until 31 March 2027, the scheme will meet some costs from the surplus assets, including employer contributions. We have agreed a number of safeguards with the Trustees to ensure that the scheme members' benefits are protected, which includes resuming company contributions should the funding surplus fall below 105% of scheme liabilities.

Pension benefits for key management personnel and the Board

Dan Labbad, Chief Executive, and Robert Allen, Chief Financial Officer, are not members of CEPS and elected to receive payment in lieu of pension contributions as disclosed in the single figure tables for remuneration on pages 111-112. Judith Everett, Executive Director, Purpose, Sustainability & Stakeholder, is an active member of CEPS.

Non-Executive Commissioners and Board Counsellors do not receive any pension benefits from The Crown Estate.

Remuneration Committee report continued

All employee pay in the context of executive pay

The table below sets out how each element of all employee pay aligns with pay for the Chief Executive and GLT.

Element of all employee remuneration	All employee operation	Comparison with Chief Executive and GLT
Base salary **5% average base salary increase awarded across all our eligible employees**	— We evaluate the competitiveness of base salaries in the market. — The competitiveness of job roles is continually monitored, taking into consideration both external market benchmarks and comparisons with internal colleagues. — Additionally, salary adjustments may be considered to account for changes in an individual's role, increased responsibilities, or gained experience.	— Similar factors are taken into account when setting GLT pay including changes in role, responsibility and experience. — Average employee pay increases are taken into account when setting GLT and Chief Executive pay. — The Chief Executive's base salary increased by 5% per annum. Base salary will continue to increase by a minimum of 5% per annum over the term of the contract in order to reduce the discount of the core element of Chief Executive remuneration to the remuneration level of the selected benchmark.
Pension and Benefits **Pension levels for GLT and Chief Executive do not exceed the employee rate**	— The company aims to offer a pension and benefits package that is in line with competitive market standards in the UK.	— Employees are entitled to the same types of benefits as the Chief Executive and the GLT as described in the pensions section above.
Annual bonus **93% of our employees received an annual bonus for 2023/24**	— All employees take part in a performance-based plan centred on key business and financial metrics. — These metrics are tailored to align with the specific priorities of each business area. — Employee remuneration is also linked to individual performance ratings.	— The calculation of the bonus pool is consistent for all employees including executives. — The determination of bonus outcomes for each member of the GLT considers both performance at an individual and business area level.

Fair pay disclosures (audited)

Under the fair pay regulations, The Crown Estate is required to identify the employee pay and benefits at the 25th, 50th and 75th percentiles of all of our people for the financial year and compare them to the total remuneration figures for the Chief Executive. The figures used to determine the ratio were calculated based on the March 2024 payroll, which provides reasonable full-time equivalent (FTE) information. This involves calculating the actual remuneration for all relevant employees for the selected month and applying adjustments to ensure the pay and benefits were representative for each individual on an FTE basis. Employee FTE remuneration has been calculated using basic pay, bonus awards, a cost-of-living payment, allowances, benefits and incentives, but excluding pension contributions. These values were then listed in order from lowest to highest and the values at the three percentile points were identified. All required components were included in the single figure remuneration for the Chief Executive. The base pay for the Chief Executive and employees at each of the three percentiles is also presented along with the associated ratio.

In considering these disclosures, the Committee notes the following:

- The employees used in the calculations are considered to be representative of the 25th, 50th and 75th percentiles of the company's remuneration for the relevant financial year.
- The single figure for remuneration for the Chief Executive includes a payment in lieu of a pension, whereas pension benefits are excluded from all other calculations.
- The Crown Estate runs a number of apprenticeship schemes where, in addition to compensation, apprentices receive a significant amount of training, where reported salary costs do not recognise our investment in their training.
- Employees who join after 1 January or resign before the bonus is paid are generally not eligible to receive a bonus. The lowest paid employee is one such person.

The Committee considers that the salaries of colleagues, including those included in the table and the associated ratios, are consistent with The Crown Estate pay, reward and progression policies. The movement in ratios from 2022/23 (22.2) to 2023/24 (24.4) primarily reflects a full year of the Chief Executive's pay and reward framework that was introduced last year, as disclosed on page 105.

The Group's approach to total remuneration is to pay at median levels compared with the market benchmark for comparable roles and experience. The Chief Executive's total remuneration reflects a substantial discount compared with relevant benchmarks as set out above. The Chief Executive's base salary review is implemented annually from 1 January, whereas the pay reviews for all other employees usually take place each year from 1 July. As a result, the reported percentage increase for the Chief Executive is not directly comparable with the percentage increase for other colleagues.

Chief Executive pay ratios		25th percentile	50th percentile	75th percentile	Pay range for all eligible employees[1,2]
2023/24	Colleague total pay and benefits[3]	£44,102	£77,435	£119,480	£24,000-£1,892,278
	Chief Executive ratio for total pay and benefits	42.9	24.4	15.8	
	Colleague salary component of total pay and benefits[3]	£41,124	£70,322	£103,376	£24,000-£853,028
	Chief Executive ratio for salary component of total pay and benefits	20.7	12.1	8.3	
2022/23[4] (restated)	Colleague total pay and benefits[3]	£40,640	£71,700	£112,364	£20,089-£1,594,266
	Chief Executive ratio for total pay and benefits	39.2	22.2	14.2	
	Colleague salary component of total pay and benefits[3]	£38,957	£64,804	£97,364	£19,760-£704,666
	Chief Executive ratio for salary component of total pay and benefits	18.1	10.9	7.2	

1. The Chief Executive is the highest paid employee for each of the pay ranges.
2. Casual workers at Windsor Great Park are excluded from this table.
3. Amounts include a 5.34% flexible benefits allowance.
4. Chief Executive salary has been restated for benefits-in-kind.

Percentage change in pay	Salary and allowances	Performance pay and bonuses
Chief Executive[1]	21.1%	16.8%
Colleague average (excluding Chief Executive)	7.9%	15.4%

1. The Chief Executive's salary and allowances includes base salary, a 5.34% flexible benefits allowance and benefits in kind.

Remuneration and pension benefits
Single total figure for remuneration

Board Members (audited)

	Salary/fee (£)[1,2]		Bonus award (£)[3]		Long-term incentive plan (£)		Other payments (£)[4]		Benefits in kind (to the nearest £100)[5]		Total (to the nearest £1,000)[5]	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23 (restated)	**2023/24**	2022/23 (restated)
Sir Robin Budenberg CBE	**50,000**	50,000	**-**	-	**-**	-	**-**	-	**200**	-	**50,000**	50,000
Dan Labbad	**755,130**	619,399	**716,850**	588,000	**322,400**	301,600	**86,022**	70,560	**11,900**	14,700	**1,892,000**	1,594,000
Vijay Bharadia[6]	**23,750**	-	**-**	-	**-**	-	**-**	-	**-**	-	**24,000**	-
James Darkins[7]	**26,250**	26,250	**-**	-	**-**	-	**-**	-	**300**	-	**27,000**	26,000
Juliet Davenport OBE	**20,000**	20,000	**-**	-	**-**	-	**-**	-	**1,500**	-	**22,000**	20,000
Dame Karen Jones DBE	**27,000**	27,000	**-**	-	**-**	-	**-**	-	**-**	-	**27,000**	27,000
Anne Kavanagh[8]	**21,250**	14,839	**-**	-	**-**	-	**-**	-	**100**	-	**21,000**	15,000
Clare Shine[9]	**20,000**	14,839	**-**	-	**-**	-	**-**	-	**1,000**	-	**21,000**	15,000

1. Salary amounts for Dan Labbad include a 5.34% flexible benefits allowance.
2. Chairs of the Audit, Remuneration and Sustainability Committees and the Chair of the Internal Habitats Regulations Assessment Oversight Group receive an additional £5,000 (2022/23: £5,000) and the Nomination Committee Chair receives an additional £2,000 (2022/23: £2,000) per annum (pro-rated when applicable) to reflect the increased time commitment.
3. The payment of any bonus amount over 50% of basic salary is deferred by 12 months. For 2023/24, deferral for Dan Labbad is £358,425 (2022/23: £121,732) which is included in the figure disclosed.
4. Other payments for Dan Labbad comprise an allowance in lieu of pension contribution. None of the Commissioners receive any other pension benefits.
5. Benefits in kind is private medical insurance and taxable expenses. 2022/23 has been restated to include taxable expenses for Dan Labbad. The amount previously stated was £1,000.
6. Vijay Bharadia was appointed on 1 April 2023 and appointed as Chair of the Audit Committee on 1 July 2023. His full-time equivalent fee (excluding additional Chair fees) is £20,000.
7. James Darkins' appointment as a Commissioner expired 31 December 2023. He was appointed as a Board Counsellor on 1 January 2024 and started to receive the additional £5,000 allowance (see note 2) as Chair of the Internal Habitats Regulations Assessment Oversight Group on the same date.
8. Anne Kavanagh was appointed on 4 July 2022 and appointed as Chair of the Remuneration Committee on 1 January 2024. Her full-time equivalent fee for 2022/23 was £20,000 (excluding additional Chair fees).
9. Clare Shine was appointed on 4 July 2022. Her full-time equivalent fee for 2022/23 was £20,000.

Board Counsellors (audited)

	Fee (£)		Bonus award (£)		Long-term incentive plan (£)		Other payments (£)		Benefits in kind (to the nearest £100)		Total (to the nearest £1,000)	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
Sara Wood	**20,000**	20,000	**-**	-	**-**	-	**-**	-	**-**	-	**20,000**	20,000
Paula Hay-Plumb OBE[1]	**15,000**	23,750	**-**	-	**-**	-	**-**	-	**300**	-	**15,000**	24,000

1. Paula Hay-Plumb's appointment as a Commissioner expired on 31 December 2022 and she served as a Board Counsellor from 1 January 2023 to 31 December 2023. Her full-time equivalent fee for 2023/24 was £20,000 and in 2022/23 Paula Hay-Plumb received a pro-rated fee for the period she was Chair of the Audit Committee.
2. James Darkins was appointed as a Board Counsellor on 1 January 2024, having previously served as a Commissioner. His remuneration is shown in the table of Board Members' remuneration on page 111.

Voting members of the Value Creation Committee[1] (audited)

		Salary[2] £'000 (within a £5,000 band)		Bonus award[3] £'000 (within a £5,000 band)		Long-term incentive plan £'000 (within a £5,000 band)		Other payments[4] £'000 (to the nearest £1,000)		Benefits in kind[5] £'000 (to the nearest £100)		Total £'000 (within a £5,000 band)	
	Notes	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
Robert Allen		**435-440**	385-390	**220-225**	220-225	**140-145**	-	**50**	-	**1.1**	1.0	**850-855**	605-610
Judith Everett		**230-235**	220-225	**130-135**	120-125	**50-55**	50-55	**33**	32	**1.1**	1.0	**445-450**	425-430

1. Dan Labbad is Chair of the Value Creation Committee. His remuneration is shown in the table of Board Members' remuneration on page 111.
2. Salary amounts for Robert Allen and Judith Everett include a 5.34% flexible benefits allowance.
3. The payment of any bonus amount over 50% is deferred by 12 months. For 2023/24, deferral for Robert Allen is £16,600 (2022/23: £39,868) and for Judith Everett is £21,993 (2022/23: £14,929) which is included in the disclosed figures.
4. Other payments to Robert Allen comprise payment in lieu of pension contributions and to Judith Everett reflect payments to a defined contribution pension. Neither Robert Allen nor Judith Everett received any defined benefit pension arrangements. Resultantly, their accrued benefits, real increase in pension at retirement date and cash equivalent transfer value are £nil (31 March 2023: £nil).
5. Benefits in kind is private medical insurance.

Voluntary disclosures

Single total compensation for members of the Group Leadership Team[1] (audited)

	Total (£'000) (within a £5,000 band)
	2023/24
Sol Anitua	**430-435**
Simon Harding-Roots	**645-650**
Gus Jaspert	**475-480**
Hannah Milne	**575-580**
Linda Morant	**590-595**
Paul Sedgwick	**450-455**
Oliver Smith	**425-430**
Lisa White	**605-610**

1. Dan Labbad, Robert Allen and Judith Everett are members of the Group Leadership Team. Details of their remuneration can be found in the tables on pages 111-112.

Additional voluntary disclosure

Number of employees receiving salary > £150k and performance bonuses > £17,500	**50**

Compensation for loss of office (audited)

The table below shows exit packages as a result of the restructuring of the business.

	2023/24 Number	2022/23 Number
Less than £10,000	-	–
£10,001-£25,000	-	2
£25,001-£50,000	**4**	–
£50,001-£100,000	**2**	7
Total	**6**	9

Staff and Commissioners report (audited)

	2023/24 £m	2022/23 £m	2023/24 Average number	2022/23 Average number
Staff with employment contracts and Commissioners (note 7 to the financial statements)	**72.9**	63.1	**642**	576
Other staff engaged on the objectives of The Crown Estate	**9.6**	7.4	**94**	70
	82.5	70.5	**736**	646

There were no off-payroll payments made during the year. The Crown Estate expensed £4.4 million (2022/23: £1.9 million) of fees relating to business change and transformation.

To provide further context the table sets out the total spend on executive pay as well the total returned to the HM Treasury. In this context the Committee is satisfied that the sums paid to executives are not excessive.

Anne Kavanagh
Chair of the Remuneration Committee

10 July 2024

Sustainability Committee report

Dame Karen Jones DBE
Chair of the Sustainability Committee

"This year the Sustainability Committee broadened our focus and set commitments and a pathway for all areas of sustainability (net zero, nature recovery and inclusive communities). This has ensured we continue to embed and entrench sustainability in everything we do, positively impacting not only the environment but people within it."

Membership and attendance 2023/24

	Meetings scheduled	Meetings attended
Karen Jones (Chair)	4	4
Juliet Davenport	4	4
Clare Shine	4	4

The members have each served for the following periods of time on the Committee:
Karen Jones, 2 years 4 months (as Chair).
Juliet Davenport, 2 years 4 months.
Clare Shine, 1 year 6 months.

For 2023/24, I am pleased to share with you the role of the Sustainability Committee and its key activities, including a continued focus on interrelated sustainability topics such as nature, climate change and the social impact of our business.

Overview

Established in December 2021, the role and purpose of the Sustainability Committee is to ensure The Crown Estate strives to exemplify best practice in all matters embracing all aspects of whole sustainability – net zero, decarbonisation, nature and social impact – and that this is embedded in the delivery of the company's strategy for value creation and aligned with its purpose.

There is a growing requirement for businesses to accelerate efforts on sustainability issues, tackling them in a systemic way. The Crown Estate's strategy faces into this: aiming to balance the priorities of net zero carbon and nature recovery, while supporting inclusive communities and economic growth and generating financial returns for the nation.

In practice, these priorities are intrinsically linked – and occasionally in tension, presenting us with both challenges and opportunities as we seek to leverage our assets and capabilities to drive the level of change that is needed.

A core focus for the Committee in 2023/24 was to ensure the Sustainability roadmap has been embedded within the company in order to advance The Crown Estate's sustainability agenda and ambition.

It is encouraging that an enterprise-wide carbon baseline covering Scopes 1, 2 and 3 emissions is being prepared, together with net zero targets and trajectories. Improving our data and aligning with industry best practice standards such as the Greenhouse Gas Protocol and the Task Force on Climate-related Financial Disclosures (TCFD) (see pages 61-70) will help us to monitor progress on decarbonisation and assess sustainability risks and opportunities.

The Committee has also given input on the development of company-wide nature commitments. Once finalised, we hope that these will be a valuable tool in helping to deliver on our nature recovery goals, catalysing action from the whole business and wider stakeholders.

Similarly, we see work on social impact becoming more strategic, with a set of social impact principles that have been put into practice on several projects this year.

In the coming year we look forward to seeing this important strategic work delivering results; and to further valuable conversations about how our activities align with our values and priorities to help society, the economy and the environment to prosper.

Sustainability Committee membership

The Sustainability Committee is a Board Committee, which comprises a minimum of three members. Each Committee member is a Board Member and independent as determined by the Board, at least one of whom shall have appropriate knowledge, skills and expertise regarding sustainability.

It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments. The quorum necessary for a Committee meeting is the presence of two members.

The Sustainability Committee benefits from skills and experience gained by its members from significant exposure to:

- environment – net zero, ecology, biodiversity and coastal
- social – community engagement, societal dynamics, diversity, ethics, and health and safety
- marine – renewables on and offshore, offshore wind and carbon capture
- real assets – investments, capital markets, property development and regeneration
- land management and rural
- transformation and culture
- growing businesses or development of new products or services
- branding and customers

Attendance at Committee meetings

In addition to the Sustainability Committee members, the Chief Executive; Executive Director, Purpose, Sustainability & Stakeholder; Head of Sustainability; Company Secretary; Deputy Company Secretary; external advisers, and others as specified by the Committee, may be invited to attend for all or part of any meeting with the agreement of the Committee Chair, as and when appropriate and necessary.

Reporting to and by the Sustainability Committee

The Committee reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. It delivers a dedicated session on topics within its terms of reference as part of the Board's annual strategy session and it supports management in reporting to the Board on progress made on our sustainability targets that have been set in this context.

While our Executive Director, Purpose, Sustainability & Stakeholder has management responsibility for sustainability at The Crown Estate, ultimately, given that it is at the core of our Group strategy, the entire Group Leadership Team (GLT) is charged with ensuring its delivery in all areas of our business. The Value Creation Committee shapes and approves investment proposals and ensures we meet our wider financial, environmental and social commitments in line with our purpose.

The Committee also reviewed management's progress in reducing energy consumption across our real estate portfolio. This includes progress against the work of facing down our challenges from 2022/23, when we were unable to meet our targets due to difficulties around data and reducing consumption in our London heritage buildings, which has required focus and resilience.

Furthermore, this year, to integrate and embed climate-related considerations into existing governance, strategy, risk management and disclosure processes during the year, management put together a TCFD Steering Committee to ensure cross-business accountability. See our voluntary compliance with the recommendations of the Task Force on Climate-related Financial Disclosures on pages 61-70.

We have also started a double materiality assessment of the financial, environmental and social impacts of our business and integrated these considerations into our risk management processes (see pages 75-82).

This year we have heard from the Net Zero Taskforce, an executive working group that brings together a range of representatives from across the enterprise. For 2024/25 the taskforce's remit will be expanded to consider sustainability more broadly, given that net zero, nature recovery and communities are all intrinsically related.

This group, alongside the Sustainability team, is driving our climate and nature-related activities, managing the associated day-to-day risks and opportunities, and is responsible for providing updates and recommendations to the GLT and then to the Board.

Key duties

The key duties of the Sustainability Committee are to:

- ensure The Crown Estate identifies and adopts global best practice (as appropriate) in relation to sustainability
- oversee and advise the Board on The Crown Estate's strategies, targets, policies, procedures, performance and reporting related to sustainability, including commitments to and progress on net zero, biodiversity and nature, diversity, equity and inclusion, and wellbeing
- oversee the approach to sustainability, including performance measurement reporting and transparency
- consider external stakeholder perspectives on sustainability, and oversee The Crown Estate's efforts in, and highlight opportunities for, establishing better working relationships with key stakeholders, customers and suppliers on sustainability matters
- recommend The Crown Estate's sustainability strategy, targets, policies, procedures and reporting for approval by the Board
- identify sustainability-related risks and ensure they are incorporated into formal risk reporting
- promote knowledge sharing on sustainability within The Crown Estate
- monitor current trends and developments to identify emerging sustainability and environmental, social and governance (ESG) risks, applicable laws, rules, regulations, and voluntary frameworks and initiatives of relevance to The Crown Estate and advise the Board on implementing any consequent changes required to The Crown Estate's strategies, targets, policies, procedures and reporting related to sustainability and ESG
- guide The Crown Estate's sustainability communication strategy (both internal and external)
- consider and review The Crown Estate's sustainability and ESG ratings and accreditations
- oversee the delivery of regular and effective sustainability and ESG training throughout The Crown Estate at all levels
- review, update and oversee The Crown Estate's policies and procedures, systems, and controls for collection management and monitoring of sustainability and ESG information

Alignment with the Code

In June 2023, our Framework Document was reviewed and updated by HM Treasury. The Framework Document requires The Crown Estate, without limitation so far as is consistent with the Crown Estate Act 1961, to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the Code), as amended and updated from time to time. The Board has undertaken to comply with the Code, with this extending to the Board's Committees, including the Sustainability Committee. In line with this commitment, there is a review by the Board set for June 2024 of the Committee terms of reference to better align with the latest updates, effective from January 2025, to the Code.

Committee evaluation

An internal Committee evaluation was commenced in 2023/24. This was to ensure alignment across Committees and to identify continuous improvement opportunities for implementation into 2024.

Sustainability progress during the year

In the previous reporting year, the Committee reviewed the Sustainability roadmap and set an enterprise sustainability target, linked with executive remuneration, to measure progress against our Sustainability commitments. This year, we have focused on ensuring that the roadmap is embedded and developed, and that progress is being made against targets.

One key target is to progress on our ambitious energy reduction programme. In 2022/23, although the business reduced its absolute energy consumption against a 2021/22 baseline, it fell short of its 5% target. For 2023/24, an ambitious target was set of reducing energy consumption (net of electric vehicle charging) by 10% against the baseline year of 2021/22 across our London, Regional and Windsor real estate assets, with a stretch target of 13%. This was exceeded with an absolute energy reduction of 15% against the 2021/22 baseline, an achievement that has taken very hard work and commitment from across The Crown Estate's team (see pages 22-24 and 71-74). We look forward to seeing further progress in the coming year. Sustainability targets are also included in our long-term incentive plans, with targets for embedding nature recovery and measuring social impact representing 20% of the total.

It is encouraging that an enterprise-wide carbon baseline is being established, including our Marine and Rural portfolios, together with a net zero trajectory and guiding principles. Improving our data and aligning to the TCFD guidance will help us to build on our net zero targets and trajectory and assess sustainability risks and opportunities.

Committee activities during the year

Set out below are some of the key matters addressed by the Committee:

- carbon baselining and strategy (enabler or constraint focus)
- external policy and political update
- performance planning, priorities, achievement and risks, including remuneration target achievements
- governance of value creation decisions
- enterprise deep dives
- strategic planning: nature, net zero, social impact
- three-year Sustainability roadmap update

Looking ahead

We remain committed to driving value creation through our sustainability efforts. By integrating sustainability into the core of our business, we can not only reduce our own environmental impact but also unlock new opportunities for innovation, growth and lasting success.

Building on the momentum of this year, we will continue to push forward with our sustainability agenda, setting even more ambitious goals and targets for the future. With a clear vision, a strong foundation of progress, and the dedication of our entire enterprise, we are well positioned to lead the way making a positive impact for our stakeholders.

Key management personnel and Group Leadership Team

The Chief Executive, who is also the Second Commissioner and Accounting Officer, is the only Executive member of the Board. The Chief Financial Officer, Executive Director, Purpose, Sustainability & Stakeholder and Executive Director, Operations attend all Board meetings. Other members of The Crown Estate's leadership team attend by invitation.

Value Creation Committee and our key management personnel

The Value Creation Committee (VCC)'s primary purpose is to ensure that executive decision-making is balanced, holistic and based on our Valuation Creation Framework (VCF). As such it ensures that we meet our wider financial, environmental and social commitments in line with our purpose. The principal way in which the VCF operates is in helping us to define the value we want to deliver in the broadest sense of our purpose – to create lasting and shared prosperity for the nation. This sets out our ambition to broaden our horizons by generating financial, environmental and social value for the benefit of the nation, both now and in the future.

The VCC has the responsibility of directing and controlling our major investment or value creation activities (outside of matters reserved for the Board). It considers all investment decisions and divestment proposals, reviewing them against the strategy and VCF. The quorum necessary for the transaction of business at a VCC meeting is the Chief Executive, or their nominee. Where a proposal exceeds the delegated authority of the VCC it will then be escalated to the Board.

Reflecting the importance of the VCC to The Crown Estate, the VCC has three voting members being the Chief Executive, the Chief Financial Officer and the Executive Director, Purpose, Sustainability & Stakeholder, all of whom are 'key management personnel'.

Group Leadership Team

The Group Leadership Team (GLT) supports the Chief Executive to deliver all aspects of what The Crown Estate does and seeks to do. The GLT has 11 members, including the Chief Executive.

This autumn, Judith Everett will step down as Executive Director, Purpose, Sustainability & Stakeholder after 11 years with The Crown Estate.

Anna Swaithes will join the GLT as Chief Sustainability Officer from 1 June 2024.

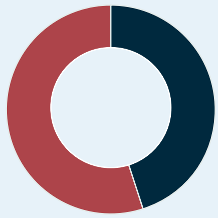
Details of the members of the GLT can be found on page 118. For full biographical details, visit: thecrownestate.co.uk/our-leadership

Full disclosure of the directorships/trusteeships/consultancies of the members of the GLT can be found at: thecrownestate.co.uk/governance

GLT diversity

The diversity of the GLT sets the tone for our commitment to diversity right from the top and throughout The Crown Estate. We are committed to continuing to further embed diversity, equity and inclusion into our succession and talent development plans.

Membership of the GLT has been set to ensure a strong balance of experiential, cultural and cognitive diversity with representation from a range of professional backgrounds and a broad international perspective.



Female	45%
Male	55%

Key management personnel and Group Leadership Team
continued

Value Creation Committee

Dan Labbad
Chief Executive, Executive Board Member and Second Commissioner (Chair of the VCC)

A leader in global property and infrastructure, and an active champion of sustainability, Dan joined us in 2019 from LendLease, where his roles included Chief Executive Officer, International Operations and Chief Executive Officer, Europe. Dan is also a non-executive director of Raspberry Pi Holdings plc.

Robert Allen
Chief Financial Officer (Member of the VCC)

A chartered accountant with a background in strategy, M&A and financial risk, Robert brings extensive financial leadership experience both from global finance and UK property – most recently as CFO of intu Properties plc and prior to that Group Finance Director of Crest Nicholson plc. Robert joined us in 2021.

Judith Everett
Executive Director, Purpose, Sustainability & Stakeholder (Member of the VCC)

Bringing experience from global and country roles in a range of sectors, Judith joined The Crown Estate in 2013, prior to which she shaped sustainability, communication and engagement activity for Shell, Scottish Enterprise, Columbia Threadneedle Investments and AstraZeneca. Judith is Deputy Chair of the Board of the UK Green Building Council.

Sol Anitua
Executive Director, Strategy, Research & Innovation

With more than 20 years' international experience across commodities, banking, strategy and the third sector, Sol joined us in 2022 from Plastic Energy, a cleantech start-up where she was Chief of Staff and part of the Advisory Board.

Simon Harding-Roots
Managing Director, London

With global real estate experience spanning Europe, Asia, and the Middle East, Simon joined us in 2021 from Grosvenor Britain and Ireland where he was a Board Director.

Gus Jaspert CMG
Managing Director, Marine

Gus joined The Crown Estate in October 2022. He has extensive experience working in major programmes, policy and operations across government, including internationally. Gus was made a Companion of the Order of St Michael and St George following his work as Governor of the British Virgin Islands in recovery after devastating hurricanes.

Hannah Milne
Managing Director, Regional

A chartered surveyor with over 30 years' experience of strategy, capital markets trading, asset management and development, Hannah joined us in 2011 from Knight Frank, and has led our Regional business since 2016.

Linda Morant
Chief Digital Officer

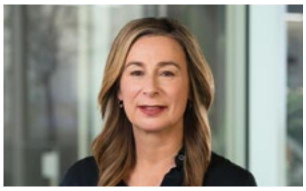
Linda has over 20 years' experience as a global leader, having worked for Fortune and FTSE 100 companies in the technology and energy sectors, leading growth and strategic transformations. She currently serves as a Non-Executive Director for the Arcadis Supervisory Board in the Netherlands.

Paul Sedgwick LVO
Managing Director, Windsor & Rural

A chartered surveyor, Paul joined us in 2014 as Deputy Ranger at Windsor and now also has responsibility for our Rural portfolio. He has been part of the teams who have won the RASE Bledisloe Gold Medal twice: in 2022 on the Windsor Estate and in 2013 on the Yattendon Estate for diversification projects and a commitment to improving the rural environment. Paul is a Non-Executive Director of the Duke of Wellington's Stratfield Saye Estate and Member of the Rural Committee of The Duchy of Lancaster. Paul was appointed to the Royal Victorian Order in December 2023 by The King.

Oliver Smith
Executive Director, Operations

With 20 years of experience across some of our diverse industries, and a particular focus on the property sector, Oliver previously worked on our London portfolio before moving into his current position. Oliver originally joined us from Jones Lang LaSalle in 2008.



Lisa White
Executive Director, People & Culture

With an extensive career as an HR professional, and with a particular focus on the property sector, Lisa is a qualified coach and joined us in 2021 from CBRE, where she was part of the Global Leadership Team.

Directors' Report

The Crown Estate does not have directors but rather 'commissioners' under our enabling statute, the Crown Estate Act 1961. We interchangeably use the terms 'Commissioner' and 'Board Member' to describe our equivalent to company directors.

The Commissioners present to His Majesty the Annual Report and Accounts of The Crown Estate and its subsidiaries. The Crown Estate is domiciled in the United Kingdom. Its principal activity in the year to 31 March 2024 was the investment and management of land in, and the seabed around, England, Wales and Northern Ireland.

Commissioners

The Commissioners who held office during the year ended 31 March 2024 are set out on pages 90-91.

Value Creation Committee

Our Value Creation Committee (VCC), through its important role of making investment decisions, influences the decisions of The Crown Estate as a whole. The VCC membership comprises under its terms of reference: the Chief Executive, the Chief Financial Officer and the Executive Director, Purpose, Sustainability & Stakeholder. During the year ended 31 March 2024, the persons occupying those positions were: Dan Labbad, Robert Allen and Judith Everett respectively. For more information on the VCC and its members, see pages 117-118.

Corporate governance

The Crown Estate, without limitation so far as is consistent with the Crown Estate Act 1961, seeks to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the Code). See page 87 for more information, as well as the other elements of our governance framework.

Key management personnel

The Board has confirmed that its key management personnel are its Board Members and, reflecting the importance of the decisions made by the VCC, the members of that Committee. For more information on our key management personnel and their remuneration, see pages 111-112.

Company directorships and other significant interests

The Annual Declaration of Interests of Board Members, Board Counsellors and members of the Group Leadership Team is available at: thecrownestate.co.uk/governance

Personal data incidents

There were no reports relating to a personal data breach made by The Crown Estate to the Information Commissioner's Office in 2023/24.

HMT PES papers

We are not aware of any applicable disclosures promulgated by HM Treasury through any Public Expenditure System (PES) papers.

Third party indemnity

The Crown Estate meets the personal civil liability of Board Members to third parties where such liability is incurred in the proper execution of Board functions provided Board Members have acted in compliance with their duties honestly, reasonably and in good faith without negligence. The Crown Estate also has directors' and officers' liability insurance and will maintain adequate cover both for the full term of the appointment and in respect of liabilities arising in respect of the appointment (whether arising during or after the termination of that appointment). Such provisions were in force during the financial year and continue to be.

Relevant audit information

The necessary steps were taken by our Board Members to make themselves aware of any relevant audit information. There has been no relevant audit information of which the auditor is unaware.

Indemnity insurance

The Crown Estate provides indemnity insurance for the Commissioners, the directors of subsidiary undertakings and trustees of the pension schemes.

Such provisions were in force during the financial year and continue to be.

Political donations

Political donations are not permitted under the Crown Estate Act 1961. No political donations were made in the year.

Financial risk management

Disclosure in respect of The Crown Estate's financial risk management is set out in note 12 to the financial statements.

Subsequent events

Events subsequent to year end are described in note 32 to the financial statements.

Research and development

We undertake research activities in pursuance of our strategic objectives. Examples can be found throughout the Strategic report on pages 6-41.

Branches outside the UK

The Crown Estate is statutorily required to invest in property solely within the United Kingdom. We have no branches or properties outside the United Kingdom.

Disabled employees

Further information on diversity, equity and inclusion can be found on pages 54-57. Details regarding accessibility and inclusivity can also be found on pages 54-57.

Employee engagement

Details on employee engagement can be found on pages 54-57.

Business relationships with suppliers, customers and others

For information on our business relationships with suppliers, customers and others, please see pages 12-15.

Sustainability and greenhouse gas emissions

For information on greenhouse gas emissions, refer to pages 71-74.

The Directors' Report was approved by the Board on 2 July 2024 and signed on its behalf on 18 July 2024.

By Order of the Board.

Dan Labbad
Chief Executive

Financial statements

For the Group and Parent for the year ended 31 March 2024

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of The Crown Estate and its Group for the year ended 31 March 2024 under the Crown Estate Act 1961. The financial statements comprise The Crown Estate's and The Crown Estate Group's:

- Balance Sheets as at 31 March 2024;
- Consolidated Statements of Comprehensive Income (Group only), Statements of Changes in Capital and Reserves and Statements of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of The Crown Estate and its Group's affairs as at 31 March 2024 and of the Group's consolidated revenue account profit and consolidated capital account profit for the year then ended; and
- have been properly prepared in accordance with the Crown Estate Act 1961 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of The Crown Estate and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of authorities	
Authorising legislation	The Crown Estate Act 1961
HM Treasury and related authorities	Framework Document between The Crown Estate and HM Treasury Managing Public Money

Conclusions relating to going concern

In auditing the financial statements, I have concluded that The Crown Estate and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the Board's assessment of The Crown Estate and its Group's ability to continue to adopt the going concern basis of accounting included understanding how they have assessed the prospects of the Group, over what period they have done so, and why they consider that period to be appropriate. I have also reviewed the evidence supporting their going concern and Viability Statement assessments. I made no observations with respect to that assessment.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Crown Estate and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to The Crown Estate and its Group's reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the Board's and Accounting Officer's statement in the financial statements about whether the Board and Accounting Officer considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament continued

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort.

The key audit matters were discussed with the Audit Committee; their report on matters that they considered to be significant to the financial statements is set out on page 98.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

— The provision for expected credit losses is no longer material and therefore is not considered to be a significant risk for 2023/24.
— During 2023/24, The Crown Estate moved one of its key financial systems, Agresso, to the Cloud that involved the migration of data from the previous platform to the new Cloud version. The extent of these changes represents a significant audit risk which has been identified for 2023/24.

Investment Property Valuations

Description of risk

Properties held by The Crown Estate (including investment properties, owner occupied properties, properties held in joint ventures and property investments, but excluding Offshore Wind Assets) amounted to £9,790.0 million as at 31 March 2024 (£10,032.1 million as at 31 March 2023), on a proportionally consolidated basis.

The Crown Estate's properties are valued by independent, professional valuers using a number of unobservable inputs (classified as Level 3 in the fair value hierarchy). These valuations involve a significant degree of judgement, therefore I considered that they present a significant risk of material misstatement.

How the scope of my audit responded to the risk

My audit procedures included:

— obtaining an understanding of the design and implementation of controls in place at The Crown Estate over the valuation of investment properties process by conducting a walkthrough test;
— assessing the skills, experience and qualifications of the third-party valuers engaged by The Crown Estate (as management's experts), and considering the appropriateness of the instructions to the valuers from The Crown Estate by inspecting information that was shared with valuers for a sample of assets;
— using a valuation expert to analyse The Crown Estate's portfolio of investment properties and challenge the basis of valuation for a sample of individual assets. This included considering the sensitivity analysis performed by The Crown Estate's valuers, considering other key events and developments that occurred throughout the year and agreeing underlying assumptions to supporting documentation;
— sample testing the completeness and accuracy of underlying data provided by The Crown Estate and used by the valuers as part of their valuations by inspecting information that was shared; and
— agreeing the benchmarking disclosures included within The Crown Estate's Annual Report to underlying source data.

Key observations

I found The Crown Estate's key controls over the valuation process to be designed and implemented adequately and that asset valuations have been prepared using appropriate methodology and assumptions. Using the work of my expert, I also confirmed for a sample of individual properties that the valuation movements were within my acceptable range or had sufficient and reasonable rationale and evidence where this was not the case. The disclosures within notes 3 and 17 of the financial statements provide further details of the key assumptions underpinning the valuations and the sensitivity of the valuations to a change in assumptions.

Offshore Wind Asset Valuations

Description of risk

The value of the offshore wind assets amounted to £3,676.2 million as at 31 March 2024 (£5,046.8 million as at 31 March 2023). There is a lack of directly comparable transactions for interests in these assets. Each project is valued individually using a discounted cash flow (DCF) methodology where a wide range of discount rates has been applied to each round representing the stage of these projects, whether operational or non-operational, and the risks around these cash flows, that are updated regularly.

Establishing appropriate discount rates is inherently subjective and there is a greater degree of valuer judgement required in comparison to a traditional investment property valuation. For 2023/24 The Crown Estate has considered the impact on discount rates of developments in the offshore wind sector including the outcome of the Round 5 Contracts for Difference (CfD) auction and actions being taken by developers in global projects.

As a result, the valuation of interests in offshore wind assets is subject to a high degree of uncertainty and are determined on the basis of assumptions which may change with future events. I have therefore assessed the valuation of offshore wind asset valuations as a separate significant risk of material misstatement to other investment property valuations.

How the scope of my audit responded to the risk

My audit procedures included:

- utilising a valuation expert to engage with The Crown Estate and its third-party valuer (management's expert) throughout the year to ensure the audit team had a good understanding of the approach for valuing offshore wind assets;
- obtaining an understanding of the design and implementation of controls in place at The Crown Estate over the valuation of offshore wind assets;
- assessing the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from The Crown Estate by inspecting information that was shared with valuers for a sample of assets;
- using the work of my valuation expert to consider the reasonableness of the valuation approach and to challenge the key assumptions used in the valuations by agreeing the inputs to source data and supporting evidence. Using the work of my valuation expert, I challenged management on the reasonableness of the discount rates applied, in particular, taking into account the relative probability of receiving income from the options over years 1-10.

Key observations

I found The Crown Estate's key controls over the valuation process to be designed and implemented adequately and that asset valuations have been prepared using an appropriate methodology and assumptions. Using the work of my valuation expert, I have concluded that the valuation approach, modelling, and assumptions (including discount rates) applied to the offshore wind assets are appropriate and reasonably reflect the present value of The Crown Estate's right to receive future income.

The disclosures within notes 3 and 17 of the financial statements provide further details of the key assumptions underpinning the valuations and the sensitivity of the valuations to a change in assumptions.

Revenue Recognition

Description of risk

There is a presumption in ISA 240 (UK&I) that there are risks of fraud through revenue recognition, in particular where performance is measured in terms of revenue growth or profit. Auditors are required to assess the risk for each revenue stream.

Total revenue in 2023/24 was £1.576.2 million (£738.7 million in 2022/23) comprising £435.4 million (2022/23: £439.7 million) of lease contractual rental income, £1,039.8 million (2022/23: £208.7 million) Offshore wind option fees and £101.0 million (2022/23: £90.3 million) other revenue streams such as royalties for the extraction of minerals and other miscellaneous income.

For the year ended 31 March 2024, I have recognised a risk in the recognition of all revenue.

How the scope of my audit responded to the risk

My audit procedures included:

- obtaining an understanding of the design and implementation of controls in place at The Crown Estate over the processing of revenue;
- testing a sample of other income and lease revenue to source documentation to confirm transactions have been recorded accurately and in the correct period;
- testing a sample of year end receivables and accrued income to source documentation to confirm that these are correctly valued and represent genuine receivables at the reporting date;
- confirming that statutory transfers of capital expenditure made between the capital and revenue accounts are appropriate and in accordance with the Crown Estate Act 1961 by agreeing transfers to source documentation;
- considering the reasonableness of the assumptions applied by The Crown Estate in the recognition of Round 4 revenue by verifying the key input of the inflation factor to an independent source and recalculating the application of the annual inflationary uplift;
- critically assessing the appropriateness of Round 4 revenue recognition against the requirements of IFRS 15 by agreement to relevant agreements for leases; and
- testing the accuracy of Round 4 revenue and valuation of deferred income through agreement to source data including lease agreements and bank statements, and recalculating the application of the annual inflationary uplift applied to option fees.

Key observations

I found The Crown Estate's key controls over the recognition on revenue to be designed and implemented adequately. I did not identify any significant issues from my sample testing of rental and non-rental income, receivables and accrued income.

In respect of Round 4 income I:

- was satisfied with the assumptions used by The Crown Estate in determining the revenue.
- confirmed that performance obligations in the Round 4 contracts were satisfied for The Crown Estate to recognise the revenue.
- confirmed the accuracy of the Round 4 revenue calculations.
- confirmed that the deferred income liability was reduced by the amount recognised in Round 4 income.

IT - Data migration of Agresso to Cloud software

Description of risk

During March 2024, The Crown Estate implemented an upgrade to its financial reporting system, Agresso, which involved migrating data from the existing platform to the Cloud version.

There is an inherent risk that the migration will not capture all data held in the previous version of the system. The omission of such data could lead to material misstatement within the financial statements. The implementation of a system upgrade with data migration also poses a significant risk to the integrity and validity of financial reporting if change management processes are not robust and the new system is not correctly tested and implemented.

There is a further risk that the migration leads to a loss of data and accounting records during transfer. Such a loss of data may result in a risk that during the audit, I am unable to obtain sufficient and appropriate evidence to support transactions entered into by The Crown Estate.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament continued

How the scope of my audit responded to the risk
My audit procedures included:

- using IT specialists within my audit team to obtain an understanding of the design and implementation of IT general controls in relation to security and change management, and The Crown Estate's processes over project mobilisation, project governance arrangements, system testing, data migration and the go-live and release of the migrated system; and
- confirming the completeness and accuracy of the data migration by reperforming the reconciliation between the previous system's closing ledger data and the new upgraded system's opening ledger data.

Key observations
I have obtained sufficient appropriate evidence to conclude that a material misstatement has not occurred in the financial statements as a result of the IT system upgrade and associated data migration.

Application of materiality

Materiality
I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

As part of designing my audit, I assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, I looked at where the Board made subjective judgements, such as assumptions on significant accounting estimates.

I tailored the scope of my audit to ensure that I performed sufficient work to be able to give an opinion on the financial statements as a whole. I used the outputs of my risk assessment, my understanding of the Group and The Crown Estate single entity, their environment, controls, and critical business processes to consider qualitative factors to ensure that I obtained sufficient coverage across all financial statement line items.

Based on my professional judgement, I determined overall materiality for The Crown Estate and its Group's financial statements as a whole as follows:

	Group	The Crown Estate
Materiality	£266.1 million	£266.0 million
Basis for determining materiality	1.5% of gross assets of £17,737.4 million (1% of gross assets of £18,389.5 million in 2022/23)	1.49% of gross assets of £17,843.2 million (1% of gross assets of £18,482.1 million in 2022/23)
Rationale for the benchmark applied	I chose gross assets as a benchmark as I consider it to be the principal consideration for users assessing the financial performance of The Crown Estate and its Group. This is because The Crown Estate's objective is to maintain and enhance the value of its estate and the return obtained from it.	

I determined that for financial statement components connected with the consolidated revenue account, misstatements of a lesser amount than overall materiality could influence the decisions of users of the accounts given the consolidated revenue account profit is distributable to the Consolidated Fund. I therefore determined that the level to be applied to these components is £52.6 million (£44.2 million for 31 March 2023), being approximately 10% of the underlying profit, less the Round 4 option fees revenue and including service charge revenue.

Performance Materiality
I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2023/24 audit (2022/23: 70%). In determining performance materiality, I also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations
I increased the materiality percentage from 1% to 1.5% of gross assets compared to the previous year to reflect my view that the users of the accounts have a good understanding of the extent of judgement and estimation applied by management in preparing the accounts and an understanding of the concept of materiality.

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such examples are any errors reported in the Related Parties note in the financial statements. Assessment of such matters would need to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work in support of my opinion on regularity and evaluating the impact of any irregular transactions, I take into account both quantitative and qualitative aspects that I consider would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold
I agreed with the Audit Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

There were no unadjusted audit differences reported to the Audit Committee.

Audit scope
The scope of my Group audit was determined by obtaining an understanding of The Crown Estate, its Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Total assets for the Group at 31 March 2024 are £17,737.4 million. The Crown Estate (parent) held assets of £17,843.2 million as at 31 March 2024.

My Group audit approach focused on those balances assessed as being of the greatest significance to the Group financial statements and their users. In establishing an overall approach, I considered the size and risk characteristics of the component entities' financial information and determined the type of work that needed to be performed on each.

The parent is individually significant by virtue of its size and I have audited its full financial information. The remaining consolidating (subsidiary) entities have been subjected to audit work for the purpose of confirming that there is no risk of material misstatement within these entities to the Group financial statements.

In addition, I have completed specific audit procedures on the material transactions and balances within The Crown Estate's joint ventures' financial information to confirm its share of joint venture net assets and profit as included under the equity method in the Group accounts.

This work covered substantially all of the Group's assets and net income, and together with the procedures performed at Group level, gave me the evidence I needed for my opinion on the Group financial statements as a whole.

Other Information
The other information comprises the information included in the Strategic Report, Governance and Additional Information sections of the Integrated Annual Report and Accounts, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters
In my opinion the part of the Remuneration Committee Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Crown Estate Act 1961.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Governance sections of the Integrated Annual Report and Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about The Crown Estate's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament continued

Matters on which I report by exception

In the light of the knowledge and understanding of The Crown Estate and its Group and their environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Governance sections of the Integrated Annual Report and Accounts; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by The Crown Estate and the Group, or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration Committee report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury directions issued under the Crown Estate Act 1961 have not been made; or
- the Governance section of the Integrated Annual Report and Accounts does not reflect compliance with HM Treasury directions issued under the Crown Estate Act 1961.

Corporate governance statement

The Listing Rules require me to review the Board's and the Accounting Officer's statement in relation to going concern, longer-term viability and that part of the Governance section of the Integrated Annual Report and Accounts relating to The Crown Estate's and its Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Board's statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on pages 52 and 53);
- Board's and Accounting Officer's explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on pages 52 and 53);
- Accounting Officer's statement on fair, balanced and understandable (set out on page 95);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on pages 75-82);
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on page 97); and
- the section describing the work of the Audit Committee (set out on pages 96-98).

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Accounting Officer's Statement, the Chief Executive as the Accounting Officer and the Board are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within The Crown Estate from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Crown Estate Act 1961;
- preparing the Integrated Annual Report and Accounts, which includes the Remuneration Committee report, in accordance with HM Treasury directions issued under the Crown Estate Act 1961; and
- assessing The Crown Estate and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer and Board either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Crown Estate Act 1961 and applicable law.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of The Crown Estate and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, The Crown Estate's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to The Crown Estate and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including The Crown Estate's and its Group's controls relating to The Crown Estate's compliance with the Crown Estate Act 1961, The Crown Estate's Framework Document with HM Treasury, and Managing Public Money;
- inquired of management, The Crown Estate's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team, including involving my internal valuation experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within The Crown Estate and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of The Crown Estate and its Group's framework of authority and other legal and regulatory frameworks in which The Crown Estate and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of The Crown Estate and its Group. The key laws and regulations I considered in this context included the Crown Estate Act 1961, The Crown Estate's Framework Document with HM Treasury, Managing Public Money and relevant property, health and safety, employment, pensions and tax legislation.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament continued

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and the Head of Legal concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of the Audit Committee and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I completed the audit procedures detailed within the Key audit matters section of my audit certificate in respect of revenue to address the risk of fraud through revenue recognition.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including in-house valuation experts and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on my audit are discussed in the Key audit matters section of this certificate.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

18 July 2024

Consolidated statements of comprehensive income

CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH

	Note	2023/24 £m	2022/23 £m
Revenue	5	**1,576.2**	738.7
Expenses	6	**(206.4)**	(177.9)
Operating profit		**1,369.8**	560.8
Net finance income	9	**125.4**	49.7
Share of profit from joint ventures	18	**28.1**	29.6
Share of profit from other property investments	19	**0.6**	0.7
Parliamentary supply finance	13	**2.3**	2.3
Underlying profit		**1,526.2**	643.1
Depreciation of tangible fixed assets	10, 20	**(3.5)**	(3.2)
Statutory transfers	10	**(422.0)**	(197.3)
Consolidated revenue profit		**1,100.7**	442.6
Consolidated statement of comprehensive income of the revenue account			
Consolidated revenue profit		**1,100.7**	442.6
Item that will not be reclassified subsequently to revenue profit:			
Re-measurement loss in retirement benefits	8c	**(1.2)**	(3.0)
Total consolidated comprehensive income of the revenue account		**1,099.5**	439.6

CONSOLIDATED CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH

	Note	2023/24 £m	2022/23 £m
Capital account expenditure		**(38.2)**	(35.3)
Net revaluation (loss)/gain in investment properties (including gain on disposal)	11	**(1,690.6)**	225.6
Share of revaluation loss in joint ventures (including gain on disposal)	11	**(40.6)**	(63.7)
Share of revaluation gain in other property investments (including capital distribution)	11	**0.4**	4.2
Capital (loss)/profit before transfers from the revenue account to the capital account		**(1,769.0)**	130.8
Statutory transfers	10	**422.0**	197.3
Consolidated capital account (loss)/profit		**(1,347.0)**	328.1
Consolidated statement of comprehensive income of the capital account			
Consolidated capital account (loss)/profit		**(1,347.0)**	328.1
Items that will not be reclassified subsequently to capital account profit:			
Revaluation gain in owner occupied properties	11	**20.9**	7.6
Revaluation loss in antiques	21	**-**	(0.3)
Total consolidated comprehensive (loss)/income of the capital account		**(1,326.1)**	335.4

The Crown Estate Act 1961 specifies certain distinctions between capital and revenue transactions. The consolidated revenue account represents income generated from managing the portfolio of assets, net of any associated costs and, by agreement with the Treasury, certain adjustments between the revenue and capital accounts. The consolidated capital account includes gains or losses on disposal of investment properties, revaluation gains or losses, staff and other relevant costs incurred to enhance the estate and the adjustments with the revenue account noted above. Further detail can be found in note 1.

A total comprehensive income of the revenue account of £1,099.5 million (2022/23: £439.6 million) and a total comprehensive loss of the capital account of £1,312.0 million (2022/23: £363.1 million) are recorded in the financial statements of the Parent for the year ended 31 March 2024.

No income statement or statement of comprehensive income is presented for the Parent.

The notes on pages 134-165 form part of these financial statements.

Balance sheets
AS AT 31 MARCH

	Note	Group 2023/24 £m	Group 2022/23 £m	Parent 2023/24 £m	Parent 2022/23 £m
Assets					
Non-current assets					
Investment properties	15	**12,850.5**	14,505.6	**12,598.3**	14,243.9
Owner occupied properties	16	**180.3**	136.7	**180.3**	136.7
Investment in joint ventures	18	**611.9**	651.1	**611.9**	651.1
Other property investments	19	**51.0**	50.6	**-**	0.1
Property, plant and equipment	20	**27.3**	26.5	**27.3**	26.5
Other investments	21	**10.6**	10.6	**10.6**	10.6
Trade and other receivables	22	**434.4**	452.7	**434.4**	452.7
Pension asset	8	**8.1**	8.5	**8.1**	8.5
Total non-current assets		**14,174.1**	15,842.3	**13,870.9**	15,530.1
Current assets					
Asset held for sale	15	**17.9**	-	**17.9**	-
Trade and other receivables	22	**119.4**	141.3	**534.1**	549.9
Cash and cash equivalents		**3,426.0**	2,405.9	**3,420.3**	2,402.1
Total current assets		**3,563.3**	2,547.2	**3,972.3**	2,952.0
Total assets		**17,737.4**	18,389.5	**17,843.2**	18,482.1
Liabilities					
Current liabilities					
Payables and deferred income	23	**2,191.5**	1,525.5	**2,184.7**	1,519.6
Provisions	24	**4.8**	4.1	**4.8**	4.1
Total current liabilities		**2,196.3**	1,529.6	**2,189.5**	1,523.7
Non-current liabilities – payables and deferred income	23	**79.7**	71.2	**79.7**	71.2
Total liabilities		**2,276.0**	1,600.8	**2,269.2**	1,594.9
Net assets		**15,461.4**	16,788.7	**15,574.0**	16,887.2
Capital and reserves					
Revenue reserve available for distribution to the Consolidated Fund		**3.1**	3.9	**3.1**	3.9
Pension reserve		**8.1**	8.5	**8.1**	8.5
Capital reserve		**15,361.4**	16,719.0	**15,474.0**	16,817.5
Revaluation reserve		**88.8**	57.3	**88.8**	57.3
Total capital and reserves		**15,461.4**	16,788.7	**15,574.0**	16,887.2

The notes on pages 134-165 form part of these financial statements.

Dan Labbad
Chief Executive, Second Commissioner and Accounting Officer

18 July 2024

Statements of changes in capital and reserves

FOR THE YEAR ENDED 31 MARCH

Group	Revenue account			Capital account			Total
	Revenue reserves available for distribution to the Consolidated Fund £m	Pension reserve £m	Total £m	Capital reserve £m	Revaluation reserve £m	Total £m	£m
As at 1 April 2023	3.9	8.5	12.4	16,719.0	57.3	16,776.3	16,788.7
Net consolidated profit/(loss) for the year	1,100.7	-	1,100.7	(1,347.0)	-	(1,347.0)	(246.3)
Other consolidated comprehensive income:							
Revaluation gain in owner occupied properties (note 16)	-	-	-	-	20.9	20.9	20.9
Re-measurement loss in retirement benefits (note 8c)	-	(1.2)	(1.2)	-	-	-	(1.2)
Total consolidated comprehensive profit/(loss) for the year ended 31 March 2024	1,100.7	(1.2)	1,099.5	(1,347.0)	20.9	(1,326.1)	(226.6)
Transfer to owner occupied reserve	-	-	-	(10.6)	10.6	-	-
Pension reserve adjustment	(0.8)	0.8	-	-	-	-	-
Payable to the Consolidated Fund in respect of current year net revenue profit (note 14)	(1,100.7)	-	(1,100.7)	-	-	-	(1,100.7)
As at 31 March 2024	3.1	8.1	11.2	15,361.4	88.8	15,450.2	15,461.4

Group	Revenue account			Capital account			Total
	Revenue reserves available for distribution to the Consolidated Fund £m	Pension reserve £m	Total £m	Capital reserve £m	Revaluation reserve £m	Total £m	£m
As at 1 April 2022	3.2	12.2	15.4	16,389.7	51.2	16,440.9	16,456.3
Net consolidated profit for the year	442.6	-	442.6	328.1	-	328.1	770.7
Other consolidated comprehensive income:							
Revaluation gain in owner occupied properties (note 16)	-	-	-	-	7.6	7.6	7.6
Revaluation loss in antiques (note 21)	-	-	-	-	(0.3)	(0.3)	(0.3)
Re-measurement loss in retirement benefits (note 8c)	-	(3.0)	(3.0)	-	-	-	(3.0)
Total consolidated comprehensive profit/(loss) for the year ended 31 March 2023	442.6	(3.0)	439.6	328.1	7.3	335.4	775.0
Transfer from owner occupied reserve	-	-	-	1.2	(1.2)	-	-
Pension reserve adjustment	0.7	(0.7)	-	-	-	-	-
Payable to the Consolidated Fund in respect of current year net revenue profit (note 14)	(442.6)	-	(442.6)	-	-	-	(442.6)
As at 31 March 2023	3.9	8.5	12.4	16,719.0	57.3	16,776.3	16,788.7

The notes on pages 134-165 form part of these financial statements.

Statements of changes in capital and reserves continued

FOR THE YEAR ENDED 31 MARCH

Parent	Revenue account			Capital account			Total
	Revenue reserves available for distribution to the Consolidated Fund £m	Pension reserve £m	Total £m	Capital reserve £m	Revaluation reserve £m	Total £m	£m
As at 1 April 2023	**3.9**	**8.5**	**12.4**	**16,817.5**	**57.3**	**16,874.8**	**16,887.2**
Net profit/(loss) for the year	**1,100.7**	**–**	**1,100.7**	**(1,332.9)**	**–**	**(1,332.9)**	**(232.2)**
Other comprehensive income:							
Revaluation gain in owner occupied properties (note 16)	**–**	**–**	**–**	**–**	**20.9**	**20.9**	**20.9**
Re-measurement loss in retirement benefits (note 8c)	**–**	**(1.2)**	**(1.2)**	**–**	**–**	**–**	**(1.2)**
Total comprehensive profit for the year ended 31 March 2024	**1,100.7**	**(1.2)**	**1,099.5**	**(1,332.9)**	**20.9**	**(1,312.0)**	**(212.5)**
Transfer to owner occupied reserve	**–**	**–**	**–**	**(10.6)**	**10.6**	**–**	**–**
Pension reserve adjustment	**(0.8)**	**0.8**	**–**	**–**	**–**	**–**	**–**
Payable to the Consolidated Fund in respect of current year net revenue profit (note 14)	**(1,100.7)**	**–**	**(1,100.7)**	**–**	**–**	**–**	**(1,100.7)**
As at 31 March 2024	**3.1**	**8.1**	**11.2**	**15,474.0**	**88.8**	**15,562.8**	**15,574.0**

Parent	Revenue account			Capital account			Total
	Revenue reserves available for distribution to the Consolidated Fund £m	Pension reserve £m	Total £m	Capital reserve £m	Revaluation reserve £m	Total £m	£m
As at 1 April 2022	3.2	12.2	15.4	16,460.5	51.2	16,511.7	16,527.1
Net profit for the year	442.6	–	442.6	355.8	–	355.8	798.4
Other comprehensive income:							
Revaluation gain in owner occupied properties (note 16)	–	–	–	–	7.6	7.6	7.6
Revaluation loss in antiques (note 21)	–	–	–	–	(0.3)	(0.3)	(0.3)
Re-measurement loss in retirement benefits (note 8c)	–	(3.0)	(3.0)	–	–	–	(3.0)
Total comprehensive profit for the year ended 31 March 2023	442.6	(3.0)	439.6	355.8	7.3	363.1	802.7
Transfer from owner occupied reserve	–	–	–	1.2	(1.2)	–	–
Pension reserve adjustment	0.7	(0.7)	–	–	–	–	–
Payable to the Consolidated Fund in respect of current year net revenue profit (note 14)	(442.6)	–	(442.6)	–	–	–	(442.6)
As at 31 March 2023	3.9	8.5	12.4	16,817.5	57.3	16,874.8	16,887.2

The notes on pages 134-165 form part of these financial statements.

Statements of cash flows

FOR THE YEAR ENDED 31 MARCH

	Group 2023/24 £m	Group 2022/23 £m	Parent 2023/24 £m	Parent 2023/23 £m
Operating profit – consolidated revenue account	**1,369.8**	560.8	**1,359.9**	552.9
(Decrease)/increase in provisions for retirement benefits	**(0.3)**	1.0	**(0.3)**	1.0
Decrease/(increase) in receivables	**13.6**	(12.4)	**17.7**	3.7
Increase/(decrease) in payables	**44.0**	(64.0)	**43.0**	(64.3)
Increase in provisions	**0.7**	3.4	**0.7**	3.4
Cash generated from operating activities	**1,427.8**	488.8	**1,421.0**	496.7
Interest received	**118.5**	49.7	**118.5**	49.7
Revenue distributions from investments in joint ventures and subsidiaries	**32.0**	44.1	**32.0**	44.1
Distributions received from other property investments	**0.6**	0.7	**-**	-
Net cash inflow from operating activities	**1,578.9**	583.3	**1,571.5**	590.5
Cash flows from investing activities				
Acquisition of investment properties	**(9.7)**	(1.9)	**(5.9)**	(1.9)
Capital expenditure on investment properties	**(175.4)**	(109.4)	**(173.7)**	(108.7)
Proceeds from disposal of investment properties	**106.6**	94.5	**106.6**	94.5
Other capital receipts	**13.6**	13.8	**13.6**	13.8
Net investment in joint ventures	**(5.3)**	(4.0)	**(5.3)**	(4.0)
Capital distributions from other property investments	**-**	0.1	**-**	0.1
Acquisition of business	**(4.1)**	-	**(4.1)**	-
Purchase of plant and equipment (net of proceeds from disposals)	**(2.6)**	(4.4)	**(2.6)**	(4.4)
Net cash outflow from investing activities	**(76.9)**	(11.3)	**(71.4)**	(10.6)
Cash flows from financing activities				
Finance lease payments	**(1.5)**	(1.7)	**(1.5)**	(1.7)
Parliamentary supply finance	**2.3**	2.3	**2.3**	2.3
Net cash inflow from financing activities	**0.8**	0.6	**0.8**	0.6
Net increase in cash and cash equivalents before Consolidated Fund payment	**1,502.8**	572.6	**1,500.9**	580.5
Consolidated Fund payment	**(482.7)**	(301.9)	**(482.7)**	(301.9)
Increase in cash in the year after Consolidated Fund payment	**1,020.1**	270.7	**1,018.2**	278.6
Cash and cash equivalents at start of the year	**2,405.9**	2,135.2	**2,402.1**	2,123.5
Cash and cash equivalents at end of the year	**3,426.0**	2,405.9	**3,420.3**	2,402.1

The notes on pages 134-165 form part of these financial statements.

Notes to the Group and Parent consolidated financial statements

1. Basis of preparation

The consolidated financial statements incorporate the financial statements of The Crown Estate. The financial statements have been prepared on a going concern and an accruals basis under the historical cost convention, modified to include investment properties (including investment properties treated as finance leases), owner occupied properties and other investments recognised at fair value. They are prepared in accordance with section 2(5) of the Crown Estate Act 1961 (the Act) and directions made by the Treasury.

The accounting direction from the Treasury require that the financial statements are prepared in accordance with UK adopted international accounting standards and in accordance with the Companies Act 2006 as far as they are applicable to large private companies and to The Crown Estate.

These financial statements are prepared in sterling, which is the functional currency of The Crown Estate, and rounded to the nearest one hundred thousand pounds.

Impact of the Crown Estate Act 1961 on the financial statements

The Crown Estate is a body corporate regulated by the Act and domiciled in the UK. The provisions of the Act specify certain distinctions between capital and revenue reflecting the Report of the Committee on Crown Lands before the Act was passed, to the effect that The Crown Estate resembles a trust, in which the revenue beneficiary is the Exchequer and the capital is held for His Majesty and His successors.

The revenue account represents income generated from managing the portfolio of assets on behalf of His Majesty and His successors, net of any associated costs and subject to the charge from revenue for salary costs for certain staff and the transfers between the capital and revenue accounts as required by statutory provisions and Treasury Framework Documents.

The capital account includes gains or losses arising on disposal of assets from the portfolio, revaluation gains or losses, the premium arising on the grant of certain leases and other adjustments with the revenue account noted above. The Act requires that capital and revenue accounts are distinguished in the financial statements. Staff and other relevant costs incurred to enhance the assets are charged to the capital account as appropriate.

The Act specifies that:

— any sum received by way of premium on the grant of a lease shall be carried to the revenue account if the lease is for a term of 30 years or less and to the capital account if the lease is for a term exceeding 30 years
— net earnings from mineral workings shall be carried one half to the capital account and one half to the revenue account

To meet the requirements of the Act, and the directions made by the Treasury:

— separate income statements are presented for the revenue and capital accounts
— movements in comprehensive income are analysed between the revenue and capital accounts

Statutory transfers

The Act places a statutory duty on the Commissioners to maintain and enhance the value of the estate. It allows adjustments between revenue and capital accounts for this purpose. The Board has agreed with the Treasury a transfer from the revenue to the capital account of an amount equivalent to 27% of the current year's revenue, excluding service charge income but including mineral earnings and depreciation of plant and equipment.

Changes in accounting policies

There have been no changes to accounting standards since 1 April 2023 that have a material impact on the Group.

These financial statements have been prepared on a consistent basis as those presented for the year ended 31 March 2023.

2. Significant accounting policies

2a. Basis of consolidation

The consolidated financial statements for the year ended 31 March 2024 incorporate the financial statements of The Crown Estate and all of its subsidiary undertakings. Subsidiary undertakings are those entities controlled by The Crown Estate. The Crown Estate controls an entity when it is exposed to, or has rights to, variable returns from the entity and has an ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

2b. Properties

Investment properties are those which are held to earn rental income or for capital appreciation or for both. Investment properties and those in the course of development are held at fair value, which is considered to be open market value.

Investment properties are measured initially at cost, including related transaction costs. Additions to investment properties consist of costs incurred in relation to capital activities. At the balance sheet date investment properties are revalued to fair value.

Offshore wind, energy, mineral and other marine assets are valued only where a letting or licence exists, where a lease has been entered into, or where an interest is expected to provide either a revenue cash flow or capital receipt within the foreseeable future.

Any gains or losses arising on revaluing investment properties are recognised in the consolidated capital account.

Fair value measurement of investment property

Properties are valued by independent external valuers at the balance sheet date. The valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards ('Red Book Global Standards').

IFRS 13 requires the use of valuation techniques for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used. For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:

— Level 1: unadjusted quoted prices in active markets
— Level 2: observable inputs other than quoted prices included within level 1
— Level 3: unobservable and observable inputs where significant adjustments have been applied

Investment properties under development

Investment properties under development comprise properties subject to a major programme of redevelopment or development. They are categorised as such from the start of the programme until practical completion.

Owner occupied properties

The Crown Estate treats as owner occupied: properties occupied in the course of business; properties where significant ancillary services are provided by The Crown Estate to its customers; and certain dwellings occupied by staff and pensioners at the Windsor Estate. Any gains or losses arising on the revaluation of properties occupied by The Crown Estate are taken to revaluation reserve unless any loss in the period exceeds any cumulative gains previously recognised in the revaluation reserve. In this case the amount by which the loss in the period exceeds the net cumulative gain previously recognised is recorded in the consolidated capital account.

Disposals

Disposals are recognised at the date of legal completion or the date on which a long lease interest is granted to a customer. Gains and losses arising on disposal are recognised through the consolidated capital account. The gain or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the date of disposal plus any costs directly incurred as a result of the sale.

Property assets held for sale

The Crown Estate will report assets as held for sale when a contract to sell the property has been exchanged, the property is immediately available for sale in its current condition, the sale is expected to complete within one year of the balance sheet date and it is highly likely the transaction will complete.

2c. Joint arrangements – joint ventures

A joint venture is a joint arrangement whereby The Crown Estate has joint control and has rights to its share of the net assets of the arrangement. Joint ventures are accounted for under the equity method. The balance sheet incorporates The Crown Estate's share of the net assets of the joint venture. The consolidated revenue account incorporates the share of the joint venture's profit after tax and the consolidated capital account incorporates The Crown Estate's share of revaluation of investment properties including gains and losses on disposal.

2d. Joint arrangements – joint operations

A joint operation is a joint arrangement whereby contractually there is an agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Crown Estate accounts for joint operations by recognising its share of assets, liabilities, income and expenses on a line-by-line basis.

Notes to the Group and Parent consolidated financial statements continued

2. Significant accounting policies continued

2e. Other property investments
Other property investments are shown at fair value which is equivalent to the share of net asset value (NAV).

2f. Other property, plant and equipment
Assets are depreciated using the straight-line method from acquisition or the start of the lease to the end of their useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of similar plant and equipment and where necessary periodically reduced for impairment losses and adjusted for re-measurements of the lease liability.

The estimated useful lives of the assets are as follows:

— Vehicles: 4-10 years depending on the nature of the vehicle
— Plant and machinery: 4-10 years
— Computer equipment and software: 4 years
— Other equipment: 4 years
— Leasehold improvements: Length of the lease
— Right-of-use assets – property leases: Length of the lease

Useful lives and residual values are reviewed annually and assessed for impairment, if applicable.

Certain vehicles and offices are recognised as right-of-use assets under finance lease accounting as disclosed in note 2i.

2g. Other investments – antiques and paintings
Antiques and paintings are shown at fair value. Any gain or loss arising from changes in fair value is recognised directly in the revaluation reserve. The last triennial valuation was carried out by recognised experts and completed during the year ended 31 March 2023.

2h. Cash and cash equivalents
Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less.

2i. Leases
At the inception of a contract The Crown Estate assesses whether a contract contains a lease. A contract contains a lease if the contract conveys the right for either The Crown Estate or its customers to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Crown Estate assesses whether:

— the contract involves the use of an identified asset, which is physically distinct or represents substantially all of the capacity of a distinct asset and there are no substantive substitution rights
— the contract conveys the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
— the lessee has the right to direct the use of the asset

At inception or on reassessment of a contract that contains a lease component, The Crown Estate allocates the consideration in the contract to each component on the basis of their relative stand-alone prices. However, for the leases of buildings and motor vehicles in which it is a lessee, The Crown Estate has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Crown Estate as a lessor
Where The Crown Estate acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, The Crown Estate makes an overall assessment of whether the lease substantially transfers all of the risks and rewards of ownership of the underlying asset to the lessee. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When The Crown Estate is an intermediate lessor, it accounts for its interests in the headlease and the sub-lease(s) separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the headlease, not with reference to the underlying asset. If an arrangement contains lease and non-lease components, The Crown Estate applies IFRS 15 to allocate the consideration in the contract.

Operating leases
Leases granted to customers where substantially all the risks and rewards of ownership are retained by The Crown Estate as lessor are classified as operating leases. Under the requirements of the Act, a lease premium received on the grant of a lease with a term of 30 years or less is recorded within the revenue account.

The Crown Estate recognises lease payments received for operating leases on a straight-line basis over the lease term from the date of lease commencement to the earliest termination date within the revenue account. This includes applying adjustments for lease incentives, such as rent free periods and contributions towards tenant costs. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews.

2. Significant accounting policies continued

2i. Leases continued

Finance leases

Where the grant of an extended lease includes deferred payments, the asset is derecognised as investment property and recognised as a finance lease receivable equal to the net investment in the lease at inception. Rentals received are accounted for as repayments of principal and finance income as appropriate. Lease income is recognised within the revenue account at a constant rate of return over the period of the lease. A lease premium received on the grant of a lease with terms of more than 30 years or more is recorded within the capital account.

The Crown Estate as a lessee

The Crown Estate recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset related to investment properties is recognised as an asset as the sum of the premium paid on acquisition and the present value of minimum lease payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation.

The Crown Estate presents right-of-use assets as either investment property or property, plant and equipment on the balance sheet, depending on the nature of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using The Crown Estate's theoretical incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments. The lease liability is measured at amortised cost using the effective interest method.

The Crown Estate has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Crown Estate recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2j. Revenue

Lease revenue and non-lease revenue are recorded net of VAT and only to the extent that economic benefit is expected to flow to The Crown Estate.

Lease revenue

The majority of The Crown Estate income arises from leases, the accounting for which is described in note 2i.

Non-lease revenue

Non-lease revenue is recognised using a five-step model: identification of the contract; identification of the performance obligations within the contract; determination of the transaction price; allocation of the price to the performance obligations; and then revenue is recognised as the performance obligations are met.

The different types of non-lease revenue are described below:

- **Option fee revenue**
  Option fee revenue is received from customers in return for exclusivity over certain areas of the seabed for the purpose of future construction of an offshore wind farm. Option fee revenue is recognised on a straight-line basis over the period to the next available break clause.

- **Service charge revenue**
  The Crown Estate incurs certain costs in relation to properties which are occupied by its customers which, as is common with commercial leases, are recharged to its customers. Service charge income is reported separately, as it represents a separate performance obligation. Service charge income is recognised as associated costs are incurred.

- **Royalty income**
  Royalty income is received in return for the extraction of minerals and aggregates from the land and seabed by customers or their agents. Royalty income is recognised as the minerals are extracted and is invoiced semi-annually in arrears.

  In respect of both royalty income and service charge income, contracts, performance obligations and prices relating to performance obligations are clearly defined in writing and revenues are actually received as performance obligations are met.

Notes to the Group and Parent consolidated financial statements continued

2. Significant accounting policies continued

2j. Revenue continued

— **Licence revenue**
Licence revenue arises primarily from granting customers rights to lay under-sea pipes or cables and granting coastal rights, such as mooring fees. Licences share many of the same terms and attributes as leases, but do not qualify as leases as the asset is not explicitly identified within the contract. Revenue from licences is recognised on a straight-line basis over the term of the licence and is reported separately from lease revenue.

Customers typically pay licence fees and service charges before the services are rendered and are primarily commercial organisations that operate across a wide range of sectors.

— **Other revenue**
The majority of other revenue relates to admission fees, and the sale of goods and services at Windsor Great Park. These sales are typically to the general public and are not subject to the same formal contracts as other revenue streams. Revenue is recognised when cash is received, which is typically also the point when the goods or services are provided.

— **Property management and support services to partners**
The cost of property management and support services provided to joint venture and joint operating partners in relation to the properties managed is recognised evenly across the period over which the services are provided.

2k. Taxation

The Crown Estate is not subject to corporation, income or capital gains tax. The consolidated revenue account profit is paid in instalments to the Consolidated Fund as described in note 14. As a result of this unique position, The Crown Estate does not recognise any deferred tax.

2l. Pensions

The Crown Estate operates the following pension schemes providing retirement and related benefits to all eligible staff:

— **The Civil Service Pension (CSP)**
The CSP is an unfunded multi-employer defined benefit scheme. The Crown Estate is unable to identify its share of the underlying assets and liabilities and as such has accounted for the scheme as a defined contribution scheme.

— **The Crown Estate Pension Scheme (CEPS)**
The CEPS has: a defined benefit section, the Opal section (which closed to new entrants with effect from 1 January 2008); a defined contribution section, the Topaz section; and a hybrid section, the Quartz section.

The assets of the scheme are held separately from those of The Crown Estate, in an independently administered fund. The full values of the net assets or liabilities are recorded on the balance sheet at each year end.

The current service cost of the scheme is charged to the revenue account. The contributions are agreed by The Crown Estate and the Trustees on the basis of triennial valuations using the projected unit credit method. The Remuneration report contains further details of the operation of the scheme.

Re-measurement gains and losses are recognised in the pension reserve. Pension scheme surpluses are only recognised to the extent that The Crown Estate has an unconditional right to utilise the surplus.

— **The Royal Household Pension Scheme (RHPS)**
In March 2024, The Royal Farms and Farm Shop, including some employees who are members of the RHPS, transferred to The Crown Estate. Under the terms of the transfer, those employees are able to continue their membership of the scheme.

The RHPS is a Master Trust multi-employer defined contribution scheme where The Crown Estate is a participating employer.

2m. Financial instruments

The Crown Estate holds the following financial assets: equity and partnership interests; joint venture interests; net pension assets; trade and other receivables; and finance lease receivables. The Crown Estate has no financial liabilities except trade and other payables and finance lease liabilities. There are no embedded derivatives within these contracts.

IFRS 9 does not apply to: pension assets which are subject to IAS 19; finance lease receivables and payables which are subject to IFRS 16; or interests in subsidiaries, associates and joint ventures which are subject to IFRS 10, IAS 27 and IAS 28. The Crown Estate's equity investments are not subject to IFRS 10, IAS 27 or IAS 28.

Trade receivables are measured at transaction price, utilising the exception for trade receivables which are not subject to a material finance element.

3. Significant judgments, key assumptions and estimates

The preparation of these financial statements requires The Crown Estate to make certain judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. In the process of applying the accounting policies, which are outlined in note 2, The Crown Estate has made no individual judgments that have a significant impact on the financial statements, except those involving estimates that are outlined below.

3a. Offshore wind farm valuations

Given the lack of directly comparable transactions for our interests in our offshore wind farms, establishing appropriate discount rates is inherently subjective and there is a greater degree of valuer judgment required in comparison with a traditional investment valuation. As a result, and similar to the valuation of investment properties, the valuations of interests in offshore wind farms are subject to a degree of uncertainty and are determined on the basis of assumptions which may change with future events. Further details on key assumptions are included within note 17.

3b. Property valuations

Investment properties and owner occupied properties are shown at fair value as calculated by independent qualified valuation experts; further information about valuations is included in note 17. Valuations are based on a number of key assumptions including an estimate of future rental income, anticipated future costs, and risk-weighted discount rates. The valuers also compare their valuations to market data for other similar assets.

3c. Joint venture valuations

Joint ventures primarily comprise property investments and therefore the carrying value includes the same inherent risks as for property assets that are wholly owned. However, certain future expenses, such as property improvements, require the approval of both joint venture partners, increasing the uncertainty over this element of the valuation.

3d. Recoverability of receivables, including lease incentive receivables

Judgment has been applied in assessing the recoverability of receivables including the unamortised balance of historical lease incentives.

Receivables, and their recoverability, have continued to be affected by the macroeconomic environment. Judgment is required in assessing the recoverability of rental and service charge receivables as many debtors are financially stressed and it is unclear how market actions or future interventions could affect recovery of these receivables.

Consistent with market practice, in certain circumstances, The Crown Estate offers commercial customers incentives to enter into operating leases. The revenue adjustments required to account for these incentives on a straight-line basis create a long-term receivable. Consideration of the longer-term recovery period of these receivables is required when assessing the carrying value of these receivables.

The Crown Estate assesses the likely recoverability of receivables for potential provisions which are estimated using an expected credit loss model. To estimate the provision, The Crown Estate considers recent payment history and future expectations of customers' ability to pay in order to recognise a lifetime expected credit loss allowance. Expected credit losses for all receivables are calculated using the simplified approach.

Notes to the Group and Parent consolidated financial statements
continued

4. Segmental analysis

The Crown Estate operations are all in the UK and are organised into four Strategic Business Units, plus central costs. These four Strategic Business Units are the basis on which operations are monitored and in the 2023/24 financial year, decisions were made by the voting members of the Group Leadership Team (GLT), who are considered to be the Primary Operating Decision Makers.

							2023/24
Consolidated revenue account	**Note**	**London £m**	**Regional £m**	**Marine £m**	**Windsor & Rural £m**	**Central costs/ other £m**	**Total £m**
Lease revenue	5	**197.6**	**76.2**	**133.0**	**28.6**	**-**	**435.4**
Finance lease revenue	5	**9.9**	**-**	**-**	**-**	**-**	**9.9**
Option fee revenue	5	**-**	**-**	**1,039.8**	**-**	**-**	**1,039.8**
Other revenue from contracts with customers	5	**4.2**	**2.3**	**28.3**	**11.5**	**-**	**46.3**
Property management and support services	5	**3.8**	**0.9**	**-**	**-**	**-**	**4.7**
Revenue (excluding service charge revenue)	5	**215.5**	**79.4**	**1,201.1**	**40.1**	**-**	**1,536.1**
Service charge revenue	5	**29.3**	**10.8**	**-**	**-**	**-**	**40.1**
Revenue – as reported	5	**244.8**	**90.2**	**1,201.1**	**40.1**	**-**	**1,576.2**
Direct property expenses	6	**(30.7)**	**(11.8)**	**(9.2)**	**(17.0)**	**-**	**(68.7)**
Service charge expenses	6	**(52.2)**	**(16.5)**	**-**	**(0.2)**	**-**	**(68.9)**
Total direct expenses		**(82.9)**	**(28.3)**	**(9.2)**	**(17.2)**	**-**	**(137.6)**
Gross profit		**161.9**	**61.9**	**1,191.9**	**22.9**	**-**	**1,438.6**
Administrative expenses[1]	6	**1.8**	**-**	**-**	**-**	**(70.6)**	**(68.8)**
Operating profit/(loss)		**163.7**	**61.9**	**1,191.9**	**22.9**	**(70.6)**	**1,369.8**
Net finance income	9	**-**	**-**	**-**	**-**	**125.4**	**125.4**
Share of revenue profit from joint ventures[1]	18	**8.5**	**19.6**	**-**	**-**	**-**	**28.1**
Share of revenue profit from other property investments	19	**0.5**	**0.1**	**-**	**-**	**-**	**0.6**
Parliamentary supply finance	13	**-**	**-**	**-**	**-**	**2.3**	**2.3**
Underlying profit		**172.7**	**81.6**	**1,191.9**	**22.9**	**57.1**	**1,526.2**
Depreciation of tangible fixed assets	10, 20	**-**	**-**	**-**	**(1.3)**	**(2.2)**	**(3.5)**
Statutory transfers	10	**-**	**-**	**-**	**-**	**(422.0)**	**(422.0)**
Consolidated revenue account profit/(loss) – distributable to the Consolidated Fund		**172.7**	**81.6**	**1,191.9**	**21.6**	**(367.1)**	**1,100.7**

1. Included within the London share of profit from joint ventures and administrative expenses is an adjustment to eliminate The Crown Estate's share of rental payments to a joint venture.

4. Segmental analysis continued

Consolidated capital account	Note	London £m	Regional £m	Marine £m	Windsor & Rural £m	Central costs/ other £m	Total £m
							2023/24
Capital account expenditure		(2.3)	(1.5)	(30.5)	(0.2)	(3.7)	(38.2)
Net revaluation (loss)/gain in investment property (including gain on disposal)	11	(296.4)	(110.7)	(1,313.7)	30.2	-	(1,690.6)
Share of revaluation loss in joint ventures (including gain on disposal)	11	(31.7)	(8.9)	-	-	-	(40.6)
Share of revaluation gain/(loss) in other property investments	11	0.5	(0.1)	-	-	-	0.4
Capital (loss)/profit before transfers from the revenue account to the capital account		(329.9)	(121.2)	(1,344.2)	30.0	(3.7)	(1,769.0)
Statutory transfers	10	-	-	-	-	422.0	422.0
Consolidated capital account (loss)/profit		(329.9)	(121.2)	(1,344.2)	30.0	418.3	(1,347.0)

Investment properties	Note	London £m	Regional £m	Marine £m	Windsor & Rural £m	Central costs/ other £m	Total £m
							2023/24
Market value of investment properties	15	6,509.7	1,173.4	4,380.8	1,222.0	-	13,285.9
Investment properties treated as finance leases	25	(406.8)	-	-	(0.9)	-	(407.7)
Headlease liabilities	15	-	2.5	-	-	-	2.5
Assets held for sale	15	(17.9)	-	-	-	-	(17.9)
Less: lease incentives	15	(1.9)	(10.4)	-	-	-	(12.3)
Investment properties at fair value – as reported	15	6,083.1	1,165.5	4,380.8	1,221.1	-	12,850.5
Joint ventures:							
Share of investment properties in joint ventures at valuation	18	337.0	271.8	-	-	-	608.8
Share of other net assets/(liabilities) in joint ventures		8.7	(5.6)	-	-	-	3.1
Share of joint ventures – as reported	18	345.7	266.2	-	-	-	611.9
Proportionally consolidated investment properties:							
Market value of investment properties	15	6,509.7	1,173.4	4,380.8	1,222.0	-	13,285.9
Owner occupied properties	16	45.6	-	-	134.7	-	180.3
Share of investment properties in joint ventures at valuation	18	337.0	271.8	-	-	-	608.8
Other property investments	19	51.0	-	-	-	-	51.0
Total market value of investment properties – proportionally consolidated		6,943.3	1,445.2	4,380.8	1,356.7	-	14,126.0
Acquisitions and capital expenditure	15, 16	82.4	30.4	8.7	38.9	-	160.4

Notes to the Group and Parent consolidated financial statements continued

4. Segmental analysis continued

Consolidated revenue account	Note	London £m	Regional £m	Marine £m	Windsor & Rural £m	Central costs/ other £m	Total £m
							2022/23
Lease revenue	5	195.4	78.0	138.9	27.4	–	439.7
Finance lease revenue	5	8.0	–	–	–	–	8.0
Option fee revenue	5	–	–	208.7	–	–	208.7
Other revenue from contracts with customers	5	2.5	0.5	30.3	9.2	–	42.5
Property management and support services	5	2.8	1.0	–	–	–	3.8
Revenue (excluding service charge revenue)	5	208.7	79.5	377.9	36.6	–	702.7
Service charge revenue	5	26.1	9.9	–	–	–	36.0
Revenue – as reported	5	234.8	89.4	377.9	36.6	–	738.7
Direct property expenses	6	(19.5)	(12.0)	(7.1)	(18.8)	–	(57.4)
Service charge expenses	6	(48.4)	(18.5)	–	(0.1)	–	(67.0)
Total direct expenses		(67.9)	(30.5)	(7.1)	(18.9)	–	(124.4)
Gross profit		166.9	58.9	370.8	17.7	–	614.3
Administrative expenses[1]	6	1.8	–	–	–	(55.3)	(53.5)
Operating profit/(loss)		168.7	58.9	370.8	17.7	(55.3)	560.8
Net finance income	9		–	–	–	49.7	49.7
Share of revenue profit from joint ventures[1]	18	10.2	19.4	–	–	–	29.6
Share of revenue profit from other property investments	19	0.7	–	–	–	–	0.7
Parliamentary supply finance	13	–	–	–	–	2.3	2.3
Underlying profit		179.6	78.3	370.8	17.7	(3.3)	643.1
Depreciation of tangible fixed assets	10, 20	–	–	–	(0.5)	(2.7)	(3.2)
Statutory transfers	10	–	–	–	–	(197.3)	(197.3)
Consolidated revenue account profit/(loss) – distributable to the Consolidated Fund		179.6	78.3	370.8	17.2	(203.3)	442.6

1. Included within the London share of profit from joint ventures and administrative expenses is an adjustment to eliminate The Crown Estate's share of rental payments to a joint venture.

Consolidated capital account	Note	London £m	Regional £m	Marine £m	Windsor & Rural £m	Central costs/ other £m	Total £m
							2022/23
Capital account expenditure		(8.3)	(2.1)	(23.4)	(1.5)	–	(35.3)
Net revaluation (loss)/gain in investment property (including gain on disposal)	11	(416.7)	(209.3)	772.7	78.9	–	225.6
Share of revaluation loss in joint ventures (including gain on disposal)	11	(35.2)	(28.5)	–	–	–	(63.7)
Share of revaluation gain/(loss) in other property investments	11	4.3	(0.1)	–	–	–	4.2
Capital (loss)/profit before transfers from the revenue account to the capital account		(455.9)	(240.0)	749.3	77.4	–	130.8
Statutory transfers	10	–	–	–	–	197.3	197.3
Consolidated capital account (loss)/profit		(455.9)	(240.0)	749.3	77.4	197.3	328.1

4. Segmental analysis continued

Investment properties	Note	London £m	Regional £m	Marine £m	Windsor & Rural £m	Central costs/ other £m	Total £m
							2022/23
Market value of investment properties	15	6,794.7	1,205.5	5,704.1	1,237.9	–	14,942.2
Investment properties treated as finance leases	25	(425.8)	–	–	(0.9)	–	(426.7)
Headlease liabilities	15	–	2.5	–	–	–	2.5
Less: lease incentives	15	(1.2)	(11.2)	–	–	–	(12.4)
Investment properties at fair value – as reported	15	6,367.7	1,196.8	5,704.1	1,237.0	–	14,505.6
Joint ventures:							
Share of investment properties in joint ventures at valuation	18	365.3	280.8	–	–	–	646.1
Share of other net assets/(liabilities) in joint ventures		9.3	(4.3)	–	–	–	5.0
Share of joint ventures – as reported	18	374.6	276.5	–	–	–	651.1
Proportionally consolidated investment properties:							
Market value of investment properties	15	6,794.7	1,205.5	5,704.1	1,237.9	–	14,942.2
Owner occupied properties	16	31.4	–	–	105.3	–	136.7
Share of investment properties in joint ventures at valuation	18	365.3	280.8	–	–	–	646.1
Other property investments	19	50.5	0.1	–	–	–	50.6
Total market value of investment properties – proportionally consolidated		7,241.9	1,486.4	5,704.1	1,343.2	–	15,775.6
Acquisitions and capital expenditure	15, 16	32.4	15.8	2.4	29.5	–	80.1

5. Revenue

	2023/24 £m	2022/23 £m
Lease revenue (note 25a)	**435.4**	439.7
Finance lease revenue (note 25b)	**9.9**	8.0
Option fee revenue from contracts with customers (note 2j)	**1,039.8**	208.7
Other revenue from contracts with customers	**46.3**	42.5
Property management and support services	**4.7**	3.8
Revenue before service charge income	**1,536.1**	702.7
Service charge income	**40.1**	36.0
Revenue – as reported	**1,576.2**	738.7

Lease revenue and finance lease revenue are recognised in accordance with IFRS 16.

Option fee revenue from contracts with customers is from Offshore Wind Leasing Round 4. Further details are provided on pages 48-49.

Total revenue recognised under IFRS 15 is £1,126.9 million (2022/23: £291.0 million). Licence revenue from under-sea cables, pipelines and interconnectors is £15.8 million (2022/23: £14.6 million). Mineral royalty revenue is £25.7 million (2022/23: £26.7 million).

Notes to the Group and Parent consolidated financial statements
continued

6. Revenue account expenses

	2023/24			2022/23		
	Property expenses £m	**Administrative expenses £m**	**Total £m**	Property expenses £m	Administrative expenses £m	Total £m
Management fees and costs[1]	**24.1**	**34.2**	**58.3**	24.1	27.0	51.1
Repairs and maintenance	**6.5**	**-**	**6.5**	5.9	–	5.9
Staff costs (note 7)	**19.0**	**34.6**	**53.6**	19.4	26.5	45.9
Other direct expenditure	**19.1**	**-**	**19.1**	8.0	–	8.0
Direct expenses	**68.7**	**68.8**	**137.5**	57.4	53.5	110.9
Service charge expenses	**68.9**	**-**	**68.9**	67.0	–	67.0
Expenses reflected in the revenue account	**137.6**	**68.8**	**206.4**	124.4	53.5	177.9

1. Included in the table above is the auditor's remuneration in respect of its audit of the financial statements of £0.3 million (2022/23: £0.2 million). No non-audit fees have been incurred from the auditor (2022/23: £nil).

7. Staff costs

The total cost of Crown Estate staff (including Board Members) included in direct operating expenses, indirect operating expenses, administrative expenses and the capital account during the year was as follows:

	2023/24 £m	2022/23 £m
Wages and salaries	**60.6**	50.3
National insurance	**7.3**	6.6
Current service cost – defined benefit scheme (note 8)	**1.3**	2.3
Pension contributions – other pension schemes	**3.5**	3.2
Reorganisation and early retirement costs	**0.2**	0.8
Total staff costs	**72.9**	63.2
Charged to:		
Property expenses (note 6)	**19.0**	19.4
Administrative expenses (note 6)	**34.6**	26.5
Staff costs reflected in the revenue account	**53.6**	45.9
Capital account	**19.3**	17.3
Total staff costs	**72.9**	63.2

	Number	Number
The average number of staff during the year	**642**	576

The remuneration of The Crown Estate's key management personnel is as disclosed in the Remuneration Committee Report on pages 111-112.

8. Retirement benefits

The disclosures below relate to the Opal and Quartz Core sections of The Crown Estate Pension Scheme. All income statement and other comprehensive income statement balances are recorded in the revenue account.

The 31 March 2023 triennial pension valuation shows a funding surplus of £8.5 million. As a result, we have agreed with the Trustees that, from 1 March 2024 until 31 March 2027, some of the costs of administering the scheme will be met from the surplus assets and The Crown Estate will pause contributions to the scheme. We have agreed a number of safeguards with the Trustees to ensure that the scheme members' benefits are protected, which include resuming company contributions should the funding surplus fall below 105% of the scheme assets. Company contribution rates are therefore £nil from 1 March 2024. Throughout 2022/23 and in the period until 29 February 2024, contribution rates were 41.5% (2022/23: 41.5%) of pensionable earnings per annum for the Opal section and 17.1% (2022/23: 17.1%) of capped pensionable earnings for the Quartz Core section.

8a. Balance sheet and notes
Group and Parent

Amounts recognised in the consolidated balance sheet	2023/24 £m	2022/23 £m
Present value of funded obligations	**(41.6)**	(40.3)
Fair value of scheme assets	**49.7**	48.8
Net asset recognised in the consolidated balance sheet at 31 March	**8.1**	8.5

Changes in the present value of the defined benefit obligation	2023/24 £m	2022/23 £m
Opening present value of defined benefit obligation	**40.3**	52.8
Current service cost	**1.3**	2.3
Interest cost	**1.8**	1.5
Members' contributions	**0.5**	0.4
Actuarial gain on scheme liabilities	**(0.7)**	(15.2)
Benefits paid	**(1.6)**	(1.5)
Closing present value of defined benefit obligation	**41.6**	40.3

Changes in the fair value of scheme assets	2023/24 £m	2022/23 £m
Opening fair value of scheme assets	**48.8**	65.0
Interest income	**2.3**	1.8
Actuarial loss on scheme assets	**(1.9)**	(18.2)
Contributions by The Crown Estate	**1.6**	1.3
Members' contributions	**0.5**	0.4
Benefits paid	**(1.6)**	(1.5)
Closing fair value of assets	**49.7**	48.8

Analysis of return on scheme assets	2023/24 £m	2022/23 £m
Interest income	**2.3**	1.8
Actuarial loss on scheme assets	**(1.9)**	(18.2)
Actual return/(loss) on scheme assets	**0.4**	(16.4)

8b. Amounts to be recognised in the consolidated revenue account

	2023/24 £m	2022/23 £m
Net financing surplus (note 9)	**(0.5)**	(0.3)
Current service cost	**1.3**	2.3
Total pension expense	**0.8**	2.0

8. Retirement benefits continued

8c. Total amount recognised in the consolidated statements of comprehensive income

	2023/24 £m	2022/23 £m
Actuarial loss on scheme assets	**(1.9)**	(18.2)
Actuarial gain on scheme liabilities	**0.7**	15.2
Re-measurement loss on retirement benefits	**(1.2)**	(3.0)
Actuarial gain on defined benefit obligation:		
Loss due to experience	**(1.4)**	(3.6)
Gain due to demographic assumptions	**0.8**	–
Gain due to financial assumptions	**1.3**	18.8
Total actuarial gain on defined benefit obligation	**0.7**	15.2

8d. Cumulative amount recognised in the consolidated statement of comprehensive income of the revenue account

	2023/24 £m	2022/23 £m
Cumulative actuarial gains since adoption of IAS 19	**2.3**	3.5

8e. Major categories of scheme assets

	2023/24 £m	2023/24 %	2022/23 £m	2022/23 %
Equities	**8.1**	**16.3%**	6.5	13.3%
Diversified growth fund	**7.5**	**15.1%**	6.9	14.1%
Liability driven investments	**25.0**	**50.3%**	22.8	46.8%
Alternatives	**4.9**	**9.9%**	8.2	16.8%
Cash	**4.2**	**8.4%**	4.4	9.0%
As at 31 March	**49.7**	**100.0%**	48.8	100.0%

The overall expected return on assets has been derived by considering the long-term expected rate of return for each asset class and taking the average of these rates weighted by the proportion invested in each asset class at the year end.

8f. Principal actuarial assumptions at 31 March

	2023/24	2022/23
Discount rate	**4.80%**	4.65%
RPI price inflation	**3.20%**	3.25%
CPI price inflation	**2.75%**	2.75%
Rate of increase in salaries	**2.75%**	2.75%
Pension increases	**2.65% to 3.25%**	2.65% to 3.30%
The mortality assumptions used in this calculation were:		
Life expectancy for a male currently aged 60	**27.5**	28.0
Life expectancy for a female currently aged 60	**29.3**	29.8
Life expectancy for a male when they are 60, currently aged 40	**28.9**	29.4
Life expectancy for a female when they are 60, currently aged 40	**30.7**	31.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below. These were calculated using approximate methods taking into account the duration of the scheme liabilities.

	Change in assumption	Impact on defined benefit obligation
Discount rate	**-0.25%**	**4.0%**
RPI price inflation	**+0.25%**	**4.0%**
Demographic change	**Life expectancy + 1 year**	**4.0%**

8. Retirement benefits continued

The above sensitivity analysis on the discount rate is based on a change in assumption while holding all other assumptions constant. The change in RPI inflation assumption impacts on the CPI inflation assumption, revaluation in deferment, salary increase and pension increase assumptions.

8g. Experience gains and losses

	2023/24 £m	2022/23 £m	2021/22 £m	2020/21 £m	2019/20 £m
Liabilities at year end	**(41.6)**	(40.3)	(52.8)	(54.0)	(45.7)
Assets at year end	**49.7**	48.8	65.0	62.2	57.5
Surplus at year end	**8.1**	8.5	12.2	8.2	11.8
Asset (loss)/gain					
Amount	**(1.9)**	(18.2)	1.6	4.7	(2.2)
Percentage of scheme assets	**(3.8)%**	(37.3)%	2.5%	7.6%	(3.8)%
Liability (loss)/gain					
Amount	**(1.4)**	(3.6)	(0.6)	0.5	0.3
Percentage of scheme liabilities	**(3.4)%**	(8.9)%	(1.1)%	0.9%	0.7%

Employer contributions are reviewed every three years following a full scheme valuation by the scheme actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

For the year to 31 March 2024, employer contributions to The Crown Estate Pension Scheme (including money purchase sections) were £4.3 million (2022/23: £3.7 million). For the year to 31 March 2024, employer contributions to the Civil Service Pension (CSP) were £0.9 million (2022/23: £0.9 million). For the year to 31 March 2024, employer contributions to The Royal Household Pension Scheme (RHPS) Master Trust were £nil.

For 2023/24 and 2022/23, employers' contributions were payable to the CSP in the ranges 26.6% to 30.3% of pensionable earnings, depending on employees' salaries.

For 2023/24, employer contribution rates are 8% of pensionable earnings per annum for employees with three to six months' pensionable service and 15% of pensionable earnings per annum for employees after six months' pensionable service for the RHPS.

A full actuarial valuation was carried out for The Crown Estate Pension Scheme as at 31 March 2023 and updated to 31 March 2024 by the scheme actuary.

A full actuarial valuation was carried out for the CSP as at 31 March 2020. Details can be found at civilservicepensionscheme.org.uk/about-us/scheme-valuations.

9. Net finance income

	2023/24 £m	2022/23 £m
Bank interest income	**125.3**	49.7
Retirement benefits – net financing surplus (note 8)	**0.5**	0.3
Finance lease interest cost (note 25d)	**(0.4)**	(0.3)
Net finance income	**125.4**	49.7

Notes to the Group and Parent consolidated financial statements
continued

10. Statutory transfers from the revenue account to the capital account

	2023/24 £m	2022/23 £m
By agreement with the Treasury the revenue account is charged with an amount as disclosed in note 1:		
Recovery of capital expenditure under the Crown Estate Act 1961 by Treasury Framework Documents	**409.3**	181.6
Net earnings from mineral workings carried to the capital account	**12.7**	15.7
Statutory transfers from the revenue account to the capital account	**422.0**	197.3
Depreciation of tangible fixed assets charged as costs in the revenue account (note 20)	**3.5**	3.2
Total	**425.5**	200.5

The Act places a statutory duty on the Commissioners to maintain and enhance the value of the estate. It allows adjustments between the revenue and capital accounts for this purpose. The Board has agreed with the Treasury a transfer from the revenue to the capital account of an amount equivalent to 27% of the current year's revenue, excluding service charge income but including mineral earnings and depreciation of plant and equipment.

11. Net revaluation gain in properties and investments (including gain on disposal and capital distributions)

	2023/24 £m	2022/23 £m
Reflected in the consolidated capital account		
Revaluation (loss)/gain in investment properties (note 15)	**(1,763.9)**	201.7
Revaluation loss in properties classified as finance leases	**(19.1)**	(24.6)
Gain on disposal of investment properties	**92.4**	48.5
Net revaluation (loss)/gain in investment properties (including gain on disposal)	**(1,690.6)**	225.6
Share of revaluation loss in joint ventures (note 18)	**(40.6)**	(63.7)
Share of revaluation gain in other property investments (note 19)	**0.4**	4.2
Total reflected in the consolidated capital account	**(1,730.8)**	166.1
Reflected in the statement of comprehensive income of the capital account		
Revaluation gain in owner occupied properties (note 16)	**20.9**	7.6
Total	**(1,709.9)**	173.7

12. Financial instruments

The Act restricts The Crown Estate to holding land, cash and such other investments as permitted by section 3(4) of the Act. All holdings in land and property must be held directly by The Crown Estate. Geographically, all holdings must be within the United Kingdom. The financial assets held by The Crown Estate are cash equivalents and trade and other receivables.

Risk management

The Board has overall responsibility for the determination of The Crown Estate's risk management objectives as disclosed on pages 75-82. The Crown Estate is subject to credit risk in respect of customers and market risk in respect of investments in property partnerships and estates.

Deposits with banks and financial institutions

The Crown Estate limits its deposits to the UK Debt Management Office, an executive agency of the Treasury, and Prudential Regulation Authority regulated banks, incorporated in the UK or EEA and rated 'A' or above, and diversifies its cash holdings between these institutions. As explained in note 1, the Act prevents The Crown Estate from entering into situations which would expose it to foreign exchange risk.

Trade and other receivables subject to credit risk

As described in note 3, the credit risk associated with each customer is evaluated carefully on a recurring basis and the aggregate credit risk of The Crown Estate's receivables is managed actively. Receivables are impaired when there is evidence that credit losses may arise and are stated net of the associated provision on the balance sheet. However, the balance of trade receivables remains low in relation to the value of The Crown Estate's assets.

Investments subject to market risk

As described in note 19, The Crown Estate holds a 6.4% share in the equity of The Pollen Estate which is classified as other property investment. This investment is exposed to the risk that the NAV of the underlying properties will decline and also the marketability of the shares. Both risks are evaluated and quantified by The Crown Estate on a recurring basis. The Crown Estate also held a 4.9% share of the Lendlease Retail Partnership. The underlying assets in the partnership were sold during the year ended 31 March 2022 and the partnership made the final distribution and wound up during the year ended 31 March 2024.

Financial instruments by category

The Crown Estate's financial assets are cash and cash equivalents, trade and other receivables, other property investments and other financial assets, the carrying values of which are disclosed on the balance sheet. Financial instruments not measured at fair value include trade and other receivables and trade and other payables. As allowed by IFRS 9, trade receivables are measured at transaction price.

The Crown Estate's other property investments are measured at fair value. Specific disclosures for these investments are in note 19. The Crown Estate has no financial liabilities measured at fair value.

Liquidity risk

The Crown Estate does not hold any debt and does not hedge any cash flows, assets or liabilities. The Crown Estate is subject to liquidity risk; however, in the absence of any borrowing, and given the level of cash currently held, this risk is low. Twelve-month cash flows are maintained to ensure The Crown Estate has sufficient revenue funds and three-year capital cash flow forecasts are maintained to ensure The Crown Estate has sufficient capital funds for future requirements. Cash holdings are diversified as explained above.

	2023/24 £m	2022/23 £m
Financial liabilities within trade payables	**5.7**	5.3

Financial liabilities disclosed above are undiscounted and fall due within three months.

13. Parliamentary supply finance

Under schedule 1(5) of the Act, monies are provided by Parliament towards the cost of Commissioners' salaries and the expenses of their office. The total of such expenses chargeable to the Parliamentary supply finance account for the current year is shown on the face of the revenue account and the detail is reported separately to Parliament as a Parliamentary supply finance account.

Notes to the Group and Parent consolidated financial statements
continued

14. Payment to the Consolidated Fund

In accordance with section 1 of the Civil List Act 1952, the net revenue account profit generated by The Crown Estate is paid into the Consolidated Fund. The net revenue profit of £1,100.7 million relating to the year ended 31 March 2024 will be settled using a repayment process in the form agreed with the Treasury. The outstanding balance in relation to the 31 March 2023 net revenue profit has been settled in full, with the final payment of £38.1 million being settled in April 2024.

	2023/24 £m	2022/23 £m
Amounts due to the Consolidated Fund at the start of the year (note 23)	**520.8**	380.1
Payments to the Consolidated Fund made in the year	**(482.7)**	(301.9)
Amounts due in respect of prior year net revenue profit	**38.1**	78.2
Consolidated revenue account profit	**1,100.7**	442.6
Amounts due to the Consolidated Fund at the end of the year (note 23)	**1,138.8**	520.8

15. Investment properties

	2023/24			2022/23
Group	**Investment properties £m**	**Properties under development £m**	**Total £m**	Investment properties £m
At opening valuation (before lease incentives)	**14,503.1**	**-**	**14,503.1**	14,230.4
Acquisitions	**9.7**	**-**	**9.7**	1.9
Capital expenditure	**149.5**	**-**	**149.5**	76.2
Transfers to other categories	**(255.6)**	**255.6**	**-**	-
Net transfer (to)/from owner occupied properties	**(21.5)**	**-**	**(21.5)**	2.9
Disposals	**(11.0)**	**-**	**(11.0)**	(10.0)
Revaluation	**(1,737.5)**	**(26.4)**	**(1,763.9)**	201.7
At closing valuation (before lease incentives)	**12,636.7**	**229.2**	**12,865.9**	14,503.1
Net finance lease payable	**2.5**	**-**	**2.5**	2.5
Asset held for sale	**(17.9)**	**-**	**(17.9)**	-
Closing fair value – as reported	**12,621.3**	**229.2**	**12,850.5**	14,505.6
Reconciliation to valuation				
At closing valuation (before lease incentives)	**12,636.7**	**229.2**	**12,865.9**	14,503.1
Investment properties treated as finance leases (note 25b)	**407.7**	**-**	**407.7**	426.7
Lease incentives	**12.3**	**-**	**12.3**	12.4
Market value	**13,056.7**	**229.2**	**13,285.9**	14,942.2

All properties classified as investment properties under development are within the London and Regional portfolios.

Group and Parent

The property portfolio was valued on 31 March 2024 by independent accredited external valuers with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuation methods used are in accordance with RICS and those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13. More information about the fair value measurement is set out in note 17.

Investment property valuations are complex and derived using estimates of future income and property transactions that are not publicly available. Consequently, all investment property valuations are classified as level 3 within IFRS 13.

The Crown Estate has a number of joint operations, the most significant of which is with Norges Bank Investment Management (NBIM) under which NBIM has a 25% interest through a 150-year lease of the majority of the properties in Regent Street and a 50% interest in 20 Air Street in London. The Crown Estate's share of jointly controlled assets is £3,399.6 million at 31 March 2024 (2022/23: £3,648.5 million) out of the total investment property value of £12,850.5 million (2022/23: £14,505.6 million) and other property investments of £51.0 million (2022/23: £50.6 million).

15. Investment properties continued

Parent	2023/24 Investment properties £m	2023/24 Properties under development £m	2023/24 Total £m	2022/23 Investment properties £m
At opening valuation (before lease incentives)	**14,241.4**	**-**	**14,241.4**	13,937.4
Acquisitions	**5.9**	**-**	**5.9**	1.9
Capital expenditure	**147.7**	**-**	**147.7**	75.5
Transfers to other categories	**(255.6)**	**255.6**	**-**	-
Net transfer (to)/from owner occupied properties	**(21.5)**	**-**	**(21.5)**	2.9
Disposals	**(11.0)**	**-**	**(11.0)**	(10.0)
Revaluation	**(1,722.4)**	**(26.4)**	**(1,748.8)**	233.7
At closing valuation (before lease incentives)	**12,384.5**	**229.2**	**12,613.7**	14,241.4
Net finance lease payable	**2.5**	**-**	**2.5**	2.5
Classified as assets held for sale	**(17.9)**	**-**	**(17.9)**	-
Closing fair value - as reported	**12,369.1**	**229.2**	**12,598.3**	14,243.9

The unamortised element of lease incentives granted at 31 March 2024 was £10.5 million (2022/23: £10.5 million).

	Group 2023/24 £m	Group 2022/23 £m	Parent 2023/24 £m	Parent 2022/23 £m
Historical cost of investment properties	**3,733.5**	3,601.9	**3,342.9**	3,241.6
Market value of freehold investment properties	**13,247.8**	14,904.5	**12,993.7**	14,638.4
Market value of long leasehold properties	**38.1**	37.7	**38.1**	37.7
Total market value	**13,285.9**	14,942.2	**13,031.8**	14,676.1

16. Owner occupied properties

Group and Parent	2023/24 £m	2022/23 £m
Opening fair value	**136.7**	130.0
Capital expenditure	**1.2**	2.0
Revaluation gain in owner occupied properties	**20.9**	7.6
Net transfer from/(to) investment properties	**21.5**	(2.9)
Closing fair value	**180.3**	136.7

All owner occupied properties are classified as level 3 within the fair value hierarchy.

The historical cost of owner occupied properties at 31 March 2024 was £91.9 million (2022/23: £79.9 million). Information about the valuation and fair value measurement of owner occupied properties is set out in note 17.

17. Fair value measurement of properties

For all investment property that is measured at fair value, the current use of the property is considered the optimal.

Valuation process

The entire portfolio is valued on an annual basis by independent and qualified valuers on a fair value basis in accordance with IFRS 13, the RICS Valuation – Global Standards and Valuation Practice Guideline – Application 1 regarding valuation for inclusion in financial statements. CBRE Limited (CBRE) is the principal valuer of the London and Regional portfolios and Cushman & Wakefield (C&W) is the principal valuer of the offshore wind portfolio.

Portions of the London and Regional portfolios are valued on a quarterly basis and a tonal exercise is also undertaken at the half year on the Rural and London (residential) properties.

The Crown Estate and its managing agents provide data to the valuers, including current lease and tenant data along with asset-specific business plans. The valuers use this and other inputs including market transactions for similar properties to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the Asset Management team and the members of the senior executive team. The annual valuation is presented to and the process is endorsed by the Audit Committee. A review is also presented to the Board annually. Valuers' fees are charged on a fixed basis.

Notes to the Group and Parent consolidated financial statements
continued

17. Fair value measurement of properties continued

Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the consolidated balance sheet.

All are considered as level 3 in the fair value hierarchy.

Valuation techniques used to derive level 3 fair values of Group properties

Class of property	Valuation 2023/24 £m	Valuation 2022/23 £m	Predominant valuation technique	Key unobservable inputs	Range	Principal valuer
London:						
Retail	**2,052.7**	2,067.1	Investment	ERV Yield	£12-£325 psf ZA 4.7%-8.0%	CBRE
Offices	**3,228.8**	3,365.4	Investment	ERV Yield	£35-£250 psf 2.8%-8.0%	CBRE
Other multi-use	**726.3**	838.7	Comparable/ Investment	£ psf Yield	£700-£7,300 psf 2.3%-8.0%	CBRE
Total commercial properties	**6,007.8**	6,271.2				
Residential	**501.9**	523.5	Comparable	£ psf	£700-£7,300 psf	CBRE
Total London	**6,509.7**	6,794.7				
Regional:						
Retail	**66.3**	93.9	Investment	ERV Yield	£3-£51 psf 7.0%-16.0%	CBRE
Retail and leisure parks	**685.5**	740.6	Investment	ERV Yield	£7.50-£50 psf 5.5%-13.75%	CBRE
Offices	**174.8**	184.8	Investment	ERV Yield	£20-£34 psf 5.0%-5.5%	CBRE
Other	**124.2**	123.0	Comparable/ Investment	ERV Yield	£6-£18 psf 4.2%-7.5%	CBRE
Total commercial properties	**1,050.8**	1,142.3				
Other	**122.6**	63.2	Comparable/ Investment	Proportion of vacant possession value Yield	50%-100% 1.5%-20.0%	Strutt & Parker
Total Regional	**1,173.4**	1,205.5				
Marine:						
Aggregates	**210.1**	209.3	Investment/ DCF	Yield Annual extraction	7.0%-15.0% c. 21 million tonnes	Wardell Armstrong
Renewables (Rounds 1-3 and 5)	**2,153.8**	1,989.9	DCF	Discount rate	4.5%-30.0%	C&W
Renewables (Round 4)	**1,522.4**	3,056.9	DCF	Discount rate	5.0%-20.0%	C&W
Coastal	**267.5**	256.4	Investment	Yield	2.0%-75.0%	Various
Cables and pipelines	**227.0**	191.6	Investment	Yield	5.5%-12.0%	Powis Hughes
Total Marine	**4,380.8**	5,704.1				

17. Fair value measurement of properties continued

Class of property	Valuation 2023/24 £m	Valuation 2022/23 £m	Predominant valuation technique	Key unobservable inputs	Range	Principal valuer
Windsor & Rural:						
Agricultural	**888.3**	902.2	Comparable/ Investment	Proportion of vacant possession value Yield	50%-100% 1.5%-20.0%	Strutt & Parker
Minerals	**16.4**	15.3	DCF	Yield	5.0%-25.0%	Wardell Armstrong
Other	**317.3**	320.4	Comparable/ Investment	Yield Proportion of vacant possession value	1.0%-20.0% 23.0%-95.0%	Savills
Total Windsor & Rural	**1,222.0**	1,237.9				
Total investment properties	**13,285.9**	14,942.2				
Owner occupied properties:						
London	**45.6**	31.4	Investment	Yield ERV	4.25% £90-£105 psf	CBRE
Windsor & Rural	**134.7**	105.3	Comparable/ Investment	Proportion of vacant possession value Yield	23.0%-95.0% 1.0%-20.0%	Savills
Total owner occupied properties	**180.3**	136.7				
Total at valuation	**13,466.2**	15,078.9				

Market value of properties on a proportionally consolidated basis

Group and Parent	2023/24 £m	2022/23 £m
Investment properties (note 15)	**13,285.9**	14,942.2
Owner occupied properties (note 16)	**180.3**	136.7
Total at valuation (Group)	**13,466.2**	15,078.9
Share of investment properties in joint ventures at valuation (note 18)	**608.8**	646.1
Other property investments (note 19)	**51.0**	50.6
Total value of all properties on a proportionally consolidated basis	**14,126.0**	15,775.6

The fair value of investment property is determined using the following valuation techniques:

Investment method

This involves estimating the rental value of each lettable unit within the property, making an assessment of void periods and other costs of letting and then capitalising at an appropriate rate.

Hope value has been included where there is future reversionary potential, eg conversion of offices back to their original use as residential.

Discounted cash flow (DCF)

This involves the projection of cash flows to which an appropriate market-derived discount rate is applied to establish the present value of the income stream.

Comparable method

An indication of value arrived at by comparing information on the subject asset with similar assets for which valuation data is available.

Notes to the Group and Parent consolidated financial statements
continued

17. Fair value measurement of properties continued

Specific valuation considerations have been applied to the following classes of property:

Wind farms
Values for offshore wind farms are only recognised when cash flows can be estimated reliably. Each wind farm project has been valued individually using a DCF methodology.

The DCF methodology is the typical approach for valuing complex revenue streams and also provides a means to value in a market where there are no directly comparable sales of the seabed subject to a 'ground' lease structure.

Strategic land
Hope value for strategic land is incorporated into the Regional portfolio, discounted to reflect the stage reached in the planning process.

For properties being redeveloped, the residual method has been adopted which involves calculating the potential value when the property has been completed (using the investment method) and then deducting the cost to complete the construction, achieve lettings and appropriate allowances for profit to compensate for the risk of carrying out the development.

Rural and residential properties
These are generally valued using the comparable method and cross-checked with the investment method.

The Leasehold and Freehold Reform Act became law on 24 May 2024. At 31 March 2024, uncertainty existed around the exact form of the legislation and therefore the impact it would have on the value of our residential leases and capitalised ground rents. As such, CBRE issued its valuation report with a material valuation uncertainty declaration, although the financial impact was immaterial under all scenarios. The final legislation was within the boundaries of the scenario considered and is not material to our residential portfolio.

Owner occupied residential properties at the Windsor Estate
These have been valued using the comparable method with an appropriate discount to the vacant possession value.

Sustainability considerations
The valuers take into account the condition of properties from a sustainability perspective, considering the Energy Performance Certificate (EPC) rating and other certifications when estimating value.

Sensitivity analysis
The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the investment property are:

Retail, offices and residential
— estimating the rental value of each lettable unit with evidence derived from other recent lettings in the property itself or similar properties nearby, making adjustments for size, specification, location and letting incentives
— estimating the length of time taken and the cost to let vacant space and the likelihood of lease renewals
— deciding the appropriate capitalisation rate to be applied derived from transactions of comparable properties

Rural and residential
— choosing the appropriate discount rate to vacant possession value for differing lengths and types of tenure

Properties under development
— the assessment of the value created on completion and the allowance for construction and letting costs to achieve that

Strategic land and properties with potential for residential conversion
— inclusion of hope value for a higher-value use dependent upon the likelihood, time and cost of achieving that use

Wind farms
— assessing the appropriate discount rate reflecting the risk in the variability and timing of cash flows for offshore wind farms from site exclusivity through to a generating wind farm
— estimating the generation capacity and the timing of milestone achievements
— consideration of historical, current and expected future energy prices

Other
— allowance for the level of volatility on turnover-related valuations, eg offshore wind farms, aggregates and minerals
— assessment of functional lifespan of offshore assets, eg cables and pipelines

Significant increases/(decreases) in the estimated market rental value (ERV) would result in a higher/(lower) fair value measurement.

Significant increases/(decreases) in the long-term vacancy rate or yield would result in a lower/(higher) fair value measurement.

The Crown Estate's properties include multi-use assets, which may be configured with commercial uses and/or residential uses on different floors. Consequently, the sensitivity analysis below has been performed on portfolios as a whole and the London and Regional portfolio analyses only include commercial assets. The Marine portfolio analysis only includes renewable assets.

17. Fair value measurement of properties continued

The following tables detail the impact changes in ERV and discount rates have on the market value of the commercial assets of the London and Regional portfolios and renewable assets of the Marine portfolio.

		Impact on valuations of 10% change in ERV		Impact on valuations of 0.5% change in yield	
Group - 2023/24	**Market value £m**	**Increase £m**	**Decrease £m**	**Decrease £m**	**Increase £m**
London	**6,007.8**	**483.2**	**(504.0)**	**502.8**	**(675.9)**
Regional	**1,050.8**	**76.4**	**(83.7)**	**28.8**	**(118.4)**

		Impact on valuations of 0.5% change in discount rates	
Group - 2023/24	**Market value £m**	**Decrease £m**	**Increase £m**
Marine - Offshore Wind Leasing Rounds 1-3 and 5	**2,153.8**	**103.5**	**(95.7)**
Marine - Offshore Wind Leasing Round 4	**1,522.4**	**23.0**	**(22.0)**

		Impact on valuations of 10% change in ERV		Impact on valuations of 0.5% change in yield	
Group - 2022/23	Market value £m	Increase £m	Decrease £m	Decrease £m	Increase £m
London	6,271.2	276.5	(284.0)	461.9	(363.7)
Regional	1,142.3	88.8	(84.0)	103.5	(87.2)

		Impact on valuations of 0.5%[1] change in discount rates	
Group - 2022/23	Market value £m	Decrease £m	Increase £m
Marine - Offshore Wind Leasing Rounds 1-3	1,989.9	95.5	(89.8)
Marine - Offshore Wind Leasing Round 4[1]	3,056.9	27.2	(26.7)

1. The Group 2022/23 Marine - Offshore Wind Leasing Round 4 sensitivities have been restated to show a 0.5% change in discount rate instead of 2.5%. Previously reported sensitivities were a decrease of 2.5% in discount rates results in an increase of £140.5 million in value and an increase of 2.5% in discount rates results in a decrease of £129.1 million in value.

Valuation techniques used to derive level 3 fair values of Parent properties

The valuation of the Parent properties is as disclosed above except as described below:

Class of property	**Valuation 2023/24 £m**	Valuation 2022/23 £m	Predominant valuation technique	Key unobservable inputs	Range	Principal valuer
London:						
Other multi-use	**622.3**	728.9	Comparable Investment	£ psf Yield	£700-£7,300 psf 2.3%-8.0%	CBRE
Regional:						
Retail and leisure parks	**537.3**	586.9	Investment	ERV Yield	£7-£50 psf 5.5%-11.5%	CBRE

Notes to the Group and Parent consolidated financial statements
continued

18. Investment in joint ventures

The assets, liabilities, revenues and expenses of The Crown Estate's primary joint ventures at 100% were as follows:

	London			Regional				Total
	Maple Investment LP £m	St James's Market Partnership Group £m	St James's Market Partnership Group 2 £m	Crown Point £m	The Gibraltar LP £m	Westgate Oxford Alliance LP £m	Wexford Retail LP[1] £m	£m
Balance sheet at 31 March 2024								
Investment properties at valuation	178.4	420.2	75.4	69.2	-	229.9	244.4	1,217.5
Lease incentives	-	-	-	(0.4)	-	(6.9)	(12.0)	(19.3)
Cash and cash equivalents	1.1	8.0	2.3	3.6	-	21.3	12.1	48.4
Other assets	2.9	12.7	1.6	2.0	-	11.6	17.8	48.6
Current liabilities	(3.0)	(6.8)	(1.4)	(2.5)	(0.6)	(16.8)	(40.3)	(71.4)
Non-current liabilities	-	-	-	-	-	(0.1)	-	(0.1)
Net assets	179.4	434.1	77.9	71.9	(0.6)	239.0	222.0	1,223.7
Comprehensive income statement for the year ended 31 March 2024								
Revenue	8.3	17.6	2.5	5.7	-	28.2	16.8	79.1
Expenses	(2.6)	(3.7)	(5.1)	(0.5)	-	(8.7)	(2.4)	(23.0)
Revenue account profit/(loss)	5.7	13.9	(2.6)	5.2	-	19.5	14.4	56.1
Revaluation loss in investment properties	(15.2)	(29.7)	(18.6)	(8.5)	-	(1.1)	(8.2)	(81.3)
Total capital account comprehensive loss	(15.2)	(29.7)	(18.6)	(8.5)	-	(1.1)	(8.2)	(81.3)

1. Balances include those for Fosse Park West Limited Partnership.

The Crown Estate share at 50% was:

	Total London £m	Total Regional £m	Total 2023/24 £m
Investment properties at valuation	337.0	271.8	608.8
Cash and cash equivalents	5.7	18.5	24.2
Net assets	345.7	266.2	611.9
Revenue	14.2	25.4	39.6
Revenue account profit	8.5	19.6	28.1
Revaluation loss	(31.7)	(8.9)	(40.6)

18. Investment in joint ventures continued

The assets, liabilities, revenues and expenses of The Crown Estate's primary joint ventures at 100% were as follows:

	London			Regional				Total
	Maple Investment LP £m	St James's Market Partnership Group £m	St James's Market Partnership Group 2 £m	Crown Point £m	The Gibraltar LP £m	Westgate Oxford Alliance LP £m	Wexford Retail LP[1] £m	£m
Balance sheet at 31 March 2023								
Investment properties at valuation	192.8	449.8	88.0	77.7	–	232.8	251.0	1,292.1
Lease incentives	–	–	–	(0.4)	–	(9.2)	(13.0)	(22.6)
Cash and cash equivalents	3.7	6.3	1.4	1.3	0.8	23.2	20.8	57.5
Other assets	0.7	14.9	2.0	2.1	–	13.4	18.8	51.9
Current liabilities	(2.1)	(7.6)	(0.8)	(1.9)	(0.6)	(21.4)	(42.3)	(76.7)
Non-current liabilities	–	–	–	–	–	(0.1)	–	(0.1)
Net assets	195.1	463.4	90.6	78.8	0.2	238.7	235.3	1,302.1
Comprehensive income statement for the year ended 31 March 2023								
Revenue	8.5	16.5	2.7	5.4	–	29.3	17.3	79.7
Expenses	(1.7)	(3.3)	(2.3)	(2.2)	–	(8.4)	(2.7)	(20.6)
Revenue account profit	6.8	13.2	0.4	3.2	–	20.9	14.6	59.1
Revaluation loss in investment properties	(13.0)	(38.9)	(13.5)	(5.0)	–	(17.9)	(39.2)	(127.5)
Total capital account comprehensive loss	(13.0)	(38.9)	(13.5)	(5.0)	–	(17.9)	(39.2)	(127.5)

1. Balances include those for Fosse Park West Limited Partnership.

The Crown Estate share at 50% was:

	Total London £m	Total Regional £m	Total 2022/23 £m
Investment properties at valuation	365.3	280.8	646.1
Cash and cash equivalents	5.7	23.1	28.8
Net assets	374.6	276.5	651.1
Revenue	13.9	26.0	39.9
Revenue account profit	10.2	19.4	29.6
Revaluation loss	(32.7)	(31.0)	(63.7)

Group and Parent

Summary of movement in investment in joint ventures

	2023/24 £m	2022/23 £m
Opening balance	**651.1**	725.3
Share of revenue profit	**28.1**	29.6
Revaluation loss in investment property	**(40.6)**	(63.7)
Net equity additions	**5.3**	4.0
Revenue distributions received	**(32.0)**	(44.1)
Closing balance	**611.9**	651.1

The investment properties included within the net current assets of jointly controlled entities included above are valued at fair value and are classified as level 3 within the value hierarchy as defined within IFRS 13. There were no transfers between levels during the year.

Notes to the Group and Parent consolidated financial statements continued

18. Investment in joint ventures continued

The Crown Estate's investment in joint ventures is described below:

Group and Parent

Name of jointly controlled entity	Percentage owned	Partner	Property interest
Fosse Park West Limited Partnership	50%	Lekker Wexford West Unit Trust	Fosse Park West, Leicester
Wexford Retail Limited Partnership	50%	Lekker Wexford Unit Trust	Fosse Park, Leicester
Maple Investment Limited Partnership	50%	The Healthcare of Ontario Pension Plan	St James's Gateway, London
Westgate Oxford Alliance Limited Partnership	50%	Land Securities Group PLC	Westgate, Oxford
Crown Point co-ownership agreement	50%	Morley Fund Management	Crown Point Shopping Park, Leeds
The Gibraltar Limited Partnership	50%	Hercules Unit Trust	–
The St James's Market Partnership Group:			
St James's Market Haymarket Limited Partnership	50%	Oxford Properties Group	2 St James's Market, London
St James's Market Regent Street Limited Partnership	50%	Oxford Properties Group	1 St James's Market, London
St James's Market Development Limited	50%	Oxford Properties Group	
The St James's Market Partnership Group 2:			
SJM Four (South Block) Limited Partnership	50%	Oxford Properties Group	4 St James's Market, London
St James's Market Development (No. 2) Limited	50%	Oxford Properties Group	

All joint ventures operate in the UK.

19. Other property investments

Other property investments comprise a 6.4% equity investment in The Pollen Estate and a 4.9% share of Lendlease Retail Partnership, an English Limited Partnership. The Pollen Estate owns freehold property in an area of Mayfair to the west of Regent Street in London and the investment is held by a subsidiary of The Crown Estate. Lendlease Retail Partnership made its final distribution and wound up during the year ended 31 March 2024.

	Group 2023/24 £m	Group 2022/23 £m	**Parent 2023/24 £m**	Parent 2022/23 £m
Opening balance	**50.6**	46.5	**0.1**	0.3
Share of capital distribution	**-**	(0.1)	**-**	(0.1)
Share of revaluation gain/(loss) in investment reflected in the consolidated capital account	**0.4**	4.2	**(0.1)**	(0.1)
Share of net assets reflected in the balance sheet	**51.0**	50.6	**-**	0.1
Share of revenue profit	**0.6**	0.7	**0.1**	–

The investments are held at the Group's share of fair value. The property investments are classified as level 3 within the fair value hierarchy as defined within IFRS 13. There were no transfers between levels during the period.

The basis for valuations are NAV estimates from valuation reports prepared by independent third party valuers, which serve as the key unobservable inputs. Fair values are derived by discounting NAVs, having regard to their liquidity and other relevant factors.

If the NAV of other property investments declined by 5%, the effect would be a reduction in The Crown Estate's share of net assets by £2.6 million (2022/23: £2.5 million).

20. Property, plant and equipment

Group and Parent	Leasehold right-of-use asset £m	Leasehold improvements £m	Equipment £m	Plant and machinery £m	Motor vehicles £m	Total £m
Cost at 1 April 2023	**15.1**	**9.7**	**37.3**	**3.2**	**1.5**	**66.8**
Additions	**0.1**	**-**	**3.5**	**-**	**0.7**	**4.3**
Cost at 31 March 2024	**15.2**	**9.7**	**40.8**	**3.2**	**2.2**	**71.1**
Depreciation at 1 April 2023	**6.0**	**3.1**	**27.1**	**2.8**	**1.3**	**40.3**
Charge in the year	**1.0**	**0.3**	**1.8**	**0.2**	**0.2**	**3.5**
Depreciation at 31 March 2024	**7.0**	**3.4**	**28.9**	**3.0**	**1.5**	**43.8**
Net book value at 31 March 2024	**8.2**	**6.3**	**11.9**	**0.2**	**0.7**	**27.3**

Group and Parent						
Cost at 1 April 2022	15.1	9.7	33.2	2.9	1.5	62.4
Additions	–	–	4.2	0.3	0.1	4.6
Disposals	–	–	(0.1)	–	(0.1)	(0.2)
Cost at 31 March 2023	15.1	9.7	37.3	3.2	1.5	66.8
Depreciation at 1 April 2022	5.0	3.1	25.4	2.5	1.2	37.2
Charge in the year	1.0	–	1.7	0.3	0.2	3.2
Disposals	–	–	–	–	(0.1)	(0.1)
Depreciation at 31 March 2023	6.0	3.1	27.1	2.8	1.3	40.3
Net book value at 31 March 2023	9.1	6.6	10.2	0.4	0.2	26.5

Included within motor vehicles are motor vehicles with a book value of £0.6 million (2022/23: £0.1 million) that are owned by The Crown Estate. All other motor vehicles are right-of-use assets.

Notes to the Group and Parent consolidated financial statements
continued

21. Other investments

Other investments comprise antiques and paintings.

Group and Parent	2023/24 £m	2022/23 £m
Opening balance	**10.6**	10.9
Revaluation	**-**	(0.3)
Closing balance	**10.6**	10.6

Other investments comprise antiques and paintings and are shown at fair value. Any gain or loss arising from changes in fair value is recognised directly in the revaluation reserve. The latest triennial valuation was carried out by recognised experts and completed during the year ended 31 March 2023.

22. Trade and other receivables

	Group 2023/24 £m	Group 2022/23 £m	Parent 2023/24 £m	Parent 2022/23 £m
Amounts falling due within one year:				
Trade receivables – leases	**40.2**	58.8	**38.3**	56.8
Capital receivables – non-leases	**5.7**	23.9	**4.7**	22.8
Other financial assets	**0.1**	0.1	**0.1**	0.1
Amounts owed by subsidiary undertakings	**-**	–	**418.0**	412.9
Other receivables	**30.7**	33.2	**27.4**	28.9
Prepayments	**1.5**	2.9	**1.5**	2.9
Investment properties treated as finance leases (note 25b)	**9.9**	8.0	**9.9**	8.0
Accrued income	**47.3**	41.0	**47.7**	41.0
	135.4	167.9	**547.6**	573.4
Provision for expected lifetime losses	**(16.0)**	(26.6)	**(13.5)**	(23.5)
Total receivables falling due within one year	**119.4**	141.3	**534.1**	549.9
Amounts falling due after more than one year:				
Other financial assets	**2.3**	2.3	**2.3**	2.3
Investment properties treated as finance leases (note 25b)	**397.8**	418.7	**397.8**	418.7
Other receivables	**34.3**	31.7	**34.3**	31.7
Total receivables falling due after more than one year	**434.4**	452.7	**434.4**	452.7

Trade receivable impairments reflect the application of The Crown Estate's provisioning policy in respect of expected credit losses as described in note 3. The carrying amount of the trade and other receivables approximates to their fair value.

Receivables from contracts with customers as at 31 March 2024 was £8.2 million (2022/23: £14.5 million). All accrued income arising from revenue with contracts with customers as at 31 March 2024 has been or will be invoiced within four months of the year end (2022/23: four months).

22. Trade and other receivables continued

Expected lifetime losses on trade, capital and other receivables

The Crown Estate has a wide range of customers in a range of industries resulting in highly diversified credit risk in respect of trade and capital receivables. The Crown Estate uses a lifetime expected loss allowance for trade and capital receivables. The provision is shown below.

At 31 March 2024	Amounts not yet due	Less than 90 days past due	Between 90 and 180 days past due	More than 180 days past due	Total
Expected loss rate	**–**	**19%**	**50%**	**61%**	**35%**
	£m	**£m**	**£m**	**£m**	**£m**
Gross carrying amount	**3.0**	**23.0**	**3.4**	**16.5**	**45.9**
Provision	**–**	**4.3**	**1.7**	**10.0**	**16.0**
At 31 March 2023					
Expected loss rate	–	18%	26%	81%	32%
	£m	£m	£m	£m	£m
Gross carrying amount	20.7	29.4	9.0	23.6	82.7
Provision	–	5.3	2.3	19.0	26.6

23. Payables and deferred income

	Group 2023/24 £m	Group 2022/23 £m	Parent 2023/24 £m	Parent 2022/23 £m
Amounts falling due within one year:				
Trade payables	**14.1**	5.3	**14.2**	5.3
Rents received in advance	**64.0**	65.0	**60.7**	63.1
Deferred option fee income	**850.8**	820.6	**850.8**	820.6
Deferred income	**7.5**	8.7	**7.5**	8.7
Taxes and social security	**16.2**	13.5	**16.5**	13.1
Other payables	**38.6**	34.1	**35.1**	31.7
Consolidated Fund (note 14)	**1,138.8**	520.8	**1,138.8**	520.8
Accruals	**59.8**	55.7	**59.4**	54.5
Obligations under finance leases (note 25c)	**1.7**	1.8	**1.7**	1.8
Total amounts falling due within one year	**2,191.5**	1,525.5	**2,184.7**	1,519.6
Amounts falling due after more than one year:				
Deferred income	**66.5**	56.9	**66.5**	56.9
Obligations under finance leases (note 25c)	**13.2**	14.3	**13.2**	14.3
Total amounts falling due after more than one year	**79.7**	71.2	**79.7**	71.2

Notes to the Group and Parent consolidated financial statements
continued

24. Provisions

Group and Parent	2023/24 £m	2022/23 £m
Opening balance	**4.1**	0.7
Payments in year	**(0.4)**	(0.7)
Expenses recorded in the revenue account	**0.2**	0.5
Expenses recorded in the capital account	**0.9**	3.6
Closing balance	**4.8**	4.1

£4.5 million of the provision at 31 March 2024 (2022/23: £3.6 million) relates to claims arising from remediation works to properties where The Crown Estate owns or previously developed the asset. The remaining provision of £0.3 million at 31 March 2024 (2022/23: £0.5 million) relates to the remaining costs of a recent restructure.

25. Leasing

25a. Operating leases with customers

The Crown Estate leases out the vast majority of its investment properties under operating leases for average lease terms of 45 years (2022/23: 45 years) to expiry. The undiscounted future aggregate minimum rentals, excluding contingent rents receivable under non-cancellable leases, are as follows:

	Group 2023/24 £m	Group 2022/23 £m	Parent 2023/24 £m	Parent 2022/23 £m
Less than one year	**283.7**	313.5	**274.0**	303.2
Between one and five years	**841.0**	956.9	**806.4**	919.1
More than five years	**4,694.4**	4,843.3	**4,651.2**	4,793.5
Total operating leases with customers	**5,819.1**	6,113.7	**5,731.6**	6,015.8

25b. Finance leases with customers

Certain of The Crown Estate's long lease arrangements include elements of ongoing income in addition to ground rent. The Crown Estate has considered the lease as a whole and, where the lease has been determined to be a finance lease, the future lease income is treated as a finance lease receivable. Amounts receivable under non-cancellable finance leases are as follows:

Group and Parent	2023/24 £m	2022/23 £m
Less than one year	**9.9**	9.9
Between one and five years	**39.9**	39.7
More than five years	**1,832.1**	1,837.4
Total undiscounted lease assets at 31 March	**1,881.9**	1,887.0
Future finance lease income	**(1,587.0)**	(1,590.3)
Unguaranteed residual values	**112.8**	130.0
Investment properties disclosed as finance leases (note 15)	**407.7**	426.7
Disclosed as:		
Current (note 22)	**9.9**	8.0
Non-current (note 22)	**397.8**	418.7

During the year ended 31 March 2024 there were no disposals of investment properties classified as finance leases (2022/23: none).

25. Leasing continued

25c. Lease liabilities

Lease liabilities are payable as follows:

Group and Parent	2023/24 £m	2022/23 £m
Less than one year	**1.7**	1.8
Between one and five years	**7.0**	6.9
More than five years	**51.3**	53.0
Total undiscounted lease liabilities at 31 March	**60.0**	61.7
Future finance charges	**(45.1)**	(45.6)
Present value of lease liabilities at 31 March	**14.9**	16.1
Disclosed as:		
Current	**1.7**	1.8
Non-current	**13.2**	14.3

The Crown Estate leases head office space from a joint venture and leases various motor vehicles for operations at Windsor Great Park.

25d. Other disclosures

Amounts recognised in revenue account:

Group and Parent	2023/24 £m	2022/23 £m
Income from sub-leasing right-of-use assets	**0.6**	0.6
Contingent rents receivable	**44.7**	45.8
Variable lease payments not included in the measurement of lease liabilities	**(1.8)**	(1.7)
Interest on lease liabilities (note 9)	**(0.4)**	(0.3)

The Crown Estate has no material leases that require higher than normal risk management.

26. Capital commitments and guarantees

Capital commitments

At 31 March 2024, The Crown Estate had committed to make capital expenditure of £291.7 million (2022/23: £88.4 million).

Guarantees

The Crown Estate has provided guarantees in respect of all outstanding liabilities relating to the year ended 31 March 2024 in respect of the following Group undertakings, thereby enabling the undertakings to take advantage of the exemptions permitted by section 479a of the Companies Act 2006 from the requirements relating to the audit of individual accounts:

Purple Holdco Limited (Registration no. 07427296)

Anther GP Limited (Registration no. 09164146)

Anther Partners LP (Registration no. LP016154)

Shoemaker GP Limited (Registration no. 09437208)

Shoemaker LP (Registration no. LP016513)

TCE Quadrant 4 LP (Registration no. LP019607)

TCE Purple Investment LP (Registration no. LP014210)

TCE Morley House LP (Registration no. LP021554)

27. Contingent liabilities

The Crown Estate is subject to various litigation, claims and warranties arising in the ordinary course of business. Based on the information currently available, it is not expected that the resolution of these matters, individually or in aggregate, will lead to any material liabilities.

28. Related party transactions

Joint ventures

The transactions outlined below are between the Group and its joint ventures, further details of which are given in note 18.

The Crown Estate occupies space at 1 St James's Market, a property owned by St James's Market Regent Street LP, a joint venture. Rental payments of £3.5 million (2022/23: £3.2 million) were made during year and the prepaid balance with the joint venture was £0.8 million at 31 March 2024 (2022/23: £0.8 million).

	Group 2023/24 £m	Group 2022/23 £m	**Parent 2023/24 £m**	Parent 2022/23 £m
Management fees receivable	**4.6**	3.8	**2.4**	2.5
Charges from joint ventures	**(0.7)**	(0.5)	**(0.7)**	(0.5)

Transactions with subsidiaries

Details of transactions between The Crown Estate and other related parties in the normal course of business are disclosed below:

	2023/24 £m	2022/23 £m
Management fees paid	**2.2**	3.4

Details of amounts receivable from subsidiaries are outlined in note 22.

Key management personnel

A number of members of the senior executive team and the Board are considered to be The Crown Estate's key management personnel. Details of their remuneration are disclosed in the Remuneration Committee report.

A close relative of James Darkins is a non-executive board member of Government Property Agency (GPA) and Chair of the Board of NHS Property Services Ltd. NHS Property Services Ltd is a client of GPA within the government boundary. The Crown Estate is a supplier to GPA outside the government boundary. Income from GPA in the year amounted to £325,000 (2022/23: £nil) and amounts due to GPA as at 31 March 2024 were £2,000 (2022/23: £2,000).

29. Third party deposits

At 31 March 2024, The Crown Estate held £38.4 million (2022/23: £38.8 million) on deposit on behalf of third parties.

30. Investments

The Crown Estate has the following wholly owned subsidiary undertakings, all of which are registered at 1 St James's Market, London SW1Y 4AH. Unless otherwise stated the principal activity of the investments is property investment and management:

Purple Holdco Limited[1]

Purple Investment Management LLP[2]

Purple Investment GP Limited

TCE Purple Investment LP

Anther GP Limited

Anther Partners LP

TCE Quadrant 4 LP

TCE Quadrant 4 GP Limited

Shoemaker GP Limited

Shoemaker LP

Shoemaker Nominee Limited

TCE Morley House GP Limited

TCE Morley House LP

Urbanlease Property Management Limited[3]

1. Intermediate holding company.
2. Asset management advice.
3. Property management (dormant).

The Crown Estate has a 50% interest in the following joint ventures. Details of the joint ventures are included in note 18. Unless otherwise noted, they are all registered at 1 St James's Market, London SW1Y 4AH:

Maple Investment GP Limited

Maple Investment LP

Maple Nominee Limited

Wexford Retail GP Limited

Wexford Retail LP

Wexford Retail Nominee Limited

Fosse Park West GP Limited

Fosse Park West LP

Fosse Park West Nominee Limited

St James's Market Haymarket GP Limited

St James's Market Haymarket LP

St James's Market Regent Street GP Limited

St James's Market Regent Street LP

SJM Four (South Block) GP Limited

SJM Four (South Block) LP

St James's Market Development Limited

St James's Market Development (No. 2) Limited

Gibraltar General Partner Limited[1]

The Gibraltar Limited Partnership[1]

Gibraltar Nominees Limited[1]

Westgate Oxford Alliance GP Limited[2]

Westgate Oxford Alliance Limited Partnership[2]

Westgate Oxford Alliance Nominee No.1 Limited[2]

Westgate Oxford Alliance Nominee No.2 Limited[2]

1. Registered office – York House, 45 Seymour Street, London W1H 7LX.
2. Registered office – 100 Victoria Street, London SW1E 5JL.

31. Issue of accounts

On 2 July 2024, the financial statements were approved by the Board prior to certification by the Comptroller and Auditor General on 18 July 2024. On the certification date, the financial statements are deemed to be authorised for issue. Post balance sheet events were considered up to the certification date.

32. Events after the balance sheet date

On 24 May 2024, The Crown Estate purchased 1-12 Magdalen Street in Oxford as part of a £125 million commitment to support science and innovation in Oxford in partnership with Oxford Science Enterprises and Pioneer Group, as disclosed on page 45.

On 24 May 2024, the Leasehold and Freehold Reform Act became law. The act impacts the amount of ground rent we charge on our long leasehold residential portfolio. The passing of the act did not have a material impact on the valuation of our residential portfolio.

In a move that would bolster our ability to make a significant difference in the areas in which our strategy is focused, we welcomed the government's commitment in the King's Speech in July 2024 to bring forward legislation to modernise our investment powers and give us the ability to borrow, which we currently do not have. This will give us more flexibility and allow us to have an even greater impact as we fulfil our core remit of creating value for the nation.

Additional information

Supplementary disclosures (unaudited)

Summary consolidated income statements on a proportionally consolidated basis

The tables below do not form part of the consolidated primary statements or notes thereto. They present the results of the operations of the Group, with its share of the results of jointly controlled interests on a line-by-line, ie proportional, basis. The revenue and capital profit are the same as presented in the consolidated revenue and consolidated capital accounts.

	2023/24			2022/23		
Consolidated revenue account	**Group £m**	**Share of jointly controlled entities £m**	**Proportionally consolidated £m**	Group £m	Share of jointly controlled entities £m	Proportionally consolidated £m
Revenue before service charges	**1,536.1**	**39.6**	**1,575.7**	702.7	39.9	742.6
Service charge revenue	**40.1**	**7.5**	**47.6**	36.0	5.6	41.6
Revenue – as reported	**1,576.2**	**47.1**	**1,623.3**	738.7	45.5	784.2
Property expenses	**(137.6)**	**(19.3)**	**(156.9)**	(124.4)	(15.9)	(140.3)
Gross profit	**1,438.6**	**27.8**	**1,466.4**	614.3	29.6	643.9
Administrative expenses	**(68.8)**	**-**	**(68.8)**	(53.5)	-	(53.5)
Operating profit	**1,369.8**	**27.8**	**1,397.6**	560.8	29.6	590.4
Net finance income	**125.4**	**0.3**	**125.7**	49.7	-	49.7
Share of revenue profit from joint ventures	**28.1**	**(28.1)**	**-**	29.6	(29.6)	-
Share of revenue profit from other property investments	**0.6**	**-**	**0.6**	0.7	-	0.7
Parliamentary supply finance	**2.3**	**-**	**2.3**	2.3	-	2.3
Underlying profit	**1,526.2**	**-**	**1,526.2**	643.1	-	643.1
Depreciation of tangible fixed assets	**(3.5)**	**-**	**(3.5)**	(3.2)	-	(3.2)
Statutory transfers	**(422.0)**	**-**	**(422.0)**	(197.3)	-	(197.3)
Consolidated revenue account profit	**1,100.7**	**-**	**1,100.7**	442.6	-	442.6

	2023/24			2022/23		
Consolidated capital account	**Group £m**	**Share of jointly controlled entities £m**	**Proportionally consolidated £m**	Group £m	Share of jointly controlled entities £m	Proportionally consolidated £m
Capital account expenditure	**(38.2)**	**-**	**(38.2)**	(35.3)	-	(35.3)
Revaluation (loss)/gain (including gain on disposal)	**(1,690.6)**	**(40.6)**	**(1,731.2)**	225.6	(63.7)	161.9
Share of revaluation (loss)/gain in joint ventures (including gain on disposal)	**(40.6)**	**40.6**	**-**	(63.7)	63.7	-
Share of revaluation gain in other property investments	**0.4**	**-**	**0.4**	4.2	-	4.2
Consolidated capital account (loss)/profit before transfer from the revenue account to the capital account	**(1,769.0)**	**-**	**(1,769.0)**	130.8	-	130.8
Statutory transfers	**422.0**	**-**	**422.0**	197.3	-	197.3
Consolidated capital account (loss)/profit	**(1,347.0)**	**-**	**(1,347.0)**	328.1	-	328.1

Supplementary disclosures (unaudited) continued

Summary balance sheet on a proportionally consolidated basis

The tables below do not form part of the consolidated primary statements or notes thereto. They present the composition of the net assets of the Group, with its share of the net assets of jointly controlled interests on a line-by-line, ie proportional, basis.

	2023/24			2022/23		
Balance sheet	**Group £m**	**Share of jointly controlled entities £m**	**Proportionally consolidated £m**	Group £m	Share of jointly controlled entities £m	Proportionally consolidated £m
Investment properties – as reported	**12,850.5**	**599.2**	**13,449.7**	14,505.6	634.8	15,140.4
Investment properties treated as finance leases	**407.7**	**-**	**407.7**	426.7	–	426.7
Owner occupied properties	**180.3**	**-**	**180.3**	136.7	–	136.7
Other property investments	**51.0**	**-**	**51.0**	50.6	–	50.6
Assets held for sale	**17.9**	**-**	**17.9**	–	–	–
Total properties	**13,507.4**	**599.2**	**14,106.6**	15,119.6	634.8	15,754.4
Investment in jointly controlled entities	**611.9**	**(611.9)**	**-**	651.1	(651.1)	–
Cash and cash equivalents	**3,426.0**	**24.2**	**3,450.2**	2,405.9	28.8	2,434.7
Other assets	**192.1**	**24.3**	**216.4**	212.9	26.0	238.9
Current liabilities	**(2,196.3)**	**(35.7)**	**(2,232.0)**	(1,529.6)	(38.4)	(1,568.0)
Payables – amounts falling due after more than one year	**(79.7)**	**(0.1)**	**(79.8)**	(71.2)	(0.1)	(71.3)
Net assets	**15,461.4**	**-**	**15,461.4**	16,788.7	–	16,788.7

Properties at valuation on a proportionally consolidated basis

	2023/24			2022/23		
Properties at valuation	**Group £m**	**Share of jointly controlled entities £m**	**Proportionally consolidated £m**	Group £m	Share of jointly controlled entities £m	Proportionally consolidated £m
Investment properties – as reported	**12,850.5**	**599.2**	**13,449.7**	14,505.6	634.8	15,140.4
Investment properties treated as finance leases	**407.7**	**-**	**407.7**	426.7	–	426.7
Assets held for sale	**17.9**	**-**	**17.9**	–	–	–
Headlease liabilities	**(2.5)**	**-**	**(2.5)**	(2.5)	–	(2.5)
Lease incentives	**12.3**	**9.6**	**21.9**	12.4	11.3	23.7
Market value of investment properties	**13,285.9**	**608.8**	**13,894.7**	14,942.2	646.1	15,588.3
Owner occupied properties	**180.3**	**-**	**180.3**	136.7	–	136.7
Joint venture properties	**608.8**	**(608.8)**	**-**	646.1	(646.1)	–
Other property investments	**51.0**	**-**	**51.0**	50.6	–	50.6
Total properties at valuation	**14,126.0**	**-**	**14,126.0**	15,775.6	–	15,775.6

Ten-year record

Based on the financial statements for the year ended 31 March

Revenue account	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Revenue (excluding service charge revenue)	373.1	395.1	419.6	421.9	441.0	476.0	452.8	452.7	702.7	**1,536.1**
Direct operating expenses (including net service charge expenses)	(51.1)	(54.2)	(53.4)	(60.0)	(61.2)	(86.6)	(110.9)	(68.2)	(88.4)	**(97.5)**
Gross profit	322.0	340.9	366.2	361.9	379.8	389.4	341.9	384.5	614.3	**1,438.6**
Administrative expenses	(20.9)	(23.0)	(27.7)	(28.8)	(30.7)	(34.6)	(38.5)	(56.7)	(53.5)	**(68.8)**
Net revenue account profit	**285.1**	**304.1**	**328.8**	**329.4**	**343.5**	**345.0**	**269.3**	**312.7**	**442.6**	**1,100.7**
Payments to the Consolidated Fund – payable in year	285.1	304.1	328.8	329.4	343.5	345.0	269.3	312.7	442.6	**1,100.7**

Balance sheet	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Investment, development and owner occupied properties (including assets held for sale)	11,376.5	12,448.8	12,824.9	11,730.5	12,218.3	12,112.5	13,247.3	14,362.9	14,642.3	**13,048.7**
Investment in joint ventures	646.8	820.4	990.9	1,111.1	941.8	802.7	667.9	725.3	651.1	**611.9**
Other non-current assets	163.9	177.8	180.5	455.1	464.0	555.7	591.0	584.6	548.9	**531.4**
Cash and cash equivalents	552.5	907.3	825.6	886.9	802.8	1,029.1	2,174.5	2,135.2	2,405.9	**3,426.0**
Current assets (excluding assets held for sale)	39.2	51.1	53.3	83.9	100.6	105.6	134.6	166.3	141.3	**119.4**
Current liabilities	(136.1)	(154.7)	(180.1)	(157.1)	(179.9)	(496.9)	(677.4)	(858.4)	(1,529.6)	**(2,196.3)**
Non-current liabilities	(1,181.1)	(1,371.1)	(1,560.6)	(19.7)	(18.7)	(43.9)	(937.6)	(659.6)	(71.2)	**(79.7)**
Net assets	**11,461.7**	**12,879.6**	**13,134.5**	**14,090.7**	**14,328.9**	**14,064.8**	**15,200.3**	**16,456.3**	**16,788.7**	**15,461.4**

Glossary

Agreement for Lease (AfL)
A contractual (sometimes conditional) agreement between parties to enter into a lease.

Bespoke benchmark
An MSCI benchmark based upon the Annual Index weighted to reflect our average capital employed at March 2024. We receive multiple bespoke benchmarks, including of the commercial property portfolio. All benchmarks exclude certain non-commercial assets, including the Windsor Estate.

Book value
The amount at which assets and liabilities are reported in the financial statements.

bps
Basis points, a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 0.01%.

Capital employed
The capital value of an asset at the beginning of a period plus net capital invested over the period.

Capital value
The net assets of The Crown Estate held as capital for His Majesty and His successors.

Carbon capture and storage (CCS)
CCS is a low-carbon solution which captures CO_2 from power generation and industries such as iron & steel, fertilizer, cement, chemicals and refining, as well as enabling at scale low-carbon hydrogen production. The CO_2 is then transported via pipeline or ship to a permanent and secure storage site, deep under the seabed (source: ccsassociation.org).

Consolidated Fund
The UK government's general bank account held at the Bank of England. Taxation and other monies paid to the Treasury are paid into this fund.

CPI
Consumer Price Index, the rate at which prices of goods and services bought by households rise or fall.

DCF
Discounted cash flow.

Development pipeline
Development projects under construction or planned.

Direct expenditure
Expenditure incurred that relates directly to the operation of the properties from which revenue is received.

Double materiality
Issues that are material to an organisation and to the environment or society.

Equivalent yield
The constant capitalisation rate applied to all cash flows, that is, the internal rate of return from an investment property reflecting reversions to current market rent.

ERV
The estimated market rental value of lettable space.

Finance lease
A lease that transfers substantially all the risks and rewards of ownership from the lessor to the lessee.

Government Financial Reporting Manual (FReM)
The technical accounting guide for the preparation of financial statements.

Greenhouse Gas Protocol
A technical guide for the accounting and reporting of greenhouse gas emissions.

Habitats Regulations
The Conservation of Habitats and Species Regulations 2017 (SI No. 2017/1012) and the Conservation of Offshore Marine Habitats and Species Regulations 2017 (SI No. 2017/1013).

Habitats Regulations Assessment (HRA)
An assessment of the potential impacts on the most valuable environmental habitats in the UK. For offshore wind developments, this is an important step in helping to conserve the UK's marine and coastal environment.

Headlease
A leasehold interest held directly from the freeholder and subject to one or more underleases in the whole, or part, of the property.

HM Treasury
His Majesty's Treasury, sometimes referred to as the Exchequer, or more informally the Treasury, is the British government department responsible for developing and executing the government's public finance policy and economic policy.

IFRS
International Financial Reporting Standards.

Initial yield
The initial net income at the date of purchase expressed as a percentage of the gross purchase price including the costs of purchase.

Integrated annual report
A concise communication about how an organisation creates value in the short, medium and long term.

ITZA
'In terms of Zone A'. A method for measuring retail space on a like-for-like basis.

Lease incentive
Any incentive offered to occupiers to enter into a lease. This includes an initial rent free period or a cash contribution to fit out.

Lease premium
The price paid for the purchase of a leasehold interest.

Lost Time Injury Frequency Rate (LTIFR)
The LTIFR captures any injury that impacted the injured person's ability to go to work the next day or thereafter following the injury.

Market value
The estimated amount for which a property would exchange on the date of valuation, between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing, net of purchasers' costs, where the parties have each acted knowledgeably, prudently and without compulsion.

Material issues
An issue that would significantly influence our business.

MSCI
An investment research firm that provides equity, fixed income and real estate indices.

Net revenue profit
Profit payable to the Treasury. Also referred to as net revenue surplus.

Non-Financial and Sustainability Information statement
A communication with information on an organisation's social, environmental and societal impacts.

Offshore Wind Leasing Round 4 (Round 4)
The Crown Estate's round of auctions of seabed rights for offshore wind projects in the waters around England and Wales. In January 2023, Agreements for Lease were signed for all six of the projects that comprise Round 4.

Offshore Wind Leasing Round 5 (Round 5)
The Crown Estate's round of auctions of seabed rights for offshore wind projects in the waters around England and Wales.

ONS
Office for National Statistics.

Operating lease
Any lease that is not a finance lease.

Parliamentary supply finance
Monies provided by Parliament in respect of Board Members' salaries and the expense of their Office.

Pre-let
An agreement for a letting to take effect at a future date, often upon completion of a development that is proposed or under construction at the time of the agreement.

Proportionally consolidated
The results and share of joint venture assets and liabilities are presented on a line-by-line basis rather than as a single figure in the consolidated statements of comprehensive income and the balance sheets.

psf
Per square foot.

Public realm
The spaces around, between and within buildings that are publicly accessible, including streets, squares, parks and open spaces.

Red Book
Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

Revaluation surplus/deficit
An increase/decrease in the fair value of a property over its book value.

RICS
The Royal Institution of Chartered Surveyors.

RIDDOR
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

RPI
Retail Price Index, a measure of inflation similar to CPI incorporating housing costs.

Scopes 1, 2 and 3
Scope 1 – direct emissions from owned or controlled sources, for example heating of buildings using fuel directly sourced, such as diesel and gas.

Scope 2 – indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting business.

Scope 3 – all other indirect emissions that occur in the business's value chain. These include those produced as a result of work we commission through our supply chain and those we enable through our leasing and licensing activity. They occur from sources not owned or controlled by us.

Statutory transfer
The Act places a statutory duty on the Commissioners to maintain and enhance the value of the estate. It allows adjustments between revenue and capital accounts for this purpose. The Board has agreed with the Treasury a transfer from the revenue to the capital account of an amount equivalent to 27% of the current year's revenue, excluding service charge income but including mineral earnings and depreciation of plant and equipment.

Streamlined Energy and Carbon Reporting (SECR)
A report on energy and carbon emissions and energy efficiency.

Task Force on Climate-related Financial Disclosures (TCFD)
A framework for managing and reporting climate-related risks and opportunities.

Taskforce on Nature-related Financial Disclosures (TNFD)
A framework for managing and reporting nature-based impacts, risks and opportunities.

The Act
The Crown Estate Act 1961.

Total return
Capital growth plus property net income as a percentage of property capital employed.

UK Corporate Governance Code 2018 (the Code)
The Code sets out standards of good practice on board composition and development, remuneration, shareholder relations, accountability and audit.

Vacancy rate
The ERV of voids (excluding those held for development) as a percentage of the total ERV of the portfolio.

Value chain
Encompasses emissions beyond an organisation's own operations, including emissions associated with activities from both suppliers and customers.

Void
Unoccupied and unlet space.

Supplementary reports

Wales review (English)
Wales review (Welsh)
Northern Ireland review
Sustainability Data Supplement
Environmental Reporting Criteria

Our supplementary reports can be downloaded at:
thecrownestate.co.uk/annual-report

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