

The Crown Estate in Wales

- The Crown Estate is the organisation established by Parliament to manage the hereditary estates of the Crown on behalf of the nation.
- In Wales, The Crown Estate includes a diverse property portfolio, including substantial areas of common land, agricultural holdings and a range of mineral interests.
- The Crown Estate in Wales also includes 67% of the foreshore and the seabed out to 12 nautical-miles, where we are playing a key role in enabling developers to realise the potential for renewable energy, particularly through offshore wind farms.
- While our core objective is to be a profitable organisation, we combine that commercial imperative with an equally firm commitment to our values of integrity and stewardship.
- We manage the assets in our care for the sustainable, long-term benefit of our tenants and other customers; their businesses; the communities they represent; and the environment.

Working in partnership

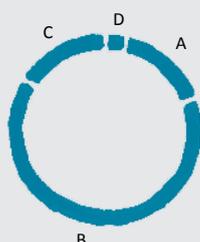
We work alongside the Welsh Assembly Government and other stakeholders to achieve our objectives, and are keen to play our part in the formulation of policy. We understand the changing pressures affecting Wales and tailor our approach to reflect the new dynamic environment associated with devolution.

For example, the Welsh Assembly Government has made a strong commitment to tackling climate change through diversified renewable energy generation, an area where we can play a key role as enablers. During the year we brought together diverse organisations at an offshore wind supply chain event held in Pembrokeshire. Ieuan Wyn Jones, Deputy First Minister of the Welsh Assembly Government, spoke at the event, which was attended by over 200 businesses from across the supply chain.

	The Crown Estate Wales 12 months to 31 March 2010 £m	The Crown Estate Wales 12 months to 31 March 2009 £m	The Crown Estate total 12 months to 31 March 2010 £m	The Crown Estate total 12 months to 31 March 2009 £m	Decrease from prior year	% of total
Revenue	2.6	3.6	299.7	304.2	-27.8%	0.9%
Gross surplus	2.3	3.3	246.3	243.2	-30.3%	0.9%
Property value	28.8	30.0	5989	5513	-4.0%	0.5
Capital investments	0.2	0.4	394.4	306.8	–	–
Capital receipts	1.8	0.1	394.7	231.5	–	–

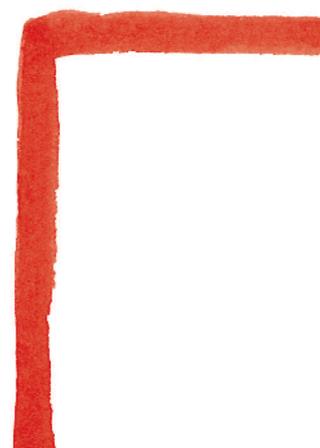
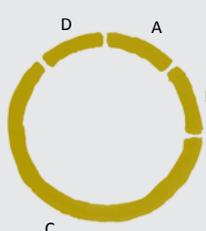
Revenue by activity
Year-end 31 March 2010 £million

- A Agriculture – 0.1
- B Minerals – 0.4
- C Marine/foreshore – 1.7
- D Renewables – 0.4



Property value by activity
Year-end 31 March 2010 £million

- A Agriculture – 3.8
- B Minerals – 3.8
- C Marine/foreshore – 17.8
- D Renewables – 3.4



Rural estate

Our assets are central to the lives of many people in rural communities.

We are responsible for three agricultural holdings, under different uses: Aberystwyth, which includes 34 hectares (84 acres) of land used by the University of Aberystwyth for research and the fourth largest sheep market in Wales, at 3 hectares (8 acres); Plynlimon, 1,185 hectares (2,928 acres) comprising two agricultural holdings; and Tintern, 68 hectares (169 acres) which includes substantial mineral interests on the west bank of the River Wye. In the interest of preserving Tintern Abbey for future generations, we have placed it in the care of CADW (the historic environment service of the Welsh Assembly) under a long-term management agreement.

The majority of our estate in Wales is common land, primarily used for grazing sheep but we also have more traditional farms. Our aim is to work with our tenants to help in the continued success of their businesses. We will provide capital for viable co-investment projects and facilitate the promotion and marketing of high quality products and services. To promote a successful partnership we have developed a 'Business Deal' - a series of key principles for us and our tenants, providing a framework for the way in which we can work together for mutual benefit. To complement this we have also developed a 'Management Deal' with our local agents to ensure the consistent application of our values and guiding principles throughout the estate.

Our aim is to plan for the long-term, leaving a legacy of sustainable investment for future generations. We approach our responsibilities mindful of local traditions and patterns of land management, working with tenants to help them rise to the challenges of economic, social and cultural change. For example, we are continuing to investigate opportunities to invest alongside our tenants in renewable energy projects. The Crown Estate is conscious of the Government's Renewable Energy targets and we look to contribute towards these through renewable energy generation across a variety of technologies.

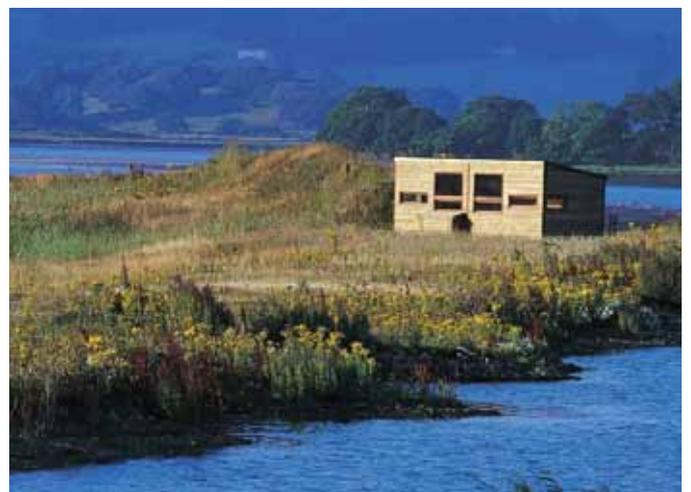
Mineral interests

As our holdings in Wales include some 100,000 hectares (250,000 acres) of mineral rights and leases for 11 mineral businesses, the quarrying of raw materials for construction and industry is a significant activity for The Crown Estate. These are fundamentally good assets and the various businesses operating to extract these materials will continue to make an important contribution to local employment.

Mineral extraction is a sensitive issue and we work hard to manage its impact on the environment and on local communities. Quarries are subject to rigorous legislation, with good working practices prescribed by planning authorities and reinforced by regular inspections by our mineral agents, under our environmental audit programme.

Deposits of gold and silver are known as Mines Royal and are owned by The Crown Estate wherever they occur in the UK. Commercial production has taken place in the past, but activity is now very limited although the high price of gold has been creating greater interest over the past year.

Historically, through our mineral ownership, we are responsible for certain abandoned mine workings and during 2009/10 we invested over £125,000 in looking after these sites. For example, we have continued with a long-term programme to ensure public safety by managing environmental risks, and carrying out hazard treatment works and mine shaft fencing. Many old mines have become important habitats for bats and other protected species, and we work alongside the Countryside Council of Wales (CCW) and CADW to balance safety and conservation issues. This is part of a wider ongoing programme of work with CCW on Sites of Special Scientific Interest (SSSIs), Special Areas of Conservation (SACs) and similar habitats across Wales.



Marine estate

The marine estate includes the seabed around Wales out to the 12 mile nautical limit, and 67% of the foreshore. Our assets sustain important sources of employment and income, including ports, harbours and marinas, the extraction of aggregates for the construction industry and, to an increasing extent, the generation of renewable power through offshore wind farms.

Our coastal holdings comprise areas of great beauty and national importance, and we take our responsibilities towards them and to the people of Wales very seriously indeed. The challenge is to balance environmental priorities with opportunities for commercially sustainable development. We achieve this by working closely with the full spectrum of marine-based industries such as ports, harbours, marinas and the renewables sector.

During the year, a long-term process of co-operation and consultation with stakeholders at Milford Haven came to a successful conclusion with the arrival of the first liquefied natural gas energy shipment. This has helped establish Milford Haven as a major importer of liquefied natural gas into the UK.

We also worked alongside the RNLI to help the organisation meet its objectives for the Tenby region, by disposing of our interest in the lifeboat station, and invested significant funds in improving facilities at Deganwy Marina, which was purchased in 2007.

Renewables

Success in developing renewables will improve the UK's energy security as well as the Welsh Assembly Government's measures to mitigate CO2 output. Importantly, it will also create jobs and investment and contribute to the development of a significant industry with great export potential. Our role as enablers is to deliver a series of major initiatives, managing complex negotiations and partnerships while the industry builds capability and invests in some of the largest infrastructure projects in the world.

Construction of the wind farm at Rhyl Flats in North Wales is now complete and is fully operational which meets the annual energy demands of 61,000 homes; and construction of the development at Gwynt y Môr is expected to start next year. These two projects will complement the first offshore wind farm in Welsh waters at North Hoyle, which has been operational since 2003 and currently meets the annual energy demands of 40,000 homes.

The amount of electricity generated by offshore wind farms on our Welsh marine estate is set to increase significantly, following the Round 3 offshore wind programme which culminated towards the end of the financial year in the announcement of the successful bidders for each of the nine wind zones around the UK coastline. Two of these zones are in waters close to Wales: the Irish Sea Zone was awarded to Centrica Renewable Investments Ltd with the zone in the Bristol Channel now the responsibility of Bristol Channel Zone Ltd (100% owned by RWE npower).

All parties have now signed agreements with us to take the proposals through the planning and consent phase, and The Crown Estate has committed to invest in excess of £100 million in Round 3 to remove as many of the risks as possible which could get in the way of development.

Looking beyond offshore wind farms, we are in discussion with the Welsh Assembly Government on how we can help exploit the potential for generating energy from wave and tidal projects around Wales.

Mineral rights

The marine estate also includes the mineral rights on or under the seabed, from the coastline out to the edge of the UK continental shelf, not including oil and gas. As a landowner, we issue licences for aggregate extraction once a company has received approval from the Welsh Assembly Government, which regulates the matter.

Aggregates are an important part of our business, not only for the construction industry of Wales, but also for the many businesses, people and communities that rely on it for employment and income. The vast majority of natural sand used in construction across south east Wales is extracted from the Bristol Channel. Although the last 12 months have seen a decrease in aggregate extraction in Welsh waters due to the lack of activity in the construction sector and the cessation of dredging on the Nash Bank, it remains a key business for The Crown Estate and for Wales in general.

As part of our stewardship role, we invest in research into dredging and its impacts and regularly review the available scientific evidence in order to follow best practice.

