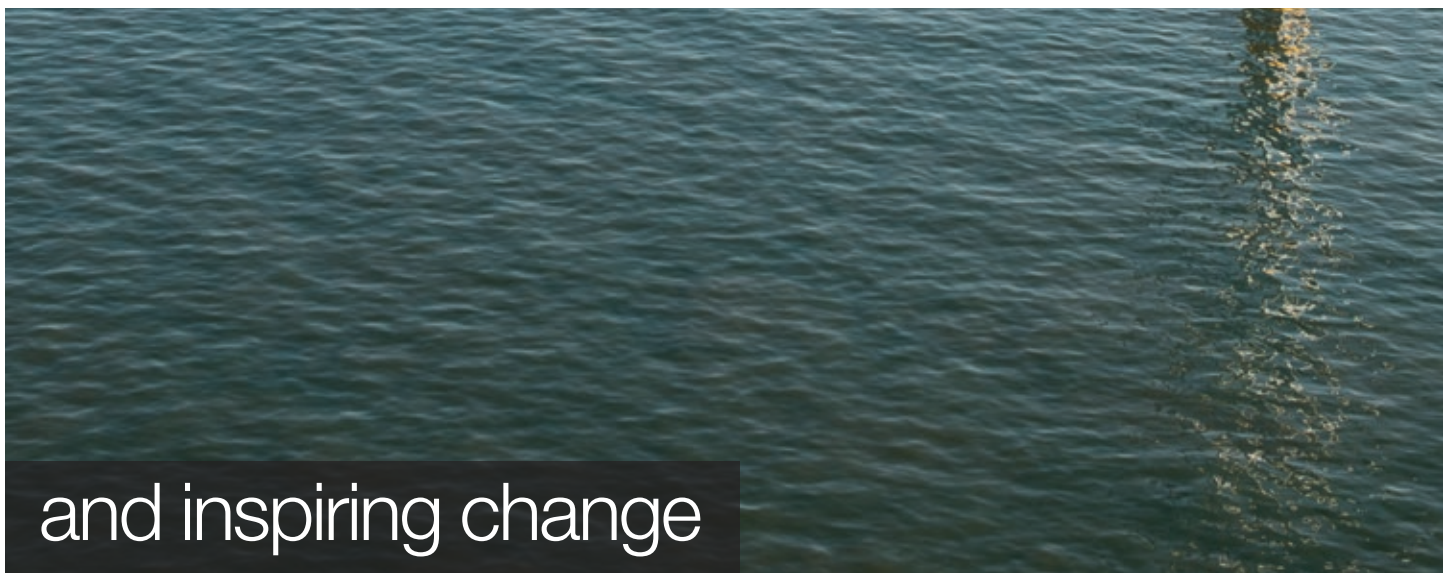




A progressive commercial business



creating value responsibly



and inspiring change

Working for Wales

We are committed to providing lasting value to the people of Wales, enhancing its natural resources and creating significant value beyond financial return.

We are a values-driven business investing in and managing some of the UK's most important assets, ensuring they are sustainably worked, developed and enjoyed to deliver the best value over the long term.

At the heart of The Crown Estate lies a strong set of values: commercialism, integrity and stewardship. We mean them, we are proud of them and we are respected for them by the people we work with and in the wider community.

Our activities span energy, rural, coastal and retail interests in Wales, and this report highlights some of the achievements and progress we made in 2014/15.

How we work

We pursue a co-operative approach, working collaboratively with partners who are as passionate as we are about achieving positive results for the people of Wales. We understand the aims of the Welsh Government and during 2014/15 our organisations continued to work together to implement our relevant priorities.

In January 2015 we signed a Memorandum of Understanding (MoU) with Natural Resources Wales (NRW), underlining our joint commitment to working together to ensure that the natural resources of Wales are sustainably managed in the long term. The MoU sets out a framework through which we can achieve mutual objectives. These include the principles of open discussion and transparency around areas of common interest; sharing data and information

where it may be relevant; and exploring further opportunities to collaborate for mutual and wider benefit.

Through our extensive knowledge and experience of the renewables industry we support wave and tidal stream projects in Wales. An example of how we work in collaboration was the announcement of our funding of a secretariat function for the new Offshore Renewables Joint Industry Programme (ORJIP) for Ocean Energy, alongside the Welsh Government. The programme will bring industry, regulators, funders and researchers together so that the sector's consenting risks can be addressed in a strategic and co-ordinated manner, avoiding duplication of effort and in turn leading to a reduction in delay to projects. Commenting on the new ORJIP, Carl Sargeant, Welsh Government Minister for Natural Resources said: "Ocean Energy, be it tidal or wave based, forms a vital part of the energy mix and is something which we are committed to maximising as we work towards a low carbon future for Wales. By working together, this partnership can address many of the environmental issues faced by developers and regulators across the UK. This will result in a fairer, safer and more effective system for all and will speed up the consent process for marine renewable projects."

Our fifth annual Wales stakeholder event took place in November at the Senedd in Cardiff Bay. Based on the theme 'Working in partnership for a prosperous Wales', the event highlighted the contribution we make across the nation, with several of our key business partners showcasing their particular projects. These partners included RWE, the British Marine Aggregate Producers Association, Quay Marinas, Welsh Slate and Tidal Energy Ltd.



Where we work

Our responsibilities in Wales include the seabed out to 12 nautical miles. This means that we have interests in renewable energy, oil and gas pipelines, marine aggregate extraction, telecommunications and power cables. In addition, we have specific rights over the continental shelf up to 200 nautical miles (excluding hydrocarbons) and manage around 65 per cent of the Welsh foreshore.

Inland, we own two rural estates at Plynlimon and Tintern totalling 1,310 hectares (3,238 acres) of agricultural land and a further 26,900 hectares (66,470 acres) of Welsh common land. While this is primarily rough pasture for grazing, it is also an important natural resource enjoyed by walkers and others with an interest in the Welsh countryside. Additional economic interests include ports, marinas and onshore wind farms, as well as Morfa Shopping Park in Swansea.

We are responsible for around 100,000 hectares (247,000 acres) of mineral-only ownership, with eight sites currently leased for mineral extraction. We also own deposits of gold and silver, known as Mines Royal, wherever they are found in the UK, and have two leases in place for gold mining in Wales.

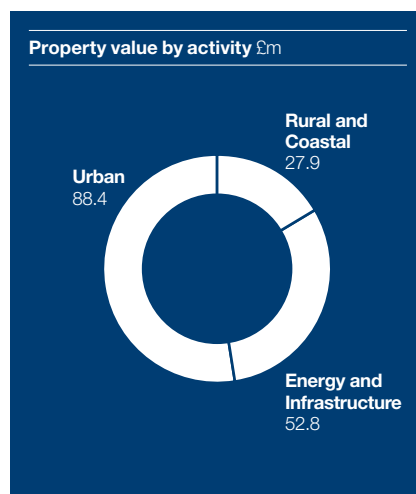
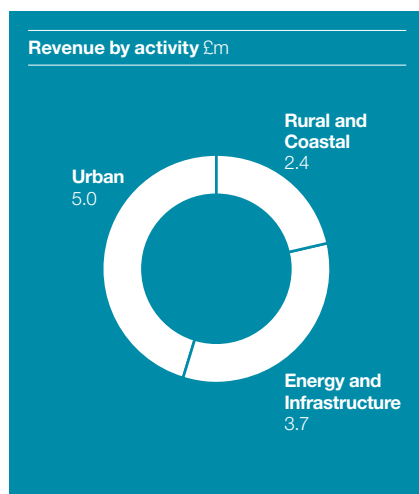
Wales financial highlights

How we've performed	The Crown Estate Wales Year ended 31 March 2015 £m	The Crown Estate Wales Year ended 31 March 2014 £m	The Crown Estate total Year ended 31 March 2015 £m	The Crown Estate total Year ended 31 March 2014 £m	Increase from prior year %	Percentage of total %
Revenue	11.1	9.7	373.1	350.8	14.4	2.9
Gross surplus	10.2	9.4	322.0	304.9	8.5	3.2
Property value	169.1	160.6	10,192.5	8,914.7	5.3	1.7
Capital investments	1.2	0.4	253.4	511.7		
Capital receipts	0.1	-	451.0	457.2		

	The Crown Estate Wales Year ended 31 March 2015 £m	The Crown Estate Wales Year ended 31 March 2014 £m		The Crown Estate Wales Year ended 31 March 2015 £m	The Crown Estate Wales Year ended 31 March 2014 £m
Revenue by activity			Property value by activity		
Coastal	1.5	1.5	Coastal	17.4	16.4
Cables/pipelines	0.1	0.1	Cables/pipelines	1.9	1.8
Agriculture	0.1	0.1	Agriculture	4.6	4.5
Forestry	-	-	Forestry	0.1	0.1
Minerals	0.7	0.4	Minerals	3.9	3.2
Rural and Coastal total	2.4	2.1	Rural and Coastal total	27.9	26.0
Cables/pipelines	0.8	0.6	Cables/pipelines	9.7	8.6
Dredging	0.5	0.8	Dredging	3.2	6.2
Renewables	2.4	1.2	Renewables	39.9	39.1
Energy and Infrastructure total	3.7	2.6	Energy and Infrastructure total	52.8	53.9
Urban retail	5.0	5.0	Urban retail	88.4	80.7
Total	11.1	9.7	Total	169.1	160.6

Alison Nimmo CBE
Signed by Second Commissioner and
Accounting Officer on behalf of the Board

17 June 2015



We pursue a co-operative approach, working collaboratively with partners who are as passionate as we are about achieving positive results for the people of Wales.

Working together for Wales

It was a year of progress, as we worked in partnership with our stakeholders to bring greater prosperity to Wales by supporting renewable energy, local businesses and communities across the nation.

Supporting renewable energy

Our role is to support and facilitate developments that directly address one of the most fundamental challenges that faces the UK: the energy trilemma, ensuring that the UK's energy is secure, affordable and sustainable. Our investment activities are aimed at de-risking the offshore renewables sector to unlock its potential benefits.

During the year we again applied the extensive skills and world-leading experience we have gained across the UK in working to unlock offshore potential for Wales. Wales has abundant natural offshore resources and opportunities to connect to the national grid. With our expertise and financial strength we are in a position to help transform these opportunities into reality.

Offshore wind

We saw significant progress on the construction of the Gwynt y Môr wind farm off the north coast of Wales, with its official opening scheduled for June 2015. Capable of powering 400,000 homes, this is the second-largest offshore wind farm in the world.

The development of Gwynt y Môr has helped bring jobs, development and growth to local communities such as Mostyn, the port which has been the base for many of the project's construction activities. The team at Gwynt y Môr won the Renewable Energy Health and Safety Award in 2014, which was again supported by The Crown Estate.

Gwynt y Môr becomes the third offshore wind farm off the coast of Wales following Rhyl Flats and North Hoyle, which was the UK's first large-scale offshore wind farm when it opened in 2003. All three offshore wind farms will be supported from Mostyn, ensuring continued benefits to the local economy.

Offshore wind is a maturing industry across the UK. As our knowledge and understanding of the resource around our coastline deepens, we have seen developers focus on those projects most viable in the near term and therefore the discontinuation of others. The Celtic Array project in the Irish Sea was one of the projects to cease in 2014, due to the discovery of ground conditions that made the project economically unviable with current technology.

We are committed to enabling developers and communities to benefit from our knowledge and understanding. In September, we published a wealth of data and information gathered from the former Atlantic Array offshore wind project in the Bristol Channel through our online resource, the Marine Data Exchange. It encompasses a wide range of information, including environmental material, such as bird and mammal surveys; human activity evaluations, such as shipping, navigation and archaeological data;

RWE Innogy are the renewable energy arm of RWE, a European energy utility. We construct and operate onshore and offshore wind farms, hydro stations and biomass plants across the UK. As a leading offshore wind developer and operator we work closely with The Crown Estate as they provide the necessary seabed leases for the areas on which offshore wind farms are located. The Crown Estate also take a wider interest in the offshore wind sector by supporting many enabling actions to assist in the development of future wind farms and optimise the performance of

those already in operation. We work closely with the Crown Estate with many of these activities. RWE constructed the first offshore wind farm in the UK off the North Wales coast in 2003. This 60 MW project called North Hoyle led the way to two further projects off the North Wales coast developed and constructed by RWE Innogy with other investors. Rhyl Flats, 90 MW, became operational in 2009 and the large 576 MW Gwynt y Môr project was completed this year.

Alistair Gill
Head of Offshore Development, RWE Innogy





As Third Party Managers for The West Anglesey Demonstration Zone, Menter Môn are working closely with The Crown Estate on a project to de-risk the up-front development costs associated with tidal sites and hence attract some of the first tidal energy array projects in the UK. We are a third sector organisation based on Anglesey and have been awarded a seabed lease for the Zone by The Crown Estate for an initial 45 years. This length of lease demonstrates The Crown Estate's long-term view and commitment to the development of the tidal industry in Wales, enabling us to secure investment in the Morlais Project and allows us to

sub-lease areas within the zone to Project Developers. The zones are intended to range from Technology Demonstration projects which would be up to about 3 MW in capacity up to full scale Commercial Arrays of 30 MW. It is intended that the first of these projects could be installed in the next two to three years with a full deployment up to around 100 MW installed within the next decade. Wales has significant potential for generating renewable tidal energy and with The Crown Estate's support we are looking to unlock this potential.

Dafydd Gruffydd
Business Director, Menter Môn

and physical environmental detail, such as geotechnical and geophysical data and sediment sampling. By making information freely available through the Marine Data Exchange we can help stimulate research, support academia and contribute towards the long-term sustainable development of the seabed.

Wave and tidal

Working with the Welsh Government, we concluded an important wave and tidal current leasing round during the year, agreeing seabed rights for two new demonstration zones for potential developers in Welsh waters. The demonstration sites will for the first time enable locally-based organisations to manage and sub-let parts of the seabed to developers. The West Anglesey Demonstration Zone has been awarded to Menter Môn, a third sector organisation based on Anglesey and the South Pembrokeshire zone has been awarded to Wave Hub Ltd.

Ongoing initiatives around the coast of Wales include DeltaStream, a demonstration device off the coast of Pembrokeshire, developed by Cardiff-based Tidal Energy Ltd.

The UK, and in particular coastal regions of north and south Wales, has some of the highest tidal range resource in the world. Following an exercise in early 2014 to establish market interest in developing early schemes to demonstrate tidal range projects, The Crown Estate launched its first leasing round specifically for this new energy and infrastructure opportunity. Lagoon infrastructure has potential not only to generate electricity predictably, but future projects, if well located, could also yield coastal and flood protection benefits, and unlock the possibility of coastal 'placemaking' initiatives.

The Crown Estate is on track to conclude this world-first leasing opportunity for tidal range schemes in 2015. In parallel with this, initiatives are also under way to help pave the way for understanding the future potential this industry may hold for renewable energy generation and other multiple benefits.

Onshore electricity storage

Britain's first new grid-scale electricity storage facility for more than 30 years has taken a step closer to completion, following our agreement to lease 13 hectares of land in north Wales to developer Snowdonia Pumped Hydro (SPH). The £160 million Glyn Rhonwy facility will be located near Llanberis and have the potential to produce nearly 100 MW of electricity using pumped hydro technology. The facility is expected to be operational by 2019 and will support hundreds of jobs during the construction phase, with up to 30 being retained when fully operational.

Supporting further businesses and communities

Sheep farming is the primary activity on our rural estates at Plynlimon and Tintern. We support the day-to-day management of these extensive tracts of land, and work hard to ensure that their unique character is preserved for generations to come. At Tintern, for example, we are continuing to engage with Cadw, the Welsh conservation body, in order to explore how best to renew the guardianship arrangements for the Abbey, thereby securing this historic building for the people of Wales.

Marine aggregates

As managers of the UK's seabed, we are responsible for granting rights for subsea cables around the coast of Wales. We also grant licences for marine aggregate extraction and held a successful leasing round during 2014. In addition, we commissioned an independent study to assess the long-term market for marine aggregates and thereby increase confidence in the sector. Marine aggregates are likely to become more important as pressure on land-won resources increases, with the study predicting that annual demand will grow by 3 per cent per year for the next 15 years, in line with increased construction activity. Marine aggregates have been used in many high profile schemes including the Conwy Tunnel crossing and the Cardiff Bay Barrage, and the industry sustains jobs and economic activity at Welsh ports including Cardiff and Briton Ferry.

As well as providing the raw materials for the construction industry, our marine aggregates are also used to replenish beaches and improve coastal protection in Wales, and this has a knock-on positive impact on local economies through tourism. Colwyn Bay beach was replenished in 2014 and we will continue to work with the Welsh Government, NRW and other stakeholders to explore opportunities for similar projects as well as more innovate and larger scale schemes in the years ahead.



We represent 11 member companies, who collectively are responsible for the production of around 90 per cent of all the marine sand and gravel produced from licensed areas located off the coasts of England and Wales. As the representative body, BMAPA's principal objective is to maintain and enhance operators' 'licence to operate'. As owners of the marine mineral resources that are being extracted by its members, the interests of The Crown Estate and BMAPA are often closely aligned and we are able to work closely with one another. This can involve co-funding

best practice initiatives for operational issues, such as a reporting protocol for archaeological finds recovered during the dredging process, or supporting primary research to develop a better understanding of key issues to help inform new policy development. One example of this is a project currently being undertaken by the Wales Economic Research Unit to examine the social and economic importance of the mineral product industry in Wales.

Mark Russell
Director, BMAPA

Minerals

Onshore, we license eight mineral extraction sites in Wales, which we lease to businesses operating in the limestone, igneous rock and slate industries. These businesses, in common with countless rural and coastal businesses which depend on our natural resources, support many jobs in local communities.

Facilitating development

As the owners of Milford Haven estuary, we have made land available to South Hook Gas, for the construction of what will be the world's longest single-pull cable installation. The cable will connect to South Hook's power station, thereby supporting the company's growth in the liquefied natural gas (LNG) sector. We are exploring further ways to ensure Milford Haven's long-term success, including ongoing discussions with the Welsh Government on how we can best facilitate development opportunities.

Local management

Milford Haven is not only one of the UK's most important ports, it is also a popular area for leisure sailors. During 2014 we completed a process which has empowered local people to manage their environment by taking control of their own moorings. Over 1,000 moorings have now been transferred to the mooring holders, via a local area management agreement.

Away from our coastal assets, our 'Underneath the Big Green Leaf' campaign drew large crowds to several of our retail parks during the summer, including Morfa Shopping Park in Swansea. These events embraced a wide range of interactive sustainability and eco-friendly activities to encourage youngsters to help look after the environment.

Stewardship programmes

Our Marine Stewardship Fund has a long track record of promoting the sustainable management of the coastline in Wales.

During 2014 we funded several important projects. Projects included providing £17,000 that enabled Pembrokeshire Coast National Park to create a safer community river crossing at Sandy Haven, by replacing stepping stones.

We also supported the Skokholm Island Access Project Wildlife Trust of South and West Wales by providing £19,000 for the installation of a landing stage which will improve access to the island at all states of the tide.

In addition, we helped to minimise marine pollution and protect marine animals by supporting the work of Neptune's Army of Rubbish Cleaners, a group of volunteer divers who work hard to clean up our underwater environment.

Over many years we have also contributed funds to facilitate the development of Marine Energy Pembrokeshire which encourages wave and tidal developers and statutory bodies to collaborate in order to overcome potential barriers to development.

In the estuary of the River Dovey, we are providing finance to support a Cadw initiative to record details of the hulk of a 19th Century ship before the sea erodes it completely. The Ynyslas hulk is a Scheduled Ancient Monument and the proposed work will help develop further knowledge of Welsh vessels as well as how the Welsh coastline facilitated trade and settlement.

Following the success of the Marine Stewardship Fund, we are now expanding our stewardship programme to encompass our other key business areas, including retail parks and rural landholdings. The focus will fall on four key areas: employment, education, environment and skills. We look forward to reporting our progress in our 2015/16 Wales Highlights.

Report of the Comptroller and Auditor General to The Crown Estate Commissioners

I have audited the financial statements of The Crown Estate for the year ended 31 March 2015, from which the financial information on page 3 was derived, in accordance with International Standards on Auditing. In my report dated 11 June 2015, I expressed an unqualified opinion on the financial statements from which the financial information was derived.

In my opinion, the accompanying financial information has been correctly extracted, in all material respects, from the accounting records used to construct the audited financial statements from which they were derived.

For a better understanding of The Crown Estate's financial position and the results of its operations for the period and of the scope of our audit, the financial information should be read in conjunction with the financial statements from which the financial information was derived and our audit report thereon.

Sir Amyas C E Morse
Comptroller and Auditor General

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22 June 2015

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