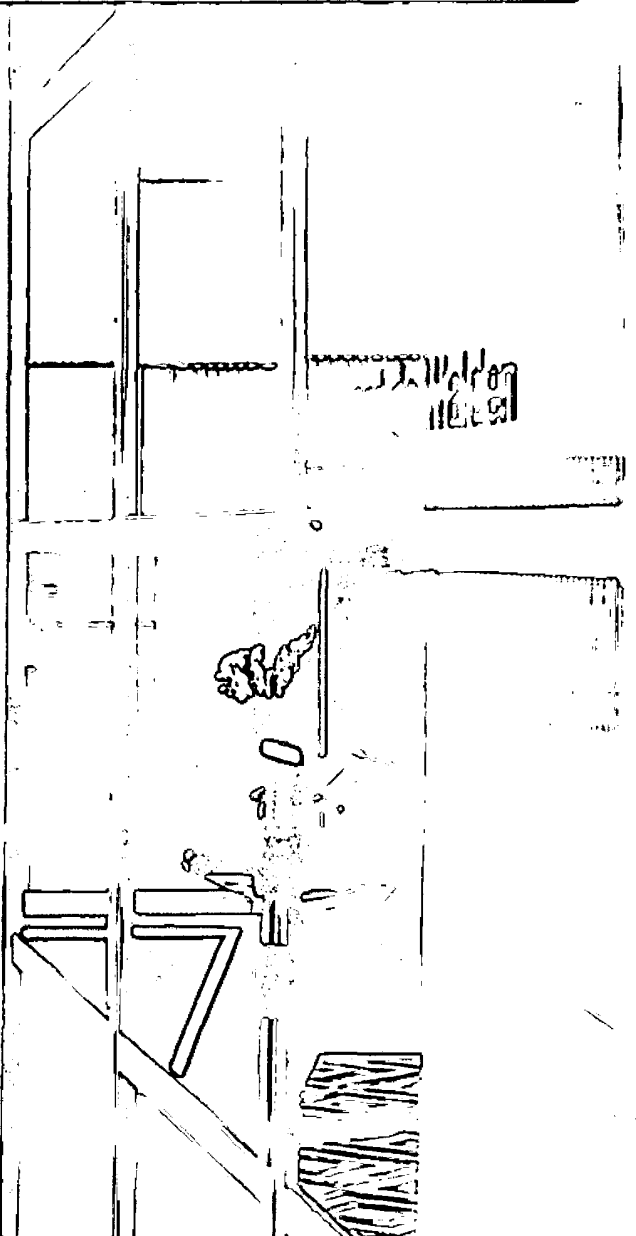
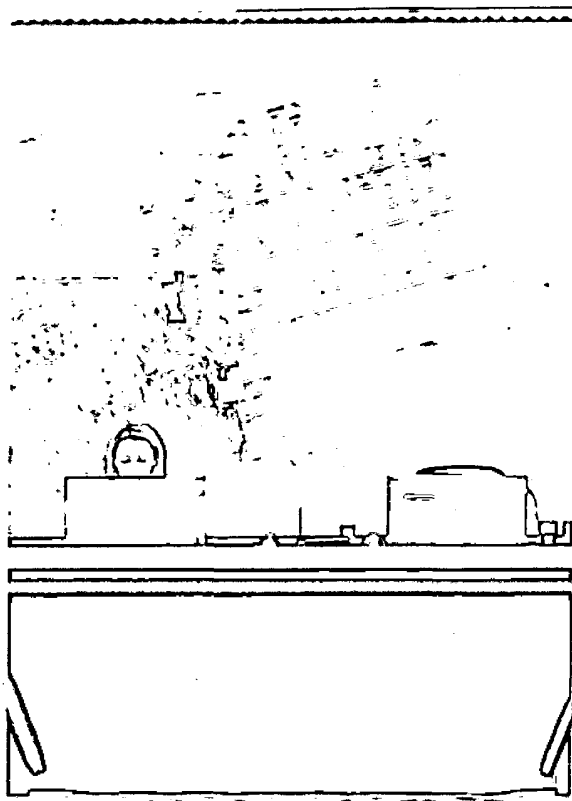


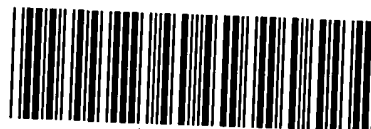
2022

Annual Report Howard de Walden Estates Holdings Limited



THE
HOWARD
de WALDEN
ESTATE

WEDNESDAY



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14/09/2022

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COMPANIES HOUSE

Howard de Walden Estates Holdings Limited

1701-1800, 1801-1802, 1803-1804,
23 Carter Avenue Street,
London,
United Kingdom

Company Ltd
1701-1800, 1801-1802, 1803-1804,
23 Carter Avenue Street,
London, United Kingdom

Company Ltd
1701-1800, 1801-1802, 1803-1804,
23 Carter Avenue Street,
London, United Kingdom



THE
HOWARD
de WALDEN
ESTATE

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Front and inside cover:
23 Queen Anne Street



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Chairman's statement



"Since the pandemic took hold in March 2020, we have increased our financial support to charitable and community causes by 46.5%."

Sir William Proby

Introduction

I am pleased to report that in 2021/22 our rent roll recovered well from the worst point of the pandemic. Footfall in Marylebone, a retail and healthcare destination with a largely resident population, has improved quicker than other parts of central London. These are more dependent on international tourists or are locations where office density is highest, such as the City and Canary Wharf. The adjustment to living with COVID-19 is establishing a gradual return to normality, even if there are some aspects of life that may have changed forever.

Financial performance

Last year's decline in income and profit was arrested; however, the revenue profit improvement for this year was modest as rental growth was muted and property expenditure increased. We experienced significantly stronger rental growth in the second half of the year as lockdown and COVID-19 restrictions ended, bringing a renaissance of activity to Retail and Residential lettings, sectors which were most adversely impacted during the previous 12 months. Our Medical portfolio has continued to perform well throughout the pandemic.

Property values were broadly unchanged, with little movement in the like-for-like comparison. There continues to be speculation on the future of the office and the high street and the long-term impact on property values for these sectors; however, values for assets in resilient locations such as Marylebone stabilised during the year.

Community and environment

In response to unprecedented requests for support, our financial assistance for charitable and community causes increased to £1.2 million and included £0.2 million for subsidised accommodation provided to key workers in healthcare. Since the pandemic took hold in March 2020, we have increased our financial support by 46.5%, demonstrating a commitment when the need was greatest, despite a deterioration in our own fortunes. It is in the ethos of our Family Shareholders, Board and colleagues to support good causes when they are connected to the communities we operate in and interact with.

During the year, we continued to increase our understanding of how best we can future proof our estate to be compliant with both national and local government requirements for net zero emissions. Property is one of the leading emitters of carbon in the City of Westminster and as our buildings are refurbished and redeveloped, we prioritise the impact that materials, energy systems and technology have in the reduction of emissions both in the construction process and the ongoing use.

Staff

I have again been impressed by the dedication of our staff in their effort to help our business recover from the pandemic and build back our communities. On behalf of the Board, I would like to thank them for their continued effort and commitment.

Board committees

There were no changes to the Board this year, besides the appointment of Andrew Griffith as an Executive Director in May 2021. A new Sustainability Committee was formed in the year which will have oversight and review progress in achieving our strategic objectives with regards to sustainability.

Outlook

Although in many ways the country has made a good recovery from the pandemic, with life getting back to something resembling normal, it has become apparent that there will be some long-lasting if not permanent consequences. In addition, we are facing the bleak economic prospect of high levels of inflation, rising interest rates and poor growth. On top of this the Ukraine war has caused a major hike in energy and food prices. Finally, we are in the middle of a political crisis with the resignation of the Prime Minister and the Conservative Party in considerable disarray. Most commentators believe that there will be a recession, the only question being how deep this will be. In this situation Governments, particularly unpopular ones, tend to do too little too late leading to even more draconian action when their hand is finally forced by overseas investors. However, with conservative levels of borrowing and a large measure of interest rate protection our business is well placed to withstand further economic shocks. We are also well positioned to weather a recession and to take advantage of growth opportunities when the macroeconomic climate allows.

A handwritten signature in black ink, which appears to read 'W. Proby'.

Sir William Proby
Bt CBE DL
Chairman

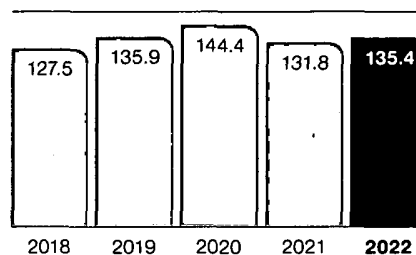
Financial highlights

£135.4m

RENTAL INCOME
2021: £131.8m

↑2.7%

CHANGE FROM PRIOR YEAR

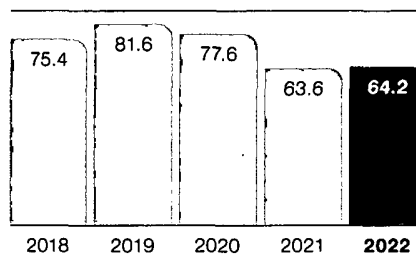


£64.2m

REVENUE PROFIT BEFORE TAX*
2021: £63.6

↑0.9%

CHANGE FROM PRIOR YEAR



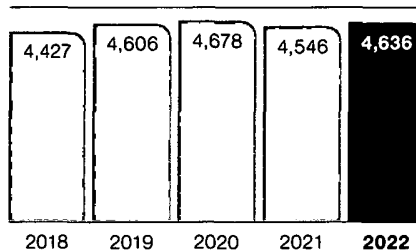
*Revenue profit before tax is the Group's preferred measure of profitability. Calculation on page 27.

£4,636m

INVESTMENT PROPERTY VALUE
2021: £4,546m

↑2.0%

CHANGE FROM PRIOR YEAR

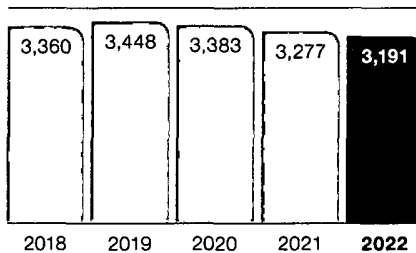


£3,191m

SHAREHOLDERS' FUNDS
2021: £3,277m

↓2.6%

CHANGE FROM PRIOR YEAR

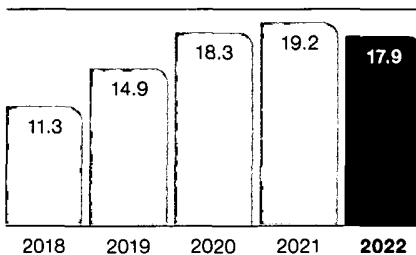


17.9%

GEARING**
2021: 19.2%

↓6.8%

CHANGE FROM PRIOR YEAR



**Gearing is the proportion of the Group's net assets funded by net debt.

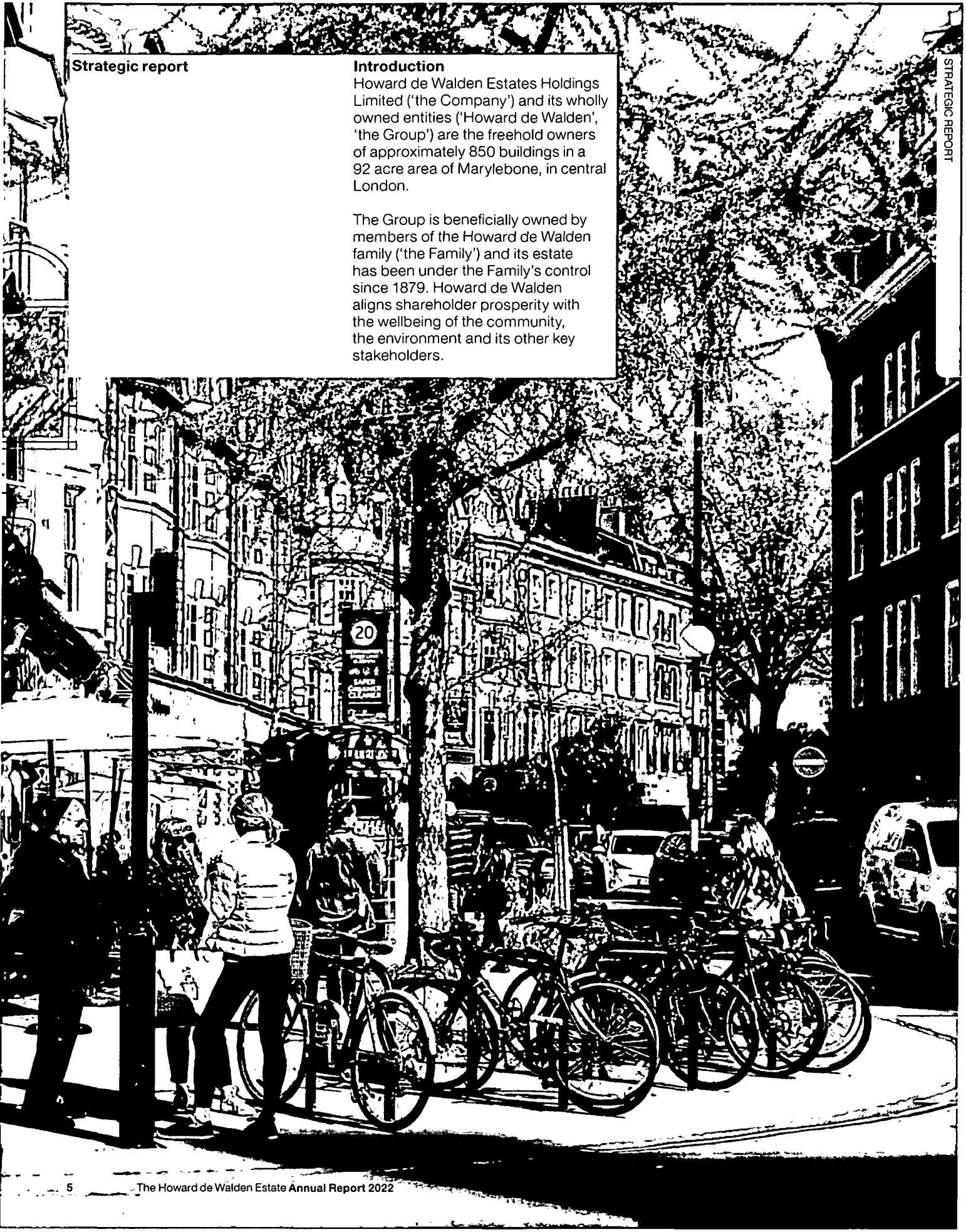


Strategic report

Introduction

Howard de Walden Estates Holdings Limited ('the Company') and its wholly owned entities ('Howard de Walden', 'the Group') are the freehold owners of approximately 850 buildings in a 92 acre area of Marylebone, in central London.

The Group is beneficially owned by members of the Howard de Walden family ('the Family') and its estate has been under the Family's control since 1879. Howard de Walden aligns shareholder prosperity with the wellbeing of the community, the environment and its other key stakeholders.



Our business



Our purpose

To create the setting for Marylebone to flourish.



Our mission

To enhance the community through our stewardship, service and unique offering.

When you are here, we want you to feel part of something exceptional.



Our values

Collaboration Cultivating great relationships with customers, colleagues, community and other stakeholders.

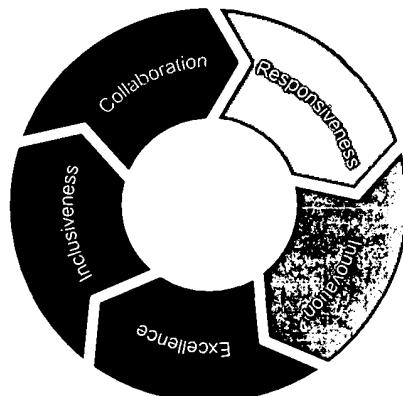
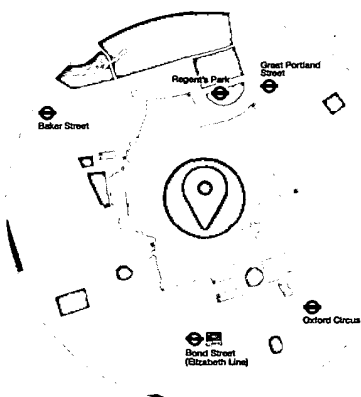
Responsiveness Approachable and partnering with our stakeholders. Listening and reacting to other parties, who are also invested in the prosperity of the area.

Innovation We offer buildings and spaces that provide modern-day amenities, designed and suited to our customers' lives and livelihoods.

Excellence We want Marylebone to continue to be known as a fantastic place to live, visit and do business.

Inclusiveness We recognise that diverse and inclusive businesses grow prosperity.

○ The Howard de Walden Estate boundary





Our strategic aim

To be the preferred property partner in central London.



Our strategic objectives

Grow rental income and efficiently manage expenditure.

Provide property and services that customers demand.

Avoid property obsolescence and plan for net zero emissions by 2040.

Diversify our property income, where possible.

Make organisational and operational improvements for higher performance.



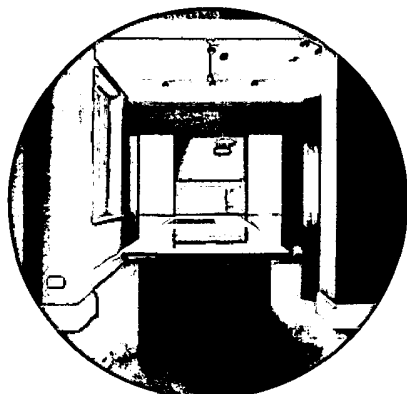
Our culture and behaviours

To take a long-term approach in everything we do.

We are respectful to each other, the community and our valued stakeholders.

We support and empower each other and continue to learn while connecting people and places.

We take pride in everything we do.



Chief Executive's statement



“Our actions were driven by the need to help customers, communities, colleagues and suppliers recover and rebuild from COVID-19 related challenges.”

Mark Kildea

Introduction

Our positive actions in managing COVID-19 were reflected in our major achievements this year. We were decisive in helping customers most affected by lockdowns, we supported our communities more than ever, we were increasingly flexible in our approach to place of work and completed a review of our strategic priorities.

Recovery from the pandemic

At the beginning of the financial year, ‘stay at home’ guidance had just ended after three months of national lockdown, during which retail and hospitality outlets were closed, with many working from home. The roadmap out of lockdown sparked an upsurge in activity in Marylebone which continued to grow until the emergence of the Omicron variant in December. Despite this setback for the festive season, we witnessed a rapid recovery in occupancy and footfall when restrictions were withdrawn.

Many of our actions and workstreams were driven by the need to help customers, communities, colleagues and suppliers recover and rebuild from COVID-19 related challenges. Retail, which only represents 13.8% of our rental income, is a barometer for the health of our wider estate. Financial support for retail customers was undertaken on a case-by-case basis with assistance given to those most affected. This included the rebasing of rents for some tenants, and a change to turnover-based rents for others. We were particularly keen to help those damaged by unplanned closures but expected to recover because of their previous popularity with residents and occupiers.

For much of the year it was necessary to transition from physical events to digital promotion of Marylebone Village. This was due to the cancellation of our largest events, including the Marylebone Food Festival and the Marylebone Summer Festival. Fortunately, one event which did take place was the Marylebone Christmas Lights switch-on and after party, which was the first time in two years that our team were able to interact with our stakeholders, customers, community, suppliers and advisers.

Operational and financial performance

Leasing momentum in both Retail and Residential lettings, our sectors most adversely impacted by lockdowns, accelerated in the second half of the financial year. The COVID-19 related exodus from central London began to reverse once restrictions were lifted. Contracted annual rent, which had declined since March 2020, recorded monthly increases from September 2021 onwards, despite the loss of income from the disposal of 2 Cavendish Square. Healthcare income continued to be robust and resilient, as it has been throughout the pandemic, and has increased by 18.2% since March 2020.

We successfully completed the development of 54 Beaumont Street. The building was handed over to King Edward VII's Hospital and opened to patients in January 2022 providing a first-class outpatient and diagnostic facility. We increased our revolving credit facility, from £100 million to £150 million, to provide further financial resilience and capacity for future investment.

Profit was flat in 2022 after having fallen in 2021. Notwithstanding this deterioration in profitability over the last two years, we decided to step up our financial support to charitable and worthy causes. COVID-19 led to increased demands on the local community and for the organisations we support. With staff volunteering opportunities limited because of social distancing, it was more important than ever that we were able to help, and our financial support increased to a record level.

This year, we had hoped to publish our pathway to net zero and we aim to do so shortly. We have recently appointed sustainability advisers to help us estimate the financial impact of our estate achieving our net zero emissions target by 2040.

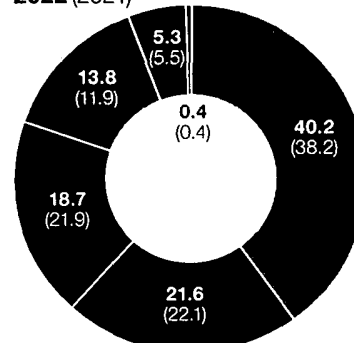
In August, we returned to our comprehensively refurbished office at 23 Queen Anne Street. The overriding objective was to redevelop an outdated cellular layout unsuitable for collaboration and low on staff facilities. This was replaced by a modern, fit for purpose office with staff-focused amenities, including cycle storage, gym, changing and showering facilities and roof terraces. In June 2022, it won the Best West End Regeneration/Redevelopment award at the OAS Development Awards. Judges commented that it delivered a contemporary, environmentally focused, and high-quality scheme behind a period stone façade. Materials have been reused throughout the project where possible.

With our office at the heart of the estate it is vital that we are responsive to customers by being on site and understanding our buildings and their services. At the same time, we trialled flexible hybrid working arrangements for most roles. We know that this has proven popular with colleagues and helps with retention and recruitment.

Percentage of rental income by sector (%)

Healthcare
Residential
Office
Retail
Educational
Other

2022 (2021)



Property portfolio

Rental income	2022 £m	2021* £m	Change %
Healthcare	54.4	50.4	↑7.9%
Residential	29.3	29.1	↑0.7%
Office	25.3	28.8	↓12.2%
Retail	18.7	15.7	↑19.1%
Educational	7.2	7.3	↓1.4%
Other	0.5	0.5	0.0%
	135.4	131.8	↑2.7%

*Restated for comparative purposes following reclassification of assets within Other.
A more detailed overview of our four biggest sectors can be found on pages 10 to 25.

Our strategy

During the year, senior management completed a strategic review. This had started before the pandemic but was placed on hold as priorities in managing the effects of the pandemic dominated. Our strategic objectives are set out on page 7 and we will publish progress against these aims in our 2023 Annual Report.

Outlook

In March 2022, we were cautiously optimistic for our prospects in the year ahead. In the preceding months we had experienced a sharp rebound in occupancy, leasing and improved rent collection; however, this was tempered by news of the dramatic invasion by the Russian military into Ukraine. The war has caused inflationary pressures on energy and food, which has now transformed into a cost-of-living crisis, with parallels to the 1970s. With consumer confidence in downturn, cessation of Government support relating to COVID-19 and an increase in interest rates it will be difficult to maintain economic growth. The political and macroeconomic uncertainty could not be more inopportune as our customers were just recovering from the pandemic.

The last two years have been a period without comparison; however, individuals and organisations which have navigated a path through the adversity have truly tested their resilience. Building on the lessons we have learned will be valuable as we work through the post pandemic challenges and prepare ourselves for the opportunities that emerge in its aftermath.

Approval

The Strategic report, covering pages 4 to 45, was approved by the Board of Directors on 17 August 2022 and signed on its behalf by:

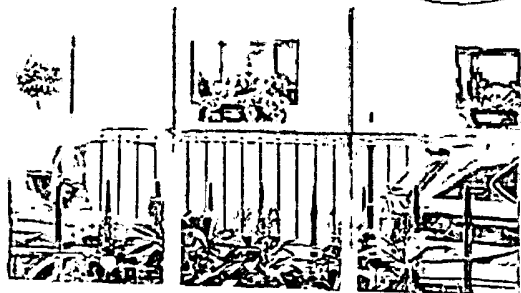
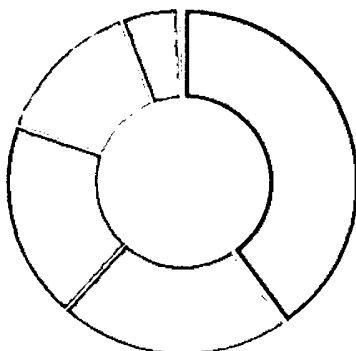
Mark Kildea
Chief Executive



Strategic report
Property portfolio
Healthcare

40.2%

RENTAL INCOME
2021: 38.2%



Page 73-75 Harley Street

The Howard de Walden Estate Annual Report 2022



£1,830.0m

VALUATION
2021: £1,747.2M

£54.4m

RENTAL INCOME
2021: £50.4M

↑7.9%

CHANGE IN RENTAL INCOME
2021: ↑5.2%

Healthcare income totalled £54.4 million, an increase of £4.0 million on the previous year. The sector represents 40.2% by income and 39.5% by value of the total portfolio. Rental income from our Healthcare portfolio increased by 7.9% and the like-for-like valuation has risen by 2.1%.

Healthcare is our largest sector in both income and valuation terms and continues to grow due to the strong demand for space. This was the case throughout the pandemic, as occupancy levels remained consistently high, with over 97% occupancy at year end for available space, and the majority of the remaining total under offer. During the pandemic, healthcare has acted as a valuable counterweight to the decline in our other major sectors.

In common with last year, the healthcare sector, like all areas of the economy, was impacted by the pandemic but to a lesser extent because operators remained open and trading for most of the year. This was balanced with the fact that international travel restrictions resulted in a significant reduction in overseas patients. As lockdown restrictions have been lifted, many of these overseas patients have been returning, but not currently at the same levels as experienced pre-pandemic. We understand this reduction has been partly offset by a significant increase in self-pay patients looking to avoid waiting lists on the NHS to receive medical treatment.

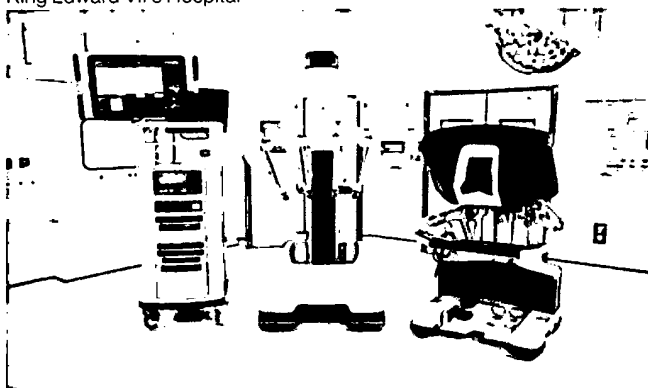
We continue to refurbish and redevelop our Healthcare portfolio. Our largest completed development during the year was the King Edward VII's hospital Medical Centre. The redevelopment of the building formerly known as Macintosh House is situated opposite King Edward VII's main hospital on Beaumont Street. It is a transformational space providing 20,769 sq ft over seven floors and adding 28 consulting rooms. The hospital has installed 3T MRI and CT scanners, two x-ray machines, two ultrasounds, and two minor procedure rooms and a drug dispensary.

During the year we also refurbished and let 12 Upper Wimpole Street. The building is a refurbished townhouse measuring 5,426 sq ft and let to CSMN Operations Limited (CSMN). Operating under the brand name All Points North, CSMN promotes mental wellness in clinics that provide treatment for addiction and trauma.

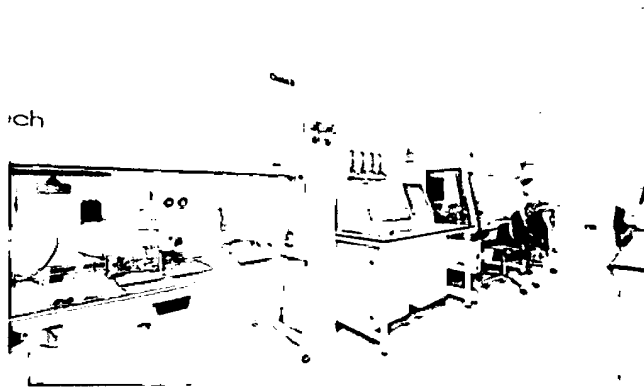
The successful delivery of healthcare buildings requires working closely with hospitals and clinics to ensure they reflect the evolving requirements of healthcare providers and patient pathways. This is core to our strategy as we look to ensure our Healthcare sector is fit for purpose for current and future occupiers over the long-term.



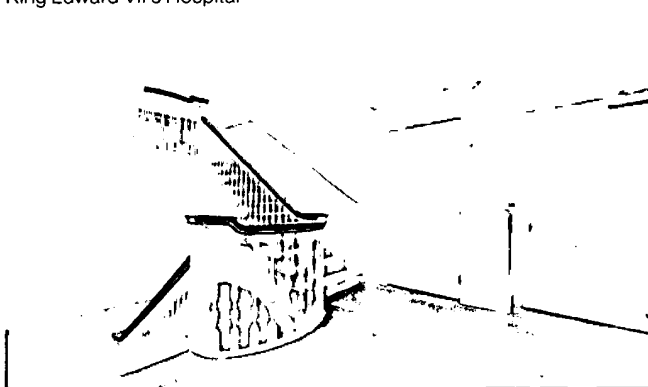
King Edward VII's Hospital



King Edward VII's Hospital



Harley Street Fertility Clinic



73-75 Harley Street



King Edward VII's Hospital



Strategic report
Property portfolio
Residential

21.6%

RENTAL INCOME
2021: 22.1%

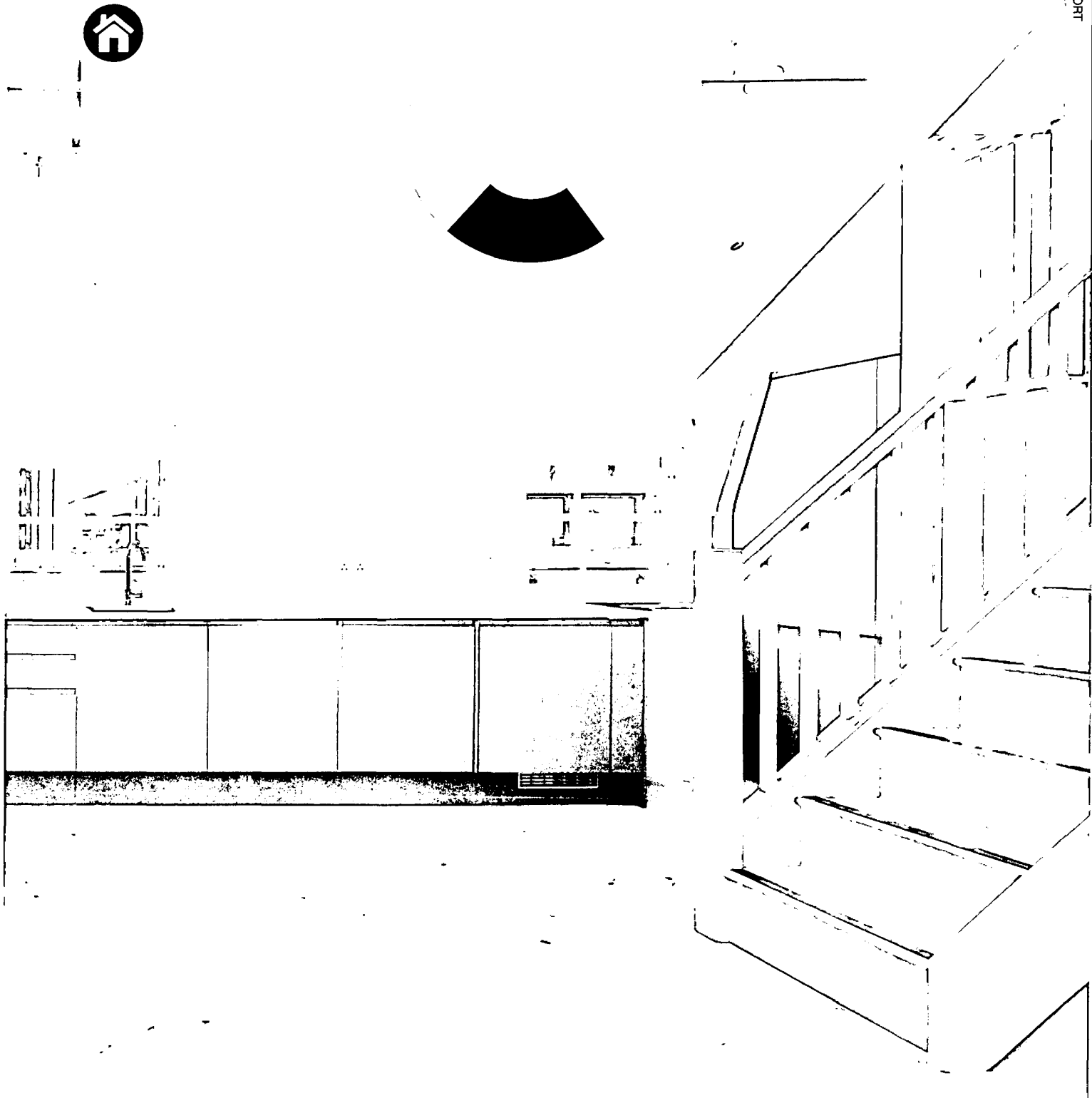


Image: 76 Marylebone Lane



£1,221.5m

VALUATION
2021: £1,242.5m

£29.3m

RENTAL INCOME
2021: £29.1m

↑0.7%

CHANGE IN RENTAL INCOME
2021: ↑8.8%

Residential income was £29.3 million, an increase of £0.2 million, 0.7% above last year. The valuation of our residential properties fell from £1,243 million to £1,222 million, a decrease of 1.7% in absolute terms. However, after adjusting for disposals and capital additions, the like-for-like movement was a fall of 2.0%. The sector represents 21.6% by income and 26.3% by value of the total portfolio.

Whilst the portfolio saw a sharp decline in rental income during the pandemic, with the rental low point in late summer 2020, rent roll has rebounded positively. The Residential portfolio saw the fastest recovery from the impacts of the pandemic with new residents quickly returning and reducing availability to low levels.

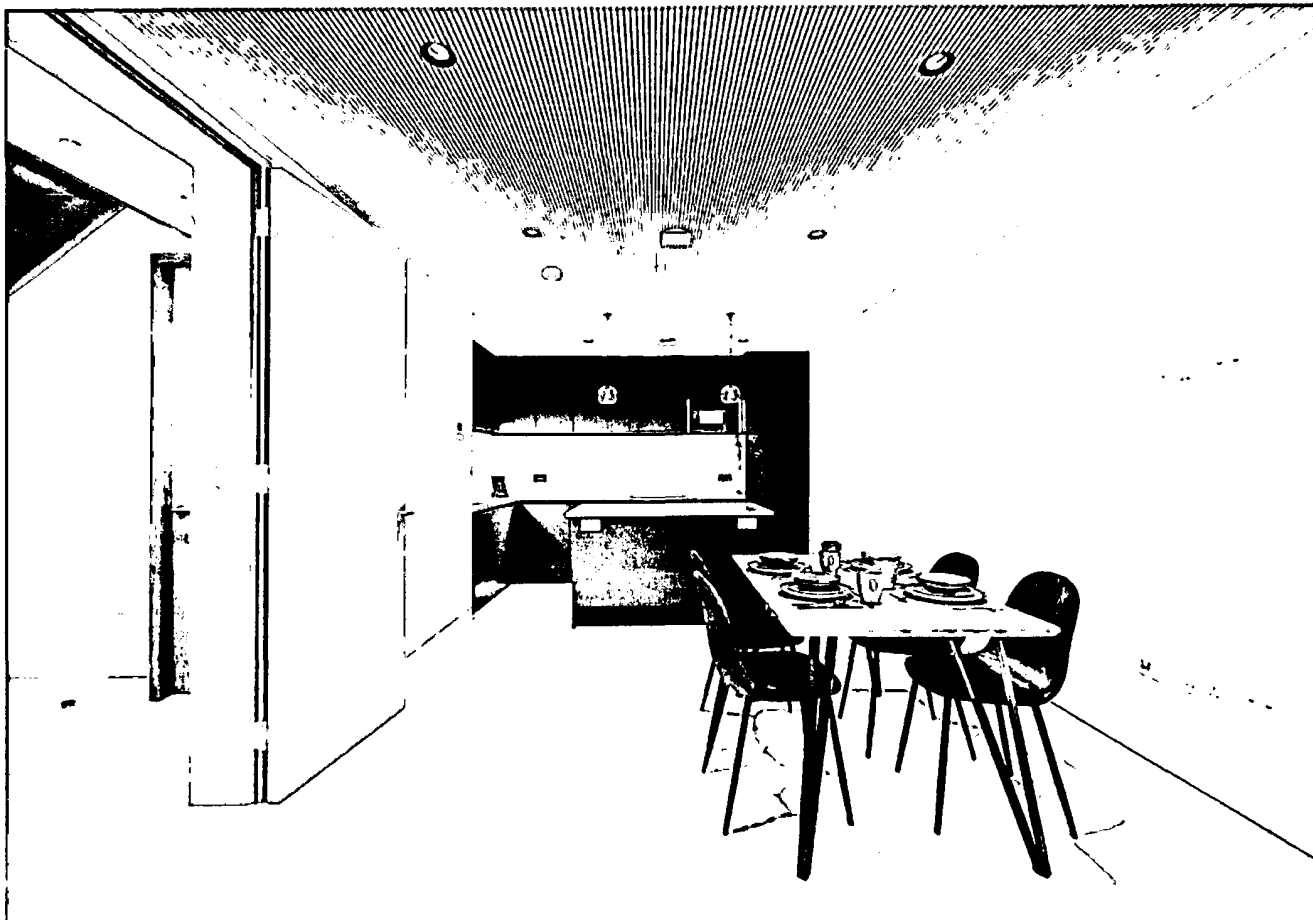
As pandemic restrictions were eased in the summer of 2021, people moved back into cities, with the West End seeing a spike in demand. We saw a sharp increase in viewings and offers on our available units, from both UK and overseas residents. The strength of demand was also helped by the lifting of travel restrictions as many overseas students returned to London alongside international professionals.

Our decision during the pandemic to continue to refresh and refurbish our residential properties at lease expiry ensured that we were able to meet the increase in demand with available product. As supply became more constrained in the second half of 2021 across the West End, rents sharply increased as prospective tenants competed to secure accommodation. Whereas new lettings and lease renewals in 2020 were only being achieved at a discount to prices agreed in 2019, we have seen this year an increase in rent at both reviews and renewals. Rents now exceed pre-pandemic levels, with renewal rates increasing significantly. Overall, our occupancy rate remained high, and refurbishments were expedited to target specific demand.

We continue to install fibre broadband in all our residential premises, in partnership with G.Network, with over 80% of units now connected. This fibre connectivity has been a strong selling point to incoming tenants with many of them working remotely under hybrid arrangements with their employers.

As was the case during lockdown, we continued to support our residents by having an on-site maintenance team based on the estate, coupled with in-house property management teams to assist with any customer requirements.

In common with last year, we did not purchase any residential property but continued our programme of targeted sales of peripheral, non-core and isolated flats. We continue to refurbish our existing stock to the standards expected for Marylebone. Good examples of this are the flats at 74/78 Marylebone Lane and houses at 34 Weymouth Street and 11 Devonshire Mews West.



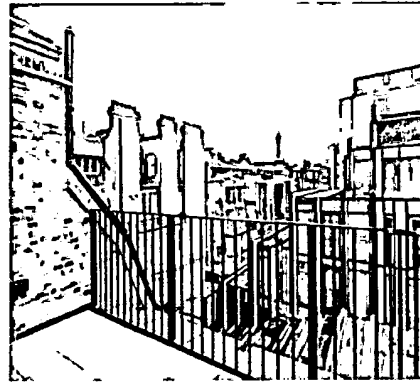
11 Devonshire Mews West



11 Devonshire Mews West



50 Weymouth Street



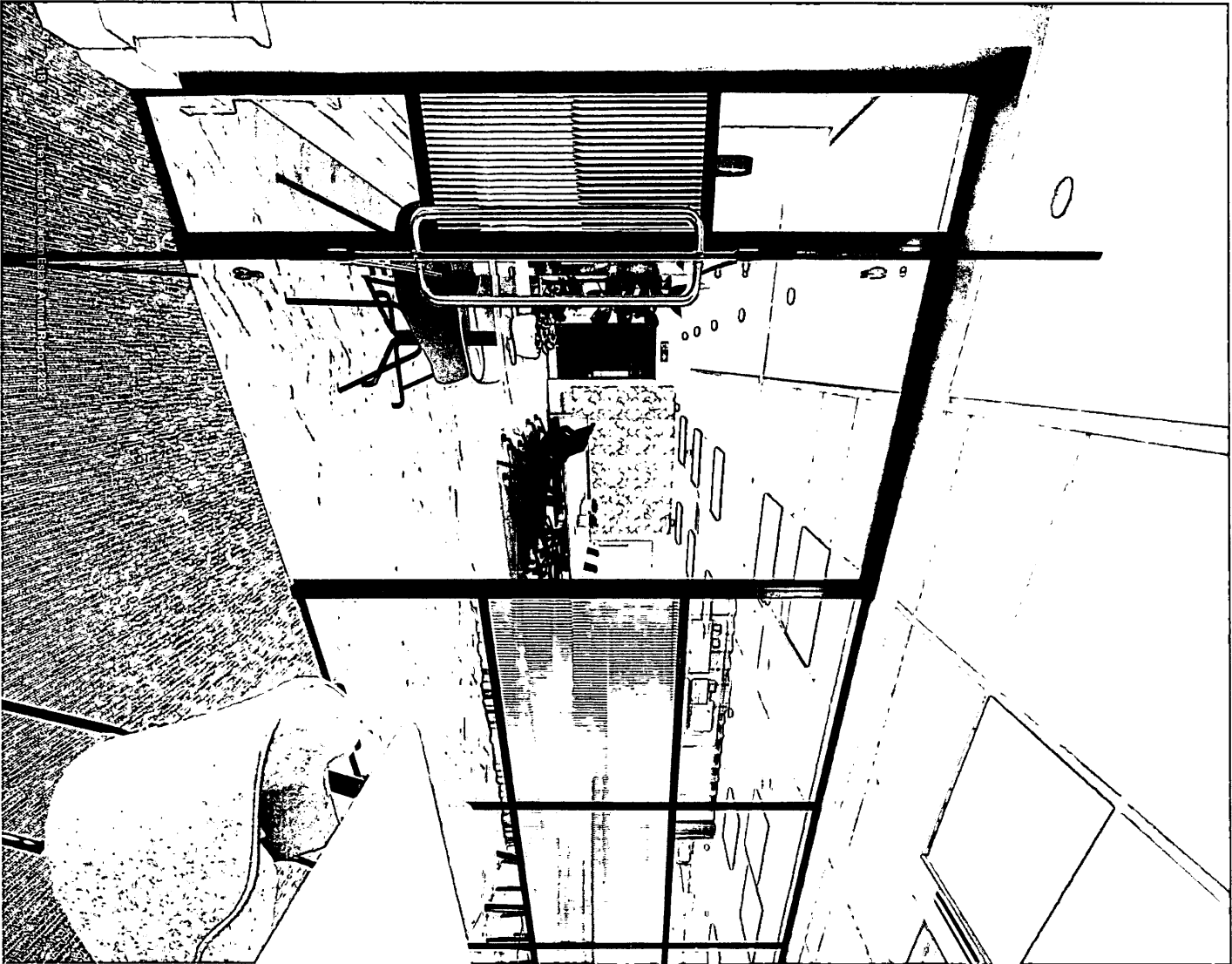
74-78 Marylebone Lane



78 Marylebone High Street



34 Weymouth Street

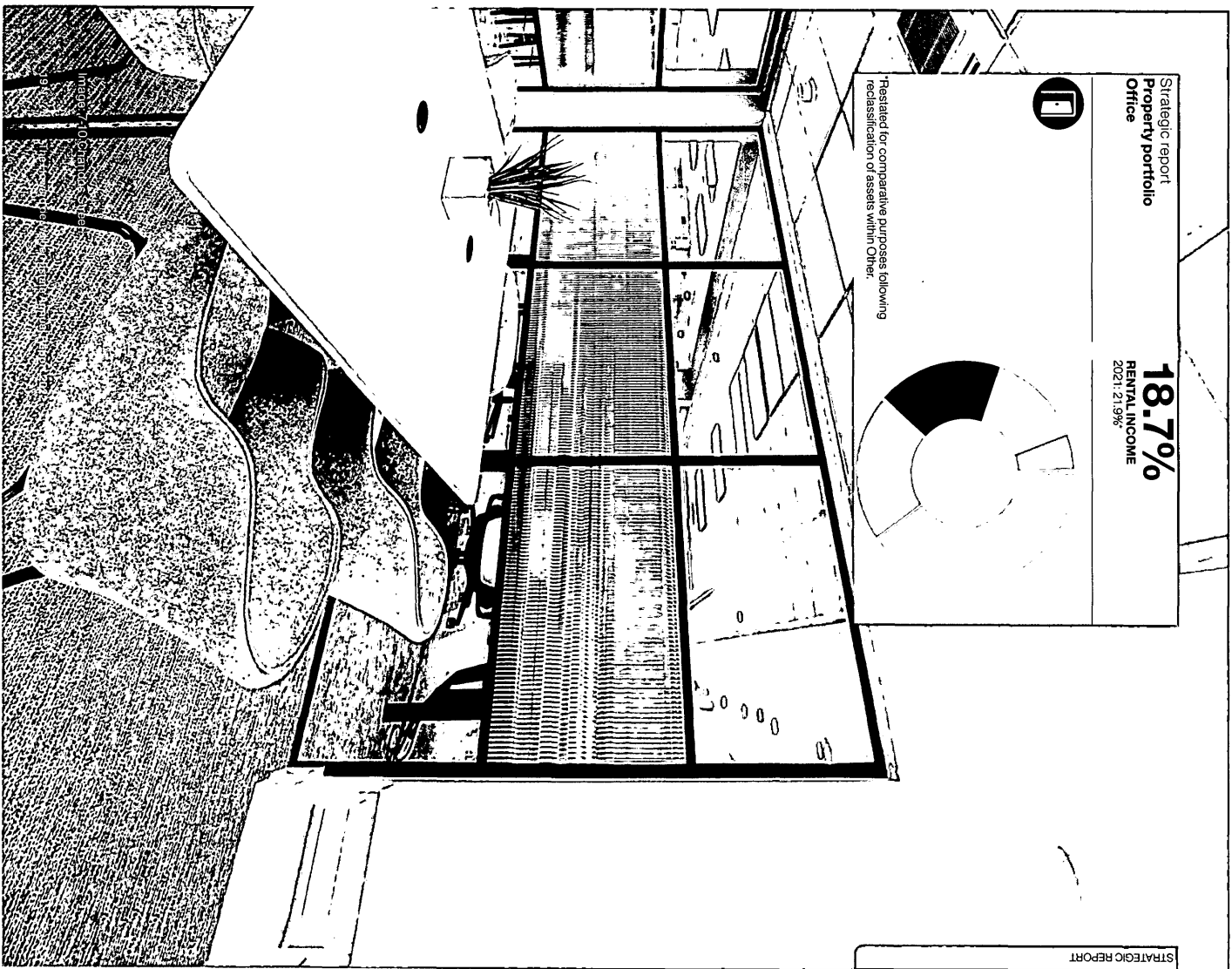
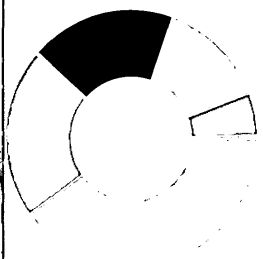


Strategic report
Property portfolio
Office

18.7%
RENTAL INCOME
2021: 21.9%



Restated for comparative purposes following
reclassification of assets within Other.





£920.8m

VALUATION
 2021: £908.4m*

£25.3m

RENTAL INCOME
 2021: £28.8m*

↓12.2%

CHANGE IN RENTAL INCOME
 2021: ↓14.5%*

*Restated for comparative purposes following reclassification of assets within Other.

Office income totalled £25.3 million, a decrease of £3.5 million against the previous year. The Office portfolio represents 18.7% by income and 19.9% by value of the total portfolio. The rental value of our Office portfolio decreased by 12.2% but the like-for-like valuation increased by 3.4% due to an improvement in our grade A stock.

The performance of the Office sector continued to suffer due to the ongoing impact of the pandemic as tenants exercised their breaks or exited upon lease expiry. The rate of income downturn has slowed as occupiers started to identify their office requirements alongside their work from home policies. This has coincided with several of our office refurbishments completing into an undersupplied market. This increase in demand saw significant enquiries during the second half of the financial year, creating our busiest period of the last two years, with nine office lettings completed.

Significant lettings during the year included 4 Grotto Passage, a self-contained, three-storey building of almost 4,000 sq ft. This building was refurbished several years ago and had been under offer for many months during the pandemic with the tenant failing to complete. A boutique venture capital firm, Stride, took the space to expand its seed stage technology investment. We have also successfully modernised space at 7-10 Chandos Street to create turnkey, fully fitted offices in open configuration. The new space has attracted significant enquiries and from this we have agreed to let 3,280 sq ft to Hannam and Partners, a small investment bank. 35 Queen Anne Street, a townhouse measuring 2,952 sq ft was let to Tennants Consolidated, the largest independent distributor of chemicals within the UK, as its corporate head office.

During the year, we commenced several refurbishments including 11-12 Wigmore Place, 79 Wimpole Street and amongst other projects, completed 7-10 Beaumont Mews which attracted significant interest and was pre-let.

With changing demands for office space, we have partnered with two flexible office providers, WorkPad and Space Made, to diversify into this product offer which is largely absent from Marylebone. We earmarked four properties for these specialist operators to cater for occupiers seeking shorter leases but with an enhanced service level. WorkPad were successful in letting our 7,000 sq ft period property at 19 Portland Place to an innovation arm of Rolls Royce who were interested in accessing the increased service levels provided.

During the year we disposed of two office properties, 4-6 York Street, and 2 Cavendish Square, both identified as non-core, and taking advantage of excellent market sentiment for good investment stock. Aligned with our strategic objectives, the proceeds will be reinvested back into the estate.

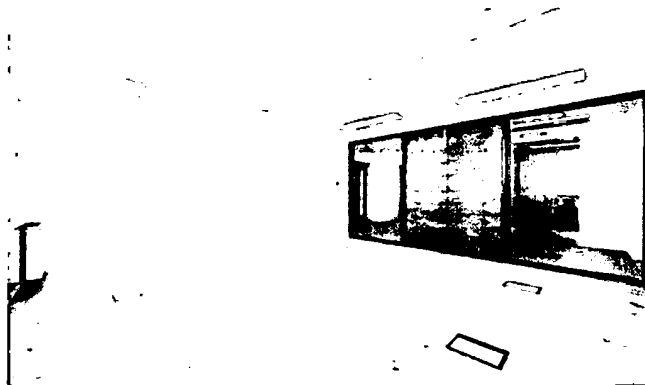
Our strategic focus over the next few years will be to ensure that our portfolio is fit for purpose, making sure that it achieves the required sustainability standards, whilst meeting ever-evolving customer needs as working practices change.



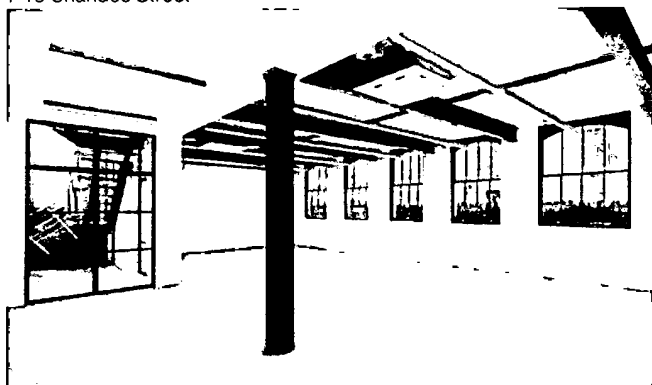
7-10 Chandos Street



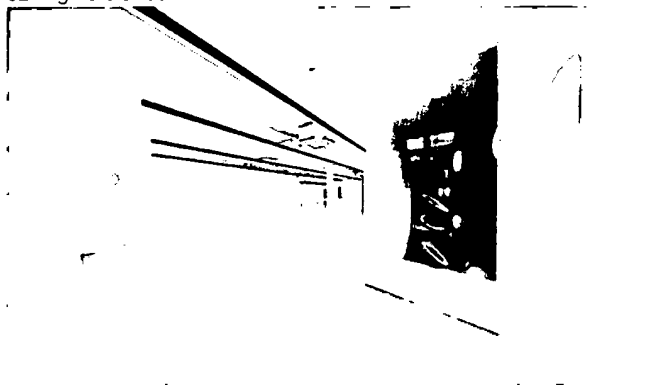
7-10 Chandos Street



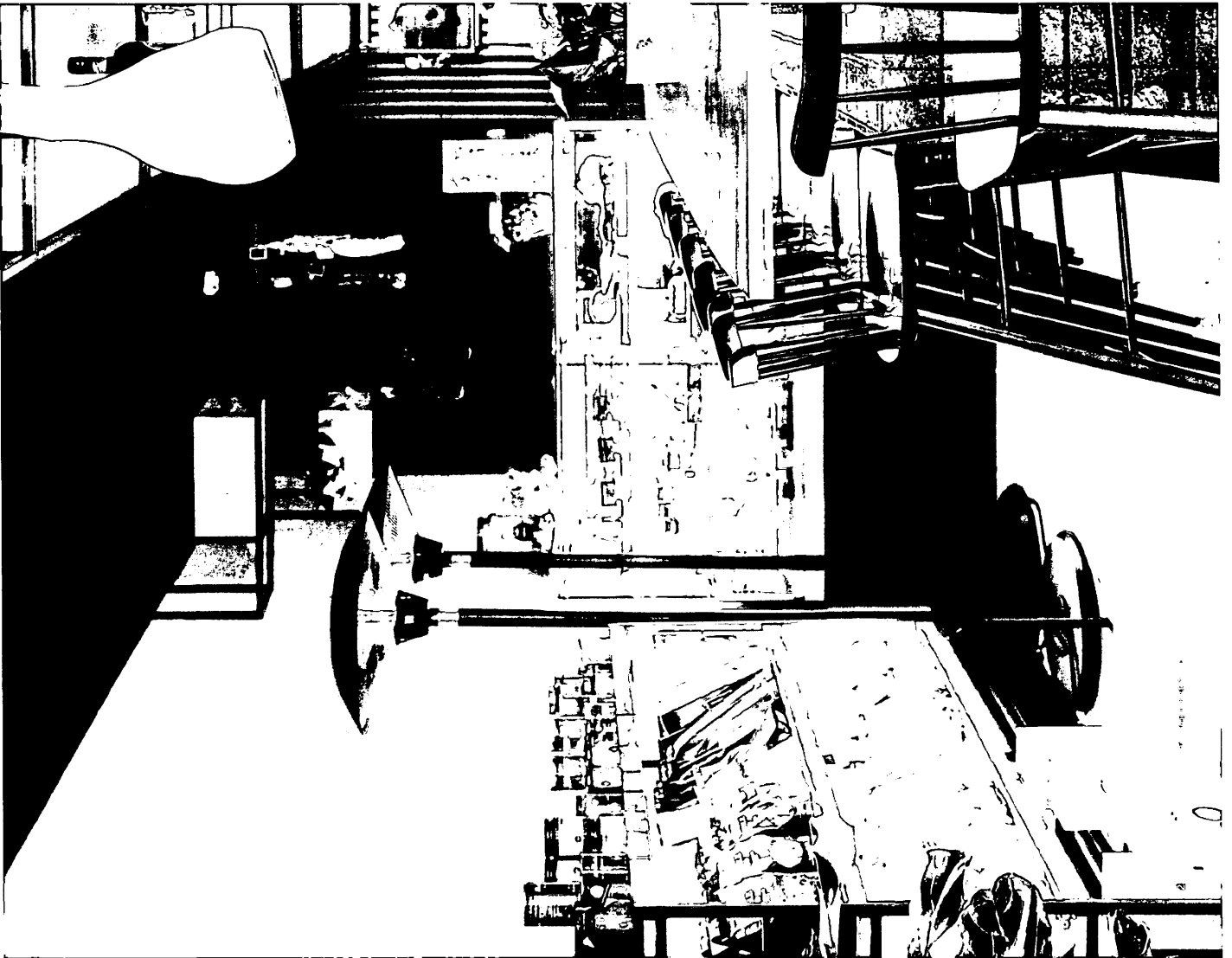
32 Wigmore Street



4 Grotto Passage



23 Beaumont Mews



Strategic report
Property portfolio
Retail

13.8%

RENTAL INCOME
2021: 11.9%*



*Restated for comparative purposes following reclassification of assets within Other.



£469.9m

VALUATION
2021: £457.9m*

£18.7m

RENTAL INCOME
2021: £15.7m*

↑19.1%

CHANGE IN RENTAL INCOME
2021: ↑29.0%*

*Restated for comparative purposes following reclassification of assets within Other.

The Retail sector encapsulates our retail, hospitality and leisure tenants. Income for the year totalled £18.7 million, an increase of £3.0 million compared to the previous year. The sector represents 13.8% by income and 10.1% by value of the total property portfolio.

The performance of the sector recovered during the year despite challenges continuing to be presented from the pandemic. Rental income increased by 19.1%, recovering some of the decrease (29.0%) seen in the prior year. The like-for-like valuation decreased by 0.1% compared to the previous year. The performance was underpinned by the initiatives taken during the pandemic, where we worked with and financially supported many retailers to ensure they were able to survive the multiple lockdowns and continued uncertainty. This included a rent rebasing initiative to reset the rents for many occupiers to the current market levels, as well as focusing on broadening the mix offered to the community, to ensure less reliance on pure fashion. With our pragmatic approach, and the loyalty shown by residents and occupiers in the area, Marylebone Village is once again buoyant with footfall activity. Occupancy levels remained high during the year, with temporary brands being brought in to occupy vacant units where possible. Strong demand and competition for the few remaining Marylebone High Street units currently available, again shows the resilience of the portfolio.

During the pandemic we were able to agree temporary and trial occupation to new brands such as Isabel Manns, a contemporary British womenswear brand that offers high-end reversible clothing which is all sustainably made in London, at 96 and then 103 Marylebone High Street; Rixo, who create vintage inspired one-off pieces for women utilising family run small suppliers, at 27 Marylebone High Street; and By Rotation, a social network to rent, lend and buy designer fashion, who were based at 98 Marylebone Lane for five months during the year. All the brands have been successful in activating space, creating vibrancy, and attracting new customers to Marylebone Village.

Other retailers secured during the year include: eyewear brand Bloobloom, who donate a pair of glasses to someone in need for every pair purchased, moved into 27a Marylebone High Street; Consigned Sealed Delivered, a sustainable vintage and pre-owned fashion outlet, who moved into 70/72 Marylebone Lane during the year; and Mejuri, a jewellery brand which uses 80% of its gold from recycled sources, aims to have 100% traceability of all materials across its supply chain, and now occupies 96 Marylebone High Street. All these brands help bring a sustainability focus to our high street alongside many of our existing occupiers.

Other lettings during the year ensured that the mix in the portfolio was carefully balanced. Our food and beverage offering has been enhanced with the opening of Hagen on Marylebone High Street, a speciality espresso bar from Copenhagen, and Ottolenghi on Marylebone Lane, which offers a wide selection of food from 8am daily.

Despite the resurgence of Marylebone High Street, Anthropologie closed their store at 33/34 Marylebone High Street in November 2021. However, this has since been re-let to Bayley & Sage, a deli and generalist grocery store, who are due to open in the summer of 2022.

Whilst Retail is the smallest of our core property sectors, it is the most accessible and visible, providing the thriving environment that positively influences a decision to live or locate a business in Marylebone.



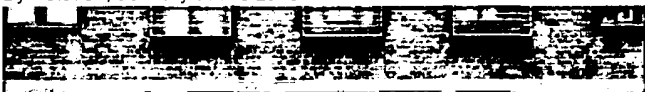
Isabel Manns, 103 Marylebone High Street



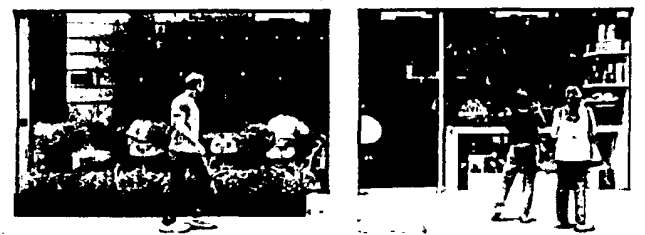
By Rotation, 98 Marylebone Lane



Bloobloom, 27 Marylebone High Street



Ottolenghi, 63-65 Marylebone Lane



Hagen, 82 Marylebone High Street

Financial performance



“The Group withstood the impacts of the pandemic, with revenue profit before tax improving to £64.2 million, whilst increasing our financial strength.”

Andrew Griffith

Overview

Our key indicator of financial performance is revenue profit before tax, as it excludes the variable impact of gains and losses on disposals and the annual revaluation of assets and liabilities. This can be seen by the Group's headline profit before tax of £199.8 million this year as opposed to the headline loss before tax of £101.8 million in 2021. This year's revenue profit before tax is £64.2 million, an increase of 0.9% on the level achieved last year (2021: £63.6 million). The reconciliation from headline profit to revenue profit is set out on page 27.

The drivers of revenue profit are our ability to grow rental income and to maintain efficiency on operating and borrowing costs. COVID-19 had a major impact on our ability to grow rental income, whilst making significant cost reductions was challenging as many of our overheads and development expenditure were either fixed or committed. Economic uncertainty caused by high inflation and the war in Ukraine has further limited our ability to progress with cost saving measures. Rental income increased by £3.6 million, from £131.8 million to £135.4 million. Our property and administrative costs increased by £2.8 million, from £46.4 million to £49.2 million, propelled by costs involved in taking on unexpected void units and ancillary costs of making them ready for market. The result is an increase in performance profit, from £87.3 million to £88.4 million.

Net finance costs increased from £23.7 million to £24.2 million. The average amount borrowed was £667.2 million, an increase of £0.1 million from the previous year (2021: £667.1 million). The average rate paid on borrowings stayed the same as last year at 3.6%. Year-end borrowings dropped from £667.1 million to £664.9 million*. Two tranches of the 2011 private placement matured and were replaced by deferred funding from the 2019 private placement. During the year, we took the opportunity to renew our revolving credit facility, increasing the amount available from £100.0 million to £150.0 million. The term of the facility is unchanged, expiring in December 2024. However, there are two annual extension options, in 2022 and 2023, allowing the facility to be extended up to December 2026. These extensions will be subject to credit approval from the bank lenders and the payment of a fee.

At 31 March 2022, the Group's average debt maturity was 13.9 years (2021: 13.8 years). The level of net borrowing to net assets, the gearing ratio, decreased from 19.2% to 17.9%. The Group's low level of borrowing is comfortably supported by interest cover of 3.7 times (2021: 3.7 times).

The Group is required to recognise deferred tax in the event we dispose of our entire investment property portfolio. As this is not the Group's intention, it applies any enacted future corporation tax rate for the basis of calculating deferred tax. The rate used increased from 19% to 25% during the year, which is the corporation tax rate due to come into effect from 1 April 2023. As a result, the deferred tax provision for investment properties has increased by £229.7 million from £648.0 million to £877.7 million.

Rent collection

Overall portfolio rent collections for the year averaged 95%. The outstanding amounts contain elements of rent deferrals which are expected to be recovered. Across our major sectors, we saw averages of 96% for Residential, 96% for Healthcare and 94% for Office. These rates are slightly down on pre-pandemic trading levels but, with the end of the commercial rent moratorium, we expect these to recover. The Retail tenancies, which had been impacted the most by COVID-19, averaged 87%. The accounts include a provision of £5.6 million (2021: £5.3 million) against outstanding amounts where there is a risk of non-recoverability.

Dividend

Dividend payments of £40.0 million were paid during the year (2021: £25.5 million).

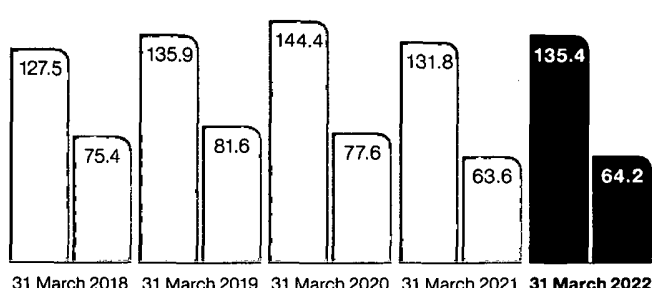
Valuation

At 31 March 2022, the Group's investment properties were valued at £4,636 million, an increase of 2.0% overall, with an increase of 1.0% on a like-for-like basis. The two most valuable portfolios are Healthcare at £1,830 million and Residential at £1,222 million.

*At forward contracted rates (see pages 81 to 82).

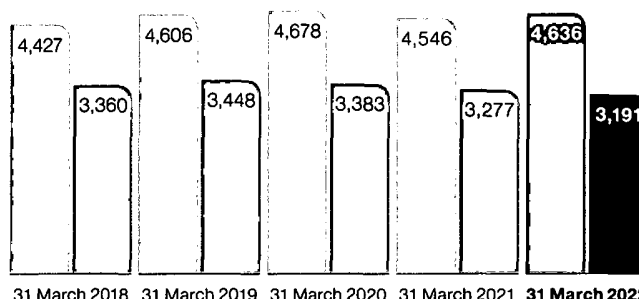
Rental income £m

Revenue profit before tax £m



Investment properties £m

Shareholders' funds £m



Financial performance

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit/(loss) before taxation	199.8	(101.8)
Adjustments:		
(Profit)/loss on revaluation of investment properties	(129.2)	160.6
Profit on sale of investment properties	(10.6)	(3.0)
Fair value loss on derivative financial instruments	1.0	32.8
Loss/(gain) on foreign currency exchange	3.2	(25.0)
Revenue profit before taxation	64.2	63.6

Valuation

	Year ended 31 March 2022 £m	Year ended 31 March 2021* £m	Increase/ (decrease) £m	Change %
Healthcare	1,830.0	1,747.2	82.8	↑4.7%
Residential	1,221.5	1,242.5	(21.0)	↓1.7%
Office	920.8	908.4	12.4	↑1.4%
Retail	469.9	457.9	12.0	↑2.6%
Educational	176.7	173.5	3.2	↑1.8%
Other	16.9	16.7	0.2	↑1.2%
	4,635.8	4,546.2	89.6	↑2.0%

*Restated for comparative purposes following reclassification of assets within Other.

Acquisitions and disposals

The Group acquires property to unlock long-term value from either adjacent ownership or active management, and to maintain sector diversity, utilising our specialist understanding of the Marylebone property market. During the year, we completed the purchase of Allan House for £12.0 million. We received £88.6 million from the disposal of property interests, including the sales of 2 Cavendish Square (£64.1 million) and 4-6 York Street (£11.9 million). In line with our strategic objectives these proceeds will be reinvested back into the portfolio.

Five-year financial performance

The Group's rental income has increased by 6.2% from £127.5 million to £135.4 million. In the same period, revenue profit before tax has decreased 14.9% from £75.4 million to £64.2 million. The value of the Group's investment properties has risen by 4.7%, from £4,427 million to £4,636 million, an increase of £209 million. In the same period, shareholders' funds decreased by 5.0%, from £3,360 million to £3,191 million.

Andrew Griffith
Chief Financial Officer

Principal risks and uncertainties

Overview

The Group is a long-term investor focused on high quality real estate assets in Marylebone and seeks to enhance its reputation and grow rental income and profitability. The geographic concentration, exposure to property market cyclicality and operation of heritage buildings are accepted risks which are offset by maintaining a diverse portfolio and carrying low financial risk.

Risk management structure

The Board has overall responsibility for risk management and the Group's key risks, controls and planned improvements are reviewed semi-annually by the Audit Committee. Risk assessment and reporting are designed to provide the Board with a Group-wide and consistent perspective of the key risks.

Members of the Executive Committee identify, assess and have oversight of risks and controls relating to their areas of responsibility. They are informed and supported throughout the year by senior management and the risk team. Risk information is gathered through risk discussions, question sets, controls assurance and analysis of incident records, and fed back to risk owners at risk review meetings where risks are assessed.

Principal risks and uncertainties

The risk landscape is constantly changing, and the Group is evolving its methods to provide visibility, responsibility, control and resolution in its risk management framework. Executive Committee member risks are consolidated to the Group risk register and reviewed by the Audit Committee twice per year. The most significant risks to our strategy, financial position or future performance are summarised in the following principal risks and uncertainties commentary.

Climate change and decarbonisation



The need to decarbonise our business increases the cost of our activities as the Group needs to retrofit buildings to improve their sustainability credentials, install costly low carbon technologies or risk steep carbon taxes in the future. Failure to meet the climate challenge or falling short of increased regulation and rising customer expectations around environmental performance, could reduce the demand for the buildings the Group owns, causing significant reputational damage and result in potentially stranded assets.

The sustainability team monitors and adapts to policy and Government objectives including signing up to science-based carbon reduction targets and is involved in scoping refurbishments and developments. A Sustainability Committee is in place which determines and monitors requirements and Group targets and reports directly to the Board.

Optimisation of people resources



Delivery of the Group strategy relies on our ability to attract, motivate, develop and retain key staff including planning for succession and ensuring adequate resource, knowledge and diversity at all levels. Failure to optimise resources could result in insufficient capacity and skill to deliver our business plan, knowledge drain, increased staff turnover, increased costs and reputational damage. Currently, market competition and wage inflation are influencing a challenging recruitment environment meaning this risk has increased since last year.

The Group continues to use information from recruitment feedback, remuneration package benchmarking, annual employee engagement surveys and appraisal processes to identify opportunities. These are discussed by the Executive Committee on a regular basis. The Group has a Diversity and Inclusion Committee and facilitates several wellbeing initiatives to support its staff.

Optimisation of customer experience



As a steward of property in Marylebone, the Group strives to offer a professional and personal service to customers which is responsive to their needs. Failure to anticipate and understand these needs or ensure the employment of sufficient resource and skill to achieve resilience in innovation, digital, technology, sustainability expectations and requirements, could result in voids, lost revenue, reduced ability to charge market rents, loss of key customers to competitors, short termism, or reputational damage. The pandemic and current macro-economic environment have accelerated many of these risks.

To understand market demands and trends, the Group actively promotes and engages with customers via surveys, various initiatives including our summer and Christmas public events, the Marylebone forum, Harley Street Medical Area Partnership (HSMA), Marylebone Village and others as well as through its day-to-day communications.

Management of finances



Risk is increasing as operating costs rise whilst the recovery from the pandemic is ongoing. However, the residual risk remains the same due to strong internal governance and forward planning. As a long-term investor, the strategic and efficient management of finances is key to delivering sustainable shareholder returns.

The Group largely funds expenditure from cash generated by its operations with a limited amount of external borrowing minimising its exposure to counterparty failure and interest and currency rate changes. Funding risks are minimised by refinancing debt repayments prior to their maturity, spreading future debt repayments, whilst maintaining high levels of interest rate protection and facilities headroom.

Updates affecting our activities are monitored regularly and the Group aims to take advantage of external incentives and to manage the impact of policy changes.

Political and economic climate

There are currently high levels of macro-economic uncertainty including a spike in inflation impacting operating costs which are exacerbated by Russia's invasion of Ukraine. Managing the safety and resilience of our portfolio is a priority and this risk is deemed to have increased since last year.

These are key drivers in our financial performance and ability to deliver the Group strategy and are being monitored for long-term impact to the value, longevity, attractiveness and profitability of the estate. We maintain close engagement with key stakeholders in order to monitor, receive and react to information and changes in a timely manner.

Major incident/disaster/crisis

The Group prioritises its duty of care and seeks to identify, prepare for business interruption from, and react to, major external events such as natural disasters, extreme weather, pandemics or health crises, major cyber events, major utility failure, civil unrest in central London and terrorist activity.

The Group engages with security and public health risk intelligence, reviews its crisis management plan, and has full insurance cover in place to mitigate these risks. Our crisis management procedures allow the Group to minimise the impact to health and wellbeing of its staff and members of the public, disruption to our operations, and damage to our assets or the attractiveness of Marylebone.

Cyber security

The failure of system and equipment securities could lead to business disruption, theft, data loss, reputational damage, or financial loss. In response to the evolving and volatile nature of this risk, the Group maintains Cyber Essentials Plus accreditation, has invested in further monitoring and testing, reviews cyber resilience in its supply chain, and has increased cyber threat awareness training for staff.

IT infrastructure and data is stored in the Cloud and replicated between two data centres. Threats and exposures are reported weekly, with actions considered at Executive Committee meetings.

Exposure to property market risks

The Group, through its underlying property investment, is exposed to risks arising from property cycles and other short-term market changes.

The Group takes a long-term view on property investments and maintains a diversified portfolio across and within the Healthcare, Residential, Office, Retail and Education sectors to minimise the impact of short-term market changes.

Compliance and governance

The climate of increasing requirements in environmental, social and governance areas requires increased attention to avoid incidents, accidents, fines, prosecution and reputational damage, property obsolescence and reduced ability to meet dividend plans. Fire safety and energy efficiency are a key focus for the Group and its stakeholders.

The Group responds to this risk internally through its senior leadership team and committees, engaging specialist advisors as necessary. Staff training is linked to policy updates, and audits of modern slavery and GDPR compliance are carried out periodically. Our procurement team, alongside the management team, manage the performance and compliance of our supply chain through the supplier charter and third-party approval scheme.

Serious health and safety incident

A serious health and safety incident, accident or failure of controls could cause loss of life/life changing injury, prosecution, environmental pollution, enforcement action, reputational and/or financial loss, significant damage to property or building obsolescence.

The Health and Safety Committee meets quarterly to discuss sub-group activity, compliance matters and current and upcoming legislation. The health and safety team ensures competency in-house and through our supply chain, maintain a legal register, and reports frequently. Direct suppliers are required to comply with a third-party approval scheme whilst construction sites are subject to regular health and safety audits. Incidents are recorded, escalated, and investigated where appropriate.

Profitable implementation of development strategy

The Group undertakes small to medium size developments on the estate. Profitable development plans can be impacted by the planning environment, safety and environmental requirements, supply chain interruption and unforeseen project works, leading to cost overruns, delays, and extended void periods. This risk has increased in the past year when the pandemic delayed some works and put pressure on the supply chain. These pressures have been further compounded by the Ukraine crisis which has put a strain on the availability and cost of materials and labour.

The internal planning, health and safety, sustainability and procurement teams offer specialist knowledge to the appraisal process to ensure robust schemes are devised before being approved. Developments are closely monitored through quarterly project reporting on budgets, contractors and market developments.

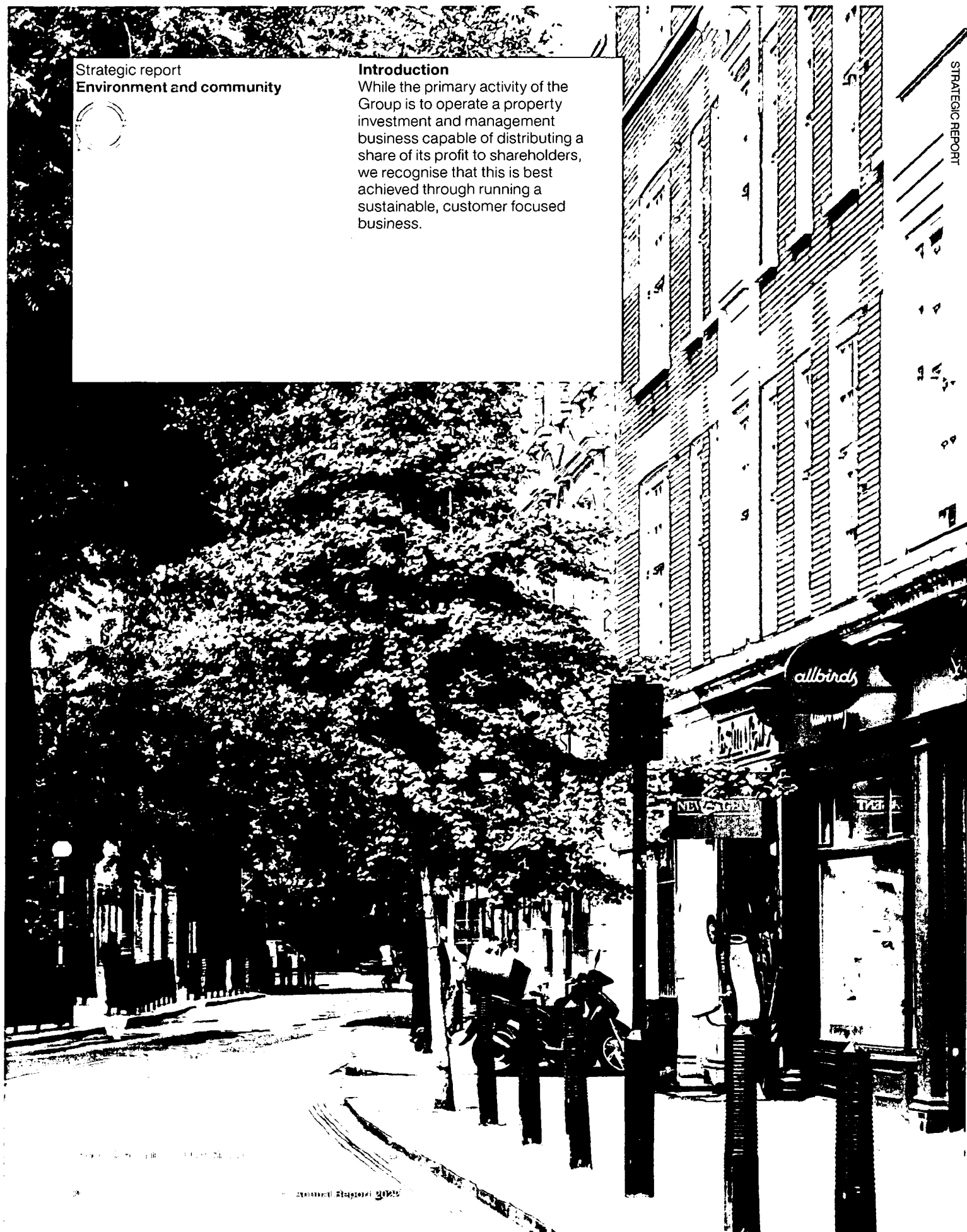


300 The entrance to the 1st and 2nd floors of the building.



Introduction

While the primary activity of the Group is to operate a property investment and management business capable of distributing a share of its profit to shareholders, we recognise that this is best achieved through running a sustainable, customer focused business.





Energy Performance Certificates (EPC)

We are constantly looking to improve the energy performance of our buildings, to meet legal requirements as a minimum and, where possible, exceed them. We have commissioned a tranche of energy assessments across a representative sample of buildings to determine the most cost-effective path to improving EPCs as well as resulting carbon savings. We actively monitor our ratings and seek to reduce our exposure to spaces which fall short of Minimum Energy Efficiency Standards (MEES) regulations – which the UK Government has indicated will be substantially raised within the next decade.

Under the regulations, unless a registered exemption applies, it is unlawful to let or continue to let residential property with an EPC rating of F or G. All our residential properties now surpass this standard with around 60% rated C or better.

Currently all new commercial lettings are also required to have an EPC of grade E or better. This will apply to all commercial properties from 1 April 2023. At the year end, 97% of our commercial properties (with a valid EPC) were rated A-E grade. As properties become vacant, we aim to raise ratings as part of refurbishment works. We target EPC B on all major commercial refurbishments and a C on residential, underlining our commitment to higher energy performance and to future-proofing against forthcoming changes to regulations. A good example of this is the recent refurbishment of offices at 11-12 Wigmore Place where the EPC improved from E to B, equating to over 50% reduction in carbon emissions. The completed space features LED lighting and occupancy controls, upgraded insulation and glazing, automated solar blinds, and a high efficiency air source heat pump for heating and cooling to replace the previous gas-powered system.

Streamlined Energy and Carbon Reporting (SECR)

Our SECR disclosure presents our carbon footprint across Scopes 1, 2 and 3, together with an appropriate intensity metric and our total energy use. During the year, our measured Scope 1 and 2 emissions (market-based) totalled 527 tonnes of CO₂ equivalent (tCO₂e) while our energy consumption totalled 4,388 MWh.

This is an increase on last year primarily due to a large proportion of properties being on standard tariffs while vacant through fluctuating occupancy due to the pandemic.

We continue to be impacted by the additional energy required to keep customers safe. This includes greater ventilation and air conditioning, enhanced air filtration, higher fresh air rates and increased cleaning protocols, which offer additional protection but also impact energy performance. Additionally, most building systems and services operate even though staff work from home part of the week and occupancy levels remain lower than pre-pandemic levels. We are exploring options for smarter metering and controls that use Building Management Systems (BMS) systems to divert services to occupied zones to reduce energy consumption.

Where possible we have switched all of our electricity contracts to renewable sources. Over 97% of the electricity powering common parts in buildings we manage, and in our staff offices, comes from certified renewable sources.

SECR disclosure
Total Scope 1 emissions (tCO₂e)

404

SECR disclosure
Total Scope 2 emissions (tCO₂e)
(market-based)

123

	2022	2021
Total Scope 1 emissions (tCO ₂ e)	404	416
Total Scope 2 emissions (tCO ₂ e)		
Location-based	507	445
Market-based	123	49
Total Scope 3 emissions (tCO ₂ e)	980	989
Carbon intensity ratio (tCO ₂ e/m ²)	0.04	0.06
Total energy use (MWh of electricity & gas)	4,388	4,051

Scope 1 is defined as direct emissions that include any gas, data for landlord-controlled parts and fugitive emissions from air conditioning are included where it is our responsibility within the managed portfolio. Scope 2 is defined as indirect energy emissions which include purchased electricity within landlord-controlled areas such as lobbies, staircases or vacant units. The boundary of reporting excludes tenant consumption in our properties, as the leasing arrangements put responsibility for energy payment on the tenants. Therefore, these emissions fall within Scope 3 (leased assets). We quantify the carbon intensity of the portfolio based on its size (m²) rather than rental income which has little bearing on the efficiency of our buildings. Our emissions intensity for 2022 was 0.04 tCO₂e/m² (Scope 1 & 2, location based).

**WE ARE CONSTANTLY
LOOKING TO IMPROVE THE
ENERGY PERFORMANCE
OF OUR BUILDINGS,
STRIVING TO MEET LEGAL
REQUIREMENTS AS A
MINIMUM AND, WHERE
POSSIBLE, EXCEED THEM.**



E→B

Recent refurbishment of offices at 11-12 Wigmore Place where the EPC improved from E to B, equating to over 50% reduction in carbon emissions.

SECR data notes

Boundary

Operational control, based on our corporate activities and property portfolio all of which are in central London (UK) only. We have used the operational control approach for consolidating our GHG emissions; included in this are emissions and energy usage from our managed properties and head office usage. Where we have purchased energy, which is sub-metered to occupiers, this is itemised separately under our Scope 3.

Alignment with financial reporting

The only variation is that our GHG emissions / energy data does not account for single let properties or those not under our management control, as we have no influence over the utility consumption in these buildings. The rental income from these properties is included in our financial statements.

Reporting method

We report our emissions in line with the Greenhouse Gas (GHG) Protocol Accounting and Reporting Standard.

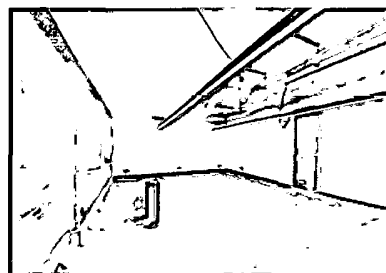
Emissions are calculated using the UK Government's Environmental Reporting Guidelines and the Greenhouse Gas (GHG) Protocol.

Emission factor source

Updated conversion factors for company reporting published by the UK Government are used for all emissions factors apart from the Scope 2 market-based factor which is based on the provenance of our electricity supplies which are from renewable sources.

Scope 3 emissions

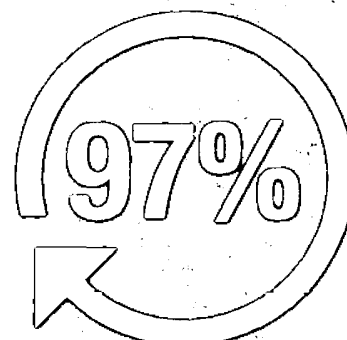
We use the GHG Protocol Scope 3 Standard to collate and report on our relevant Scope 3 emissions. Our relevant emissions categories include fuel and energy related activities, business travel, water use and emissions from downstream leased assets (tenant emissions).



11-12 Wigmore Place

Renewable power

Where contractually possible we have switched all our electricity contracts to renewable sources. In fact, over 97% of the electricity powering common parts in buildings we manage, and in our staff offices, now comes from certified renewable sources.





Energy efficiency actions

We recognise that we must drive energy efficiency improvements to meet further carbon reduction targets. We regularly review existing building management and maintenance practices and investigate opportunities for innovation and optimisation. We continue to increase coverage of LEDs, motion sensors, automatic metering, and smart controls throughout common parts. We also look for opportunities to adjust run times, re-set time clocks, optimise BMS, and replace old and inefficient equipment. We are also developing an energy monitoring and reduction programme for our large multi-let managed buildings. This involves the creation of energy performance dashboards which enable us to identify options to reduce energy wastage and inefficiencies. The dashboard will pull in metered data every 30 minutes, helping us to spot anomalies and take action.

Along with other landlords, Howard de Walden signed up to a new energy-saving competition called CUBE. This involves continuously tracking energy use at our office, with the goal of keeping within an ambitious energy budget. Our usage will be ranked against other buildings to help identify and share best practice. Our office was recently refurbished and is therefore a great opportunity to see whether energy-efficient design translates into better and real-world performance. The office is all-electric and fitted out with recycled furniture, cycling facilities, rainwater harvesting system and new green terraces with on-site beehives. The project won the OAS Development Award for Best West End Refurbishment/Regeneration and has been shortlisted for a number of other sustainability awards.

We seek to improve energy efficiency as part of our refurbishment and redevelopment activities. For example, we are thrilled that our refurbishment at 34 Weymouth Street is now complete and has been let. This Grade II Listed property was built in 1908 and has undergone an extensive £2m upgrade. This five-bedroom family home now provides 4,334 sq ft of fully modernised space in the heart of Marylebone featuring electric heating, improved glazing and insulation, LED lighting and smart controls. Together these measures reduced carbon emissions by over 70%.

We aim to incorporate heat recovery systems into all major developments. As well as reducing heating and cooling conflicts, these systems are highly energy efficient and in line with the UK Government's legislation to reduce carbon emissions and the dependency on fossil fuels such as natural gas. This solution was recently deployed at one of our 19th century mews houses, 11 Devonshire Mews West, a finalist in the 2022 AJ Retrofit Awards. A Mechanical Ventilation and Heat Recovery (MVHR) system together with airtightness provision maximises energy efficiency. As well as adopting a low maintenance strategy and sustainable timbers throughout, the design minimises unnecessary finishes and waste. Most of the external masonry is retained and existing walls are insulated internally. The party walls are left as traditional London stock brick, saving costs and eliminating an unnecessary layer of plasterboard and plaster.

When refurbishing buildings, we seek to avoid the installation of new gas-powered heating systems. To reduce the reliance on fossil fuels we install heating systems that use air source heat pumps, providing a cleaner and more sustainable long-term solution for the building. For example, five new high-temperature air source heat pumps were recently installed on the roof at 44 Devonshire Street, which operate at lower temperatures and can heat rooms to a higher temperature than traditional systems. This is one of the first sites in the UK where these have been installed.

As this is a listed building, the team located these discretely between the pitches of the existing roofs so that they cannot be seen from the street or adjacent buildings, leaving no visual impact on the building or wider conservation area, marrying heritage preservation with sustainable design.

Green construction and fitout

In December 2021 site work commenced at 20-27 Thayer Street and 45-57 Marylebone Lane where we are constructing a new building providing 18,000 sq ft of office space and 10,000 sq ft of retail accommodation. The finished building features electric heating and is targeting EPC B, BREEAM Excellent, Fit Well Standard and will be low carbon in operation and construction. The site conforms to ISO 140001 and has a documented environmental management plan including KPIs related to environmental performance. Site waste is minimised and managed, achieving a 98% recycling rate to date. The scheme is currently on track to achieve an Excellent Considerate Constructors Scheme Score.

98%

DESIGNED WITH
SUSTAINABILITY IN MIND,
THE BRIEF INCLUDES:

REPLACEMENT CEMENT
PRODUCTS WITHIN THE
CONCRETE TO REDUCE
EMBODIED CARBON;

REUSE OF DEMOLITION
MATERIAL AS AGGREGATES
IN THE FOUNDATIONS;

USE OF LIGHT WEIGHT
STRUCTURAL FORMS TO
INCREASE THE EFFICIENCY
OF THE STEEL FRAMES;

OPEN FLOOR PLAN ENABLING
FLEXIBILITY FOR FUTURE
USE, AND CONVERSION TO
RESIDENTIAL USE IF NEEDED;

RETAINING ORIGINAL
FACADE ON MARYLEBONE
LANE AND EXISTING
RETAINING WALLS.

Energy saving ideas

Howard de Walden signed up to a new energy-saving competition called CUBE. This involves continuously tracking energy use at our office on 23 Queen Anne Street with the goal of keeping within an ambitious energy budget.



"The refurbishment of 23 Queen Anne Street is remarkable; delivering a contemporary, environmentally focused and high quality scheme behind a period stone façade. The design has successfully taken inspiration from the history of the building with the materials and finishes complementing the detail and heritage. The floor plates have been opened up allowing for modern, usable and flexible work space. Materials have been reused throughout the scheme where possible, giving way to a strong embodied carbon story."

OAS judging panel

Good practice

Working closely with Morgan Lovell we have delivered four fully fitted CAT A Plus office suites totalling 11,800 sq ft at 7-10 Chandos Street which conform with a SKA silver rating. The SKA rating is operated by RICs and comprises over 100 good practice measures across eight issues: Energy & CO2 Emissions, Waste, Water, Pollution, Transport, Materials, Project Delivery and Wellbeing.



Heat recovery

We aim to incorporate heat recovery systems into all major developments. This solution was recently deployed at 11 Devonshire Mews West, a finalist in the 2022 AJ Retrofit Awards.



11 Devonshire Mews West

Home comforts

At 23 Queen Anne Street, we created improved office space whilst retaining much of the original structure and façade, saving considerable carbon emissions, and locking up carbon for many more years.





Action on climate

We have committed to becoming a net zero carbon business by 2040 and are due to publish our pathway towards achieving this shortly. During the year, we obtained the Planet Mark Business Certification, which demonstrates our commitment to continually measuring and reducing our carbon emissions. We have also signed up to the Science-based Climate Targets Initiative, committing us to halve our Scope 1 and 2 emissions by 2030 (from a 2018 baseline) and to play our part in keeping climate change within 1.5°C. As part of this we are committed to extending the coverage of our Scope 3 data to better understand the carbon impact of tenant energy use within our buildings and embodied carbon on our development projects. Over the last year, we have commissioned embodied carbon assessments for several refurbishment projects. In all cases, the works are relatively low carbon compared to a new build development. Nonetheless, we have been able to identify areas where we may be able to make carbon reductions through selecting alternative materials and servicing strategies.

In November 2021, the COP26 summit in Glasgow brought leaders from around the world together to discuss how to tackle climate change and to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. As a signatory to the UK Green Building Council (UKGBC) we, along with almost 100 partner organisations across our sector, sponsored the creation of a Virtual Pavilion, showcasing the best low carbon developments from around the world. We held our own internal climate talk to raise awareness of climate change and to help our employees understand how they can make a difference in their roles. For every attendee we donated £10 to CoolEarth, a charity supporting rainforest communities to halt deforestation and its impact on climate change.

We continue to support Westminster City Council in its decarbonisation efforts, particularly since the built environment accounts for almost 90% of the borough's emissions. For example, our staff helped shape Westminster's new Sustainable City Charter, while Andrea Merrington, Director of Planning and Engagement at Howard de Walden, contributed to the Westminster Property Association's (WPA) latest research paper, Zero Carbon Westminster: A Focus on Retrofit in Historic Buildings.

Biodiversity

Marylebone is a highly urban environment and it is challenging to create new green areas or accessible green roofs on a meaningful scale. However, we are members of Wild West End and are committed to integrating green roofs where feasible. For example, the recently restored office space at 4 Bentinck Street now features two wildflower green roofs and three external terraces. There are now over 20 green roofs across the estate, with planning consent for more in the coming years. This includes 1-7 Harley Street, 27 & 29 Harley Street, and 7 Bentinck Street where the latter incorporates a biodiverse green roof above an innovative 'blue' roof system to reduce flooding. We also have numerous planters on Marylebone Lane managed alongside our retailers and on Wigmore Place, our first 'green mews.' We also support and donate to green initiatives in the wider community. This includes a new outside learning space and terrace garden at St Marylebone CE School, relandscaping and enriching the St Marylebone Parish Church Gardens and the Westminster Mind's Fig Tree Gardening Club. As part of The Queen's Green Canopy initiative, in celebration of Her Majesty the Queen's Platinum Jubilee, we sponsored the planting of 11 trees on housing estates across Westminster. This unique initiative encourages people from across the United Kingdom to 'Plant a Tree for the Jubilee', particularly in urban communities – where residents are most likely to benefit from more greenery.

Sustainable retail mix

We are thrilled that the UK's leading fashion rental app, By Rotation, launched their holiday pop-up at 98 Marylebone Lane. With community as its core value, By Rotation offered a more sustainable approach to its customers' wardrobes, aiming to transform the way we consume fashion. Customers visiting the store had access to a specially curated rental edit as well as a charity collection featuring second-hand items from Shelter UK. All rental proceeds from the edit will be donated to the charity, helping to tackle homelessness in the UK.

By Rotation is an exciting addition to our tenant mix and joins a number of sustainable retailers in Marylebone Village including Isabel Manns, Ace & Tate, Allbirds, Dinny Hall, The Organic Pharmacy, Monica Vinader, Theory and The Little Greene Paint Company.

Call of the wild

The recently restored office space at 4 Bentinck Street now features two wildflower green roofs and three external terraces. There are now over 20 green roofs across the estate.



4 Bentinck Street

"We recognise how important it is to enhance our environment and this project funded by Howard de Walden along with our work with the Westminster Tree Trust and other organisations, are part of our contribution to improve the environment for local residents."

Mark Kildea
regarding
The Queen's Green Canopy

Going green

The highly developed nature of our estate means that our focus is on creating green coverage at roof level and through the introduction of street planting where possible.

We have numerous planters on Marylebone Lane managed alongside our retailers and on Wigmore Place, our first 'green mews'.



WE ARE MEMBERS OF WILD WEST END AND ARE COMMITTED TO INTEGRATING GREEN ROOFS WHERE FEASIBLE.

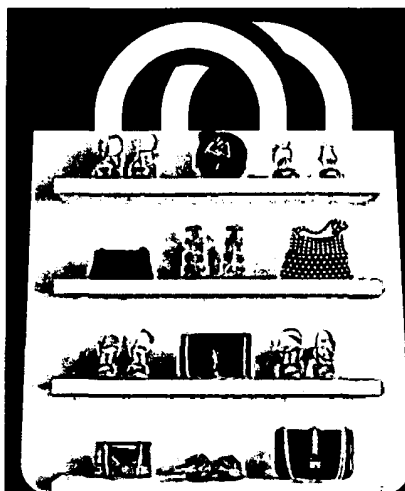


Net zero by 2040

We have committed to becoming a net zero carbon business by 2040 and are due to publish our pathway towards achieving this within the next few months. For the first time this year, we also obtained the Planet Mark Business Certification, which demonstrates our commitment to continually measuring and reducing our carbon emissions.



PlanetMark



Sustainable retail mix

We are thrilled that the UK's leading fashion rental app, By Rotation launched their holiday pop up at 98 Marylebone Lane. With community as its core value, By Rotation offered a more sustainable approach to its customers' wardrobes, aiming to transform the way we consume fashion.



Our people

Our employees are fundamental to the success of our business and to the delivery of long-term growth in income and value. We understand that our ongoing success requires us to attract, engage, retain and grow our talent, along with offering competitive salary, training and benefit packages. The Group's employee turnover rate increased this year to 13% (2021: 11%) and excluding retirement was 12% (2021: 10%), with the buoyant employment market following the pandemic a key factor.

The rise in remote working enforced by the pandemic whilst limited in some areas, was popular with staff for their wellbeing. As a result, we are trialling a hybrid working policy. Staff are required to be in the office for a set number of days in the year but have the flexibility to choose how and when they achieve this, all whilst fulfilling their role to the best of their ability.

Staff welfare is an area in which we have heavily invested. Our new office includes a Wellness suite where all members of staff are free to use the space with the supplied free-weight equipment. We also provide a variety of gym classes led by external trainers at different times throughout the week to make sure all staff have the opportunity to attend. Healthy breakfast options are provided daily, free for all staff based at our office. There is also a 'wellness suggestion box' where staff can make recommendations for future wellness initiatives they would like to see.

We have regular Group-wide communication forums in the form of monthly 'hub calls' and a monthly newsletter, serving as platforms for ongoing news, initiatives and changes. We ensure compliance with employment legislation and actively promote equality and diversity throughout the workplace. We continue to provide mental health resources to staff and their families and provide staff with access to private GP services.

Gender pay gap

Howard de Walden is a corporate member of Real Estate Balance, an association formed to address the gender imbalance in senior positions in the property industry. To monitor our position, we voluntarily commissioned an external consultant, Innecto Reward Consulting, to calculate our gender pay gap for the third year (as of April 2021). The results can be seen in the charts on page 39. In common with our real estate peers, we report a significant gender pay gap and are focused on steps to reduce this.

The Group employs more females (2022: 60%, 2021: 59%) than males. However, applying the pay gap calculations, men were paid more on average than women. In monetary terms, women earn 57p (2021: 55p) for every £1 that men earn when comparing median hourly wages, and 50p (2021: 45p) for every £1 when comparing mean hourly wages. Most employees received a bonus, with women earning 51p (2021: 45p) for every £1 that men earn, when comparing median bonus pay, and 30p (2021: 16p) for every £1 when comparing mean bonus pay. The bonus pay gap is affected by part time employees as the calculation does not allow for prorating. 26% (2021: 25%) of those who received a bonus are part time employees, of which 74% (2021: 75%) are women.

Our gender pay gap is distorted by the inclusion of all estate-based support staff whose salaries are reimbursed by occupants of service charged buildings. For office-based staff only, the gender pay gap decreases to 31% (2021: 33%) in favour of men on a median basis and 44% (2021: 50%) in favour of men on a mean basis.

Our gender pay and bonus pay gaps have reduced this year, as more women now reside in the upper quartile of employee, increasing from 24% to 29%. However, it remains the case that men represent the largest proportion of the upper quartiles with women dominating the lower quartiles. As a result, the gender pay gap and bonus pay gap will remain unfavourable. As with last year, the three highest paid employees are the Executive Directors, all of whom are men, which has a noticeable impact on the result.

The Group benchmarks salaries internally and externally to ensure employees, in all roles, are paid fairly and equally for the same job. We are committed to improving gender pay parity and we recognise that the best way to achieve better equality is to retain and nurture existing staff, to allow them to develop into more senior roles.

Chief Executive pay ratio

The Group is committed to greater transparency and corporate governance and considers it appropriate to report its Chief Executive pay ratio on a voluntary basis. The ratio, determined using the gender pay gap analysis, is in line with published data from companies in the real estate sector.

Gender pay gap

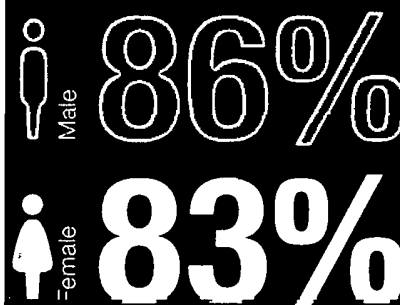
Headline figures comparing the basic hourly pay of all employees inclusive of cash payments and allowances

	Mean	Median
Gender pay gap	49.7%	43.4%
Change	-5.2%	-1.1%
2021 gap	54.9%	44.5%
National average gap*	–	15.4%
Change	–	-0.1%
2021 gap	–	15.5%
Gender bonus pay gap	70.00%	48.6%
Change	-13.6%	-6.9%
2021 gap	83.6%	55.5%

A minus indicates the gap is in favour of females.
*Source ONS.gov.uk (Released 3 November 2020)

Bonus payments

The proportion of men and women in receipt of a bonus.



Pay quartiles

The proportion of male and female employees by quartile pay bands

● Male ○ Female

Quartile trends year on year

Upper quartile	2022	71%	29%
	2021	76%	24%
Upper middle	2022	43%	57%
	2021	49%	51%
Lower middle	2022	38%	62%
	2021	32%	68%
Lower quartile	2022	10%	90%
	2021	11%	89%

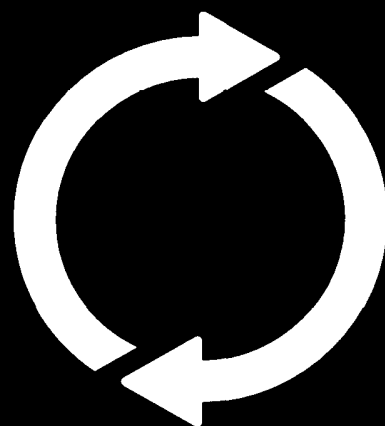
Chief Executive pay ratio

Chief Executive's Single Total Figure of Remuneration (STFR) compared to the individuals representing the 25th, median and 50th percentile of the Group's employees.

Summary statistics	2022	2021
75th percentile	11:1	17:1
Median	17:1	20:1
25th percentile	24:1	27:1

Hybrid working

Keen to maintain a newfound work-life balance for staff, we are trialling a hybrid working policy. Staff are required to be in the office for a set number of days in the year but have the flexibility to choose how and when they achieve this, all whilst fulfilling their role to the best of their ability.



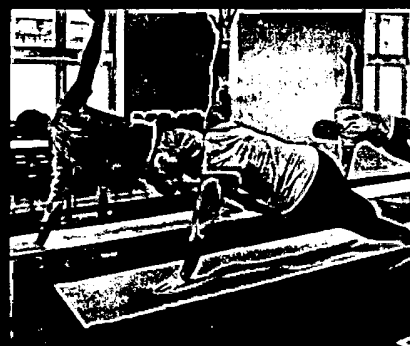
A good morning

Healthy breakfast options are provided daily, free for all staff based at our office.



Staff welfare

Our new office includes a Wellness suite where all members of staff are free to use the space with the supplied free-weight equipment. We also provide a variety of gym classes led by external trainers at different times throughout the week to make sure all staff have the opportunity to attend.





Customers

In recognition of their importance as the source of Howard de Walden's income and vital contributors to the area's character, public appeal and sense of community, we work hard to attract, nurture and support our customers through engagement, marketing and communications.

The digital activity of both our destination brand (Marylebone Village) and our healthcare brand (Harley Street Medical Area) has grown in scale and sophistication, particularly after pandemic restrictions forced a general shift online, with our social media channels passing 17,000 followers and our email newsletters and digital publications attracting strong engagement.

This year, a major focus of the Marylebone Village platforms was to encourage people back into shops and restaurants as restrictions eased. We ran three campaigns during the year – Meet Me in Marylebone in July, Merry Marylebone Christmas in November and December, and an official partnership with London Fashion Week's City Wide Celebration in February. All of these involved dozens of retailers offering themed promotions and events, heavily supported with PR and digital activity. We also worked to bring journalists and influencers on visits to the area, with the aim of reaching a wider audience and encouraging people back to central London.

This year we were able to relaunch our two periodicals in a printed format; the Marylebone Journal, which promotes retail, restaurants and lifestyle, and Prognosis, which promotes healthcare. The hiatus in publishing the Marylebone Journal gave us the chance, in partnership with The Portman Estate, to redesign the magazine, tighten its focus on our customers, and change its print and distribution model to provide greater value for money.

We continued to engage with local community groups such as the Marylebone Association and began working closely with the newly formed Harley Street Business Improvement District (BID). We also relaunched our Marylebone Village Privilege card, offering local residents and businesses discounts and promotions across the village.

Events

Events have long been a major pillar of our marketing and engagement strategies. The pandemic restrictions and sense of uncertainty which prevailed at the start of the year meant that two of our major public events, the Marylebone Food Festival and the Marylebone Summer Festival, could not take place. However, an improved outlook allowed for the welcome return of the Marylebone Christmas Lights in November, which was greeted with considerable enthusiasm by the local community and raised much-needed funds for our charity partner, Mind Brent, Wandsworth and Westminster (Mind BWW), to support local mental-health initiatives. The event raised around £7,000 and we made an additional donation to bring the total to £20,000. We were also able to begin planning for the return of our other events in 2022, with the pause allowing for a strategic review of their form and function.

The year also saw the return of in-person forums for our retailer, resident and healthcare communities, at which Howard de Walden was able to provide updates on projects and future plans and give our valued customers the chance to regularly meet the team and share their ideas and concerns.

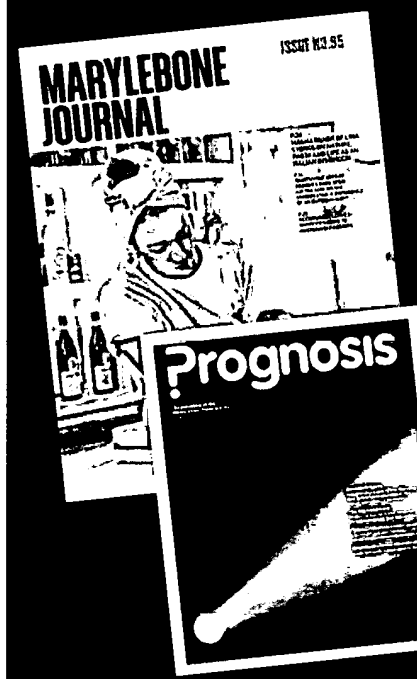
Light fantastic

November saw the welcome return of the Marylebone Christmas Lights, which was greeted with considerable enthusiasm by the local community.



Picture perfect

This year we were able to relaunch in a printed format our two periodicals, the Marylebone Journal, which promotes retail, restaurants and lifestyle, and Prognosis, which promotes healthcare.



Follow me

The digital activity of both our destination brand (Marylebone Village) and our healthcare brand (Harley Street Medical Area) has grown in scale and sophistication, particularly after pandemic restrictions forced a general shift online, with our social media channels passing 17,000 followers.



17,000+
FOLLOWERS

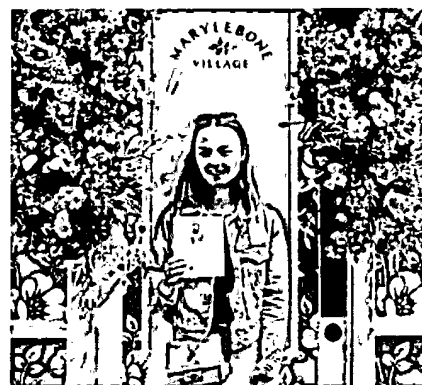
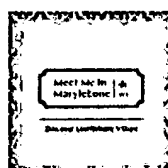
£20,000

We raised much-needed funds for our charity partner, Mind BWV, to support local mental-health initiatives.



Back for good

This year, a major focus of the Marylebone Village platforms was on encouraging people back into shops and restaurants as restrictions eased.



Privilege

We also relaunched our Marylebone Village Privilege card, offering local residents and businesses discounts and promotions across the village.





Investment

The Group's community investment is guided by the principle that our income is generated in Marylebone, and therefore support should be focused largely in the local area. Recognising that there are areas in need just outside the 92 acres of the estate, we broaden our reach to support neighbouring communities in the City of Westminster.

Community investment encompasses our charitable giving and support of local institutions and initiatives, and is aligned with our diversity and inclusion aims. It is also recognised as a contributing factor to enhancing employee engagement.

Our support is given through charitable and community support contributions (2022: £1,188,000, 2021: £926,000), fundraising, awareness raising, volunteering, and space in-kind donations.

Over the past year, we have supported our community and the vulnerable people within it in a variety of ways. We have seen and heard first-hand how impactful this support has been. Listed below are examples:

- Our scholarships allowed two disadvantaged students from the University of Westminster to focus on their studies in the final year of their degrees.
- Our donation to Advance Charity meant more women and children in Westminster, who were at risk of domestic abuse, were sheltered and supported.
- Our donation to The Felix Project ensured that an additional 61,000 meals were redistributed to people facing food insecurity and less food ended up in landfill.
- Our colleagues donated 46 toys to a local charity nursery, to ensure kids from disadvantaged backgrounds received a gift at Christmas.
- Our donation to Pan Intercultural Arts delivered a creative programme for vulnerable young people attending Beachcroft Academy in Westminster.
- A group of six colleagues took part in the Tour de LandAid challenge which closely mirrored the individual Tour de France. They cycled 4,199 km shared between the six team members and raised £2,800 for a charity which helps young people experiencing homelessness.
- Our donation to the Hospice at Home programme at St John's Hospice covered the cost of a carer for 12 months.
- A group of volunteers supported Age UK Westminster to pack Christmas hampers for elderly and vulnerable residents.

- Our donation to ZSL London Zoo funded an educational programme to two local state schools. The programme allowed students unlimited access to the zoo, along with learning opportunities on conservation and protecting local wildlife.
- Our partnership with social enterprise 2-3 Degrees allowed us to run a summer programme for local young people at the Fourth Feathers youth centre in north Marylebone.
- Our donation funded a six-month ecotherapy programme to rejuvenate a neglected garden space in partnership with mental health charities Mind BWW and Look Ahead.
- Our donation supported St Marylebone CE School sixth form with their Green Roof Project. The green roof space will not only improve air quality and benefit the surrounding environment but will also be used for outdoor learning and as a relaxation space for students and staff.
- Our £50,000 donation to our local NHS hospital, University College Hospital, London (UCLH), has continued to support a clinical research project for the UCLH post-COVID service, following a similar donation last year. By supporting two research fellows, it will help develop innovative diagnostic pathways and evaluate treatment strategies.

Key worker housing

Our support also extended to offering discounted housing to key medical workers at local hospitals. Central London residential properties can be expensive to many and we are conscious that some key medical staff who work in the area are unable to afford to live here. To achieve this, we have been running our own defined housing programme since late 2019 to enable key workers from local hospitals to make Marylebone their home as well as their place of work. The scheme provides a mix of flats rented out at subsidised rates to successful applicants. At the end of the year, we had 16 properties (2021: 10) let to key medical workers at an average discount to market rent of 54% (2021: 55%) which equates to £209,000 (2021: £143,000) of rent foregone in the financial year.

Charitable and community support contributions

£1,188,000



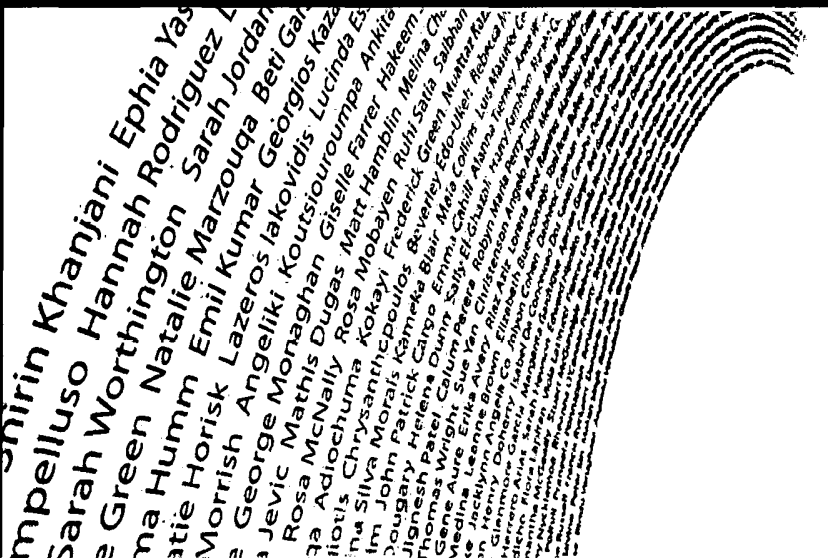
Look Ahead

Our donation funded a six-month ecotherapy programme to rejuvenate a neglected garden space in partnership with mental health charities Mind BWW and Look Ahead.



Rainbow mural

Following our £50,000 donation last year, UCLH commissioned a rainbow mural to commemorate the 1,000+ staff and volunteers that came together to work on the Critical Care Unit throughout the COVID-19 pandemic.



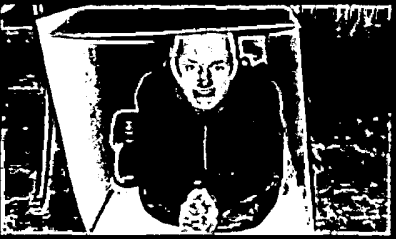
WE HAVE BEEN RUNNING OUR OWN DEFINED HOUSING PROGRAMME SINCE LATE 2019 TO ENABLE KEY WORKERS FROM LOCAL HOSPITALS TO MAKE MARYLEBONE VILLAGE THEIR HOME AS WELL AS THEIR PLACE OF WORK.



Sleep out to help out

A member of staff, Barry Greenstreet, participated in the LandAid SleepOut, helping raise £3,865 to tackle youth homelessness.

£3,865

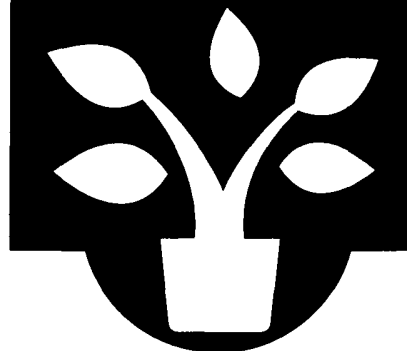


"The Education Access Scheme at ZSL London Zoo has been invaluable to us this year in enriching the opportunities we provide our students. This scheme has removed the financial barrier and has encouraged us to bring all students to enjoy the zoo and to learn about the applications of science 'in the real world' and to explore careers in science too."

Head of Physics,
St Marylebone CE School

The Queen's Green Canopy

Our donation to The Queen's Green Canopy allowed planting of 11 trees across Westminster, which will benefit current and future generations. With a focus on planting sustainably, they encouraged planting of trees in traditionally nature-deprived areas.





Suppliers and contractors

As an important part of the Group's stakeholder network, our suppliers and contractors help us deliver our development and refurbishment projects, health and safety requirements and the level of service which we expect for our customers. This year, led by our Procurement Manager, we have introduced standard terms and conditions that suppliers are required to adhere to. These have been introduced alongside a more robust supplier 'on-boarding' process. Both changes have been used to strengthen our relationship with suppliers, improve contractual terms to benefit both parties, and enhance our governance and values whilst reducing our risks.

We remain committed to ensuring that our refurbishment and redevelopment programme creates minimal disruption and look to appoint contractors who share this aspiration. The Considerate Constructors Scheme (CCS) is used to assess the impact of large-scale projects. A CCS assessor scores construction projects across three categories: community, environment and workforce. Due to the heritage constraints of the buildings in our portfolio and the estate's location in a conservation area in the heart of London, it is very difficult to obtain the highest scores for many of our projects. This year, the Group scored a minimum of 34 across all our projects, which we consider very good.

Health and safety

Health and safety is coordinated and managed by a central team, independent from the property teams. The role of this team is to ensure that the business is compliant on all health and safety matters, whilst providing advice and a robust governance structure.

The Head of Health and Safety is the chair of the Health and Safety Committee. The committee, which is comprised of employees and Directors who have responsibility for health and safety management throughout the Group, meets regularly to discuss issues of health, safety, and welfare of the Group's employees and those affected by its activities. The committee reviews current and proposed health and safety legislation and makes sure that the Group can meet its obligations while achieving its long-term business objectives. It supports the Chief Financial Officer, who is the Executive Director responsible for reviewing the effective management of health and safety throughout our business and its activities.

Each of our directly managed buildings is formally inspected once a year by a fire and general health and safety risk assessor. Accident investigations, following accidents or incidents, are also undertaken through the health and safety manager. Findings are notified to departments to limit the risk of reoccurrence with any remedial actions undertaken as soon as reasonably practicable.

As part of our due diligence, where major projects are undertaken these works are carried out by an approved contractor. Monthly safety audits are carried out to make sure contractors continue to perform to the highest standards of health and safety. These safety audits included inspections to ensure that contractors were working in a COVID-19 safe and secure environment whilst lockdown restrictions were in place.

We operated a COVID-19 secure office in accordance with Government guidelines when required during the year.

Modern Slavery Act

The Modern Slavery Act 2015 ('the Act') rightly seeks to encourage a robust and diligent approach by commercial organisations in tackling modern slavery, which includes slavery, servitude, forced or compulsory labour, and human trafficking. The Group does not tolerate any form of modern slavery, within its own business or within its supply chain. We comply with all mandatory requirements of employment legislation and best practice. All workers engaged have chosen their employment freely and are treated with dignity and respect. In accordance with section 54 of the Act, the Group publishes an annual statement detailing the steps taken to prevent slavery and human trafficking from taking place in any part of its business or supply chain. The statement is available to be viewed on the Howard de Walden Estate website (www.hdwe.co.uk).

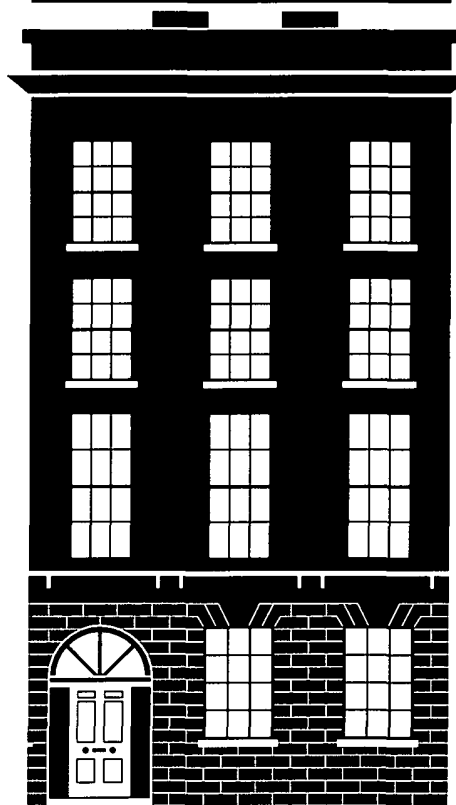
Our heritage

This year, the Group scored a minimum of 34 across all our projects, which we consider very good.



Commitment

We remain committed to ensuring that our refurbishment and redevelopment programme creates minimal disruption and look to appoint contractors who share this aspiration.

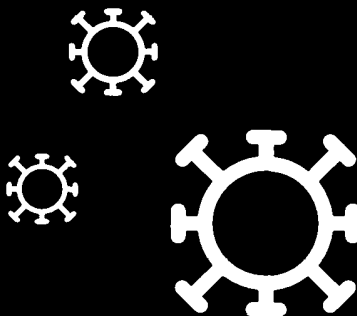


23 Queen Anne Street



23 Queen Anne Street

COVID-19 secure office
We operated a COVID-19 secure office in accordance with Government guidelines when required during the year.



Stone House, 9 Weymouth Street



Governance**Introduction**

Maintaining the reputation of the Group as a responsible landlord and steward for the Marylebone area is seen as vital for the Board. It is what defines us, and enables us to deliver a successful, sustainable business. The Board recognises that it is not just our actions which will inform opinions, it is also how we conduct ourselves with our stakeholders. To ensure we continue to meet the expected high standards, a strong governance framework has been put in place, which involves robust supporting processes across the Group alongside regular reporting.

Image: 23 Queen Anne Street

Governance

Howard de Walden Estates Holdings Limited is privately owned, with the majority shareholder being the Lord Howard de Walden and Seaford's Marriage Settlement Children's Trust, which holds the shares for the benefit of current and future members of the Howard de Walden family. There are other family trusts and individual family shareholdings which hold the remaining shares.

Howard de Walden Estates Holdings Limited is the holding company of Howard de Walden Estates Limited which, together with its wholly owned entities form 'the Group', which owns all the property assets. Howard de Walden Estates Holdings Limited has no equity or debt securities listed on the London Stock Exchange and although it is exempt from compliance with the UK Corporate Governance Code, the Group's approach is to apply best corporate governance practice appropriate to a large private company. This creates a high level of accountability, probity and clarity on decision making.

The composition of the Group Board of Directors ('the Board') is designed to ensure the effective management of the Group and to provide leadership, strategy and control. Including the Chairman there are seven Non-Executive Directors with CEO or equivalent experience on the Board and four family shareholders, plus the three Executive Directors.

The roles of the Chairman and the Chief Executive are clearly defined. The Chairman is primarily responsible for overseeing the workings of the Board and its committees. The Board has ultimate responsibility for the Group's strategy and policies, which are developed by the Chief Executive. The Chief Executive is responsible for the implementation of the policies and strategies set by the Board and management of the business.

There were no changes to the Board in the year apart from the appointment of Andrew Griffith as an Executive Director in May 2021, as disclosed in the 2021 Annual Report.

The Audit Committee reports to the Board and oversees financial reporting and the statutory audit as well as monitoring internal controls including risk management. The members of the Audit Committee are Toby Shannon, Marc Gilbard and Karl Sternberg with the attendance of Executive Directors when required.

It is the nature of the property business that some matters are large and complex, therefore the Group operates an Investment Committee, which reports to the Board. The Investment Committee meetings allow members adequate time and preparation to explore, understand, challenge and approve any investment that exceeds the authority level delegated by the Board to the Executive Directors. This committee, chaired by Marc Gilbard, also comprises Sir William Proby, Toby Shannon, Karl Sternberg and the Executive Directors. Non-Executive Directors are also invited to informal update meetings and site visits, which provide an opportunity to meet senior management.

The Remuneration and Nominations Committee makes recommendations to the Board on the Executive Directors' remuneration, based upon independent external professional advice. The members of the Remuneration and Nominations Committee are Sir William Proby, Liz Peace and Rt Hon. Professor Lord Kakkar.

During the year, a new Sustainability Committee, with delegated authority from the Board was formed. The need to achieve environmental compliance across many heritage buildings is a strategic objective. This committee will lead on the oversight and implementation of actions, alongside the investment required to achieve compliance. The Sustainability Committee is chaired by Liz Peace, with Sir William Proby, Rt Hon. Professor Lord Kakkar, Mark Kildea and Laura Jockers (Head of Sustainability) as fellow members.

Our experienced management team is integral to the continued success of the Group as it brings specialist skills to manage our diversified portfolio on an asset-by-asset basis. Senior management are typically department heads and interact daily with and report to the Executive Directors. The Executive Committee ('ExCo') exists to streamline communication between the senior management team and the Board with a focus on the key property, financial, project and community matters affecting the business. The ExCo, comprising the Executive Directors, Paul Bakker, Fiona Barnes, James Fisher and Tracey Hartley (until July 2021), met frequently to discuss ongoing business matters and met formally four times in the year for wider strategic discussions. From 1 April 2022, three members of the senior management team were promoted to ExCo, David McArthur, Head of Investment, Andrea Merrington, Planning and Engagement Director, and Craig Clements, Director of Operations.

Governance

Governance framework

The Board

The Board delegates certain matters to its four principal committees.

**Audit Committee**

The Audit Committee, chaired by Toby Shannon, reports to the Board and oversees financial reporting and the statutory audit as well as monitoring internal controls including risk management.

Members:
Toby Shannon
Marc Gilbard
Karl Sternberg

**Investment Committee**

The Investment Committee, chaired by Marc Gilbard, reviews large and complex investment proposals, and approves any investment that exceeds the authority level delegated by the Board to the Executive Directors.

Members:
Marc Gilbard
Sir William Proby
Toby Shannon
Karl Sternberg
and the
Executive Directors

**Remuneration and Nominations Committee**

The Remuneration and Nominations Committee, chaired by Sir William Proby, makes recommendations to the Board on the Executive Directors' remuneration, based upon independent external professional advice.

Members:
Sir William Proby
Rt Hon. Professor
Lord Kakkar
Liz Peace

**Sustainability Committee**

The Sustainability Committee, chaired by Liz Peace, implements actions to improve our sustainability credentials and has oversight of projects against our strategic objectives.

Members:
Liz Peace
Sir William Proby
Mark Kildea
Rt Hon. Professor
Lord Kakkar
Laura Jockers
(Head of Sustainability)

**Executive Committee**

The Executive Committee ('ExCo') exists to streamline communication between the senior management team and the Board with a focus on the key property, financial, project and community matters affecting the business.

Current members:

1. Mark Kildea (Executive Director)
2. Julian Best (Executive Director)
3. Andrew Griffith (Executive Director)
4. Paul Bakker
5. Fiona Barnes
6. Craig Clements (from April 2022)
7. James Fisher
8. David McArthur (from April 2022)
9. Andrea Merrington (from April 2022)

**Supporting Committees**

A number of supporting committees provide oversight on key business activities and risks such as Health and Safety, Community Investment and Diversity and Inclusion.

Introduction

This is the section 172 statement for the Group, covering Howard de Walden Estates Holdings Limited and its wholly owned entities, which should be read in conjunction with the Strategic report as a whole.

The requirement

Section 172 of the Companies Act 2006 ('section 172') requires a Director of a company to 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, amongst other matters, to:

- 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; and
- the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172 for the Group.

The Board

The Board, comprised of the three Executive Directors, seven Non-Executive Directors and four family shareholders, convened for five meetings in the year.

While the primary activity of the Board is to oversee the operations of a property investment and management business capable of distributing a proportion of its profit to shareholders, the Board recognises that long-term success is dependent on maintaining relationships with all its key stakeholders and considering the external impact of the Group's activities. The Group engages with a wide range of stakeholders to inform its decision making, including customers, suppliers, neighbouring communities, employees and shareholders, as well as considering its impact on the environment. As long-term stewards of buildings in Marylebone, the Board actively considers the views of all stakeholders and strives to find a balance between them, as it looks to continue to deliver outstanding places to visit, live and work.

The Board met throughout the year to discuss matters of strategic importance and to obtain an understanding of the performance and position of the Group. Decisions made by the Board consider the Group's performance and the impact on stakeholders, with the Group's reputation of paramount importance. The three Executive Directors are part of the Executive Committee (comprising the most senior non-Board employees in the Group) and attend management meetings throughout the year to obtain a full understanding of issues affecting the Group and to improve decisions made at Board level.










Stakeholders

The following are considered the key stakeholders of the Group:

- **Customers** – Our occupiers are the centre of the community. Through careful selection, they bring vibrancy to the area and help to make Marylebone a desirable location to visit, live and work.
- **Employees** – The Group cannot satisfy its other key stakeholders without our employees. They are key to the long-term success of the Group.
- **Shareholders** – As a family-owned group, our family members' interests are always considered when making key strategic decisions. A Shareholder Committee provides a platform for the shareholders to provide input on long-term strategic decisions.
- **Communities** – The Group is embedded within the local community. As responsible stewards, we need to play our part in supporting the community through events, direct charitable giving and our schemes which impact upon the local environment.
- **Suppliers** – We seek to work with suppliers and contractors who share our standards. When working on the estate, suppliers are an extension of Howard de Walden, so it is essential they maintain the Group's reputation as considerate stewards.
- **Debt providers** – We maintain a close working relationship with our debt providers who play an important role in the long-term financing of the Group.
- **Local authorities** – We work closely with the City of Westminster to ensure we maintain and enhance our buildings and spaces.

Pages 32 to 45 provide detail of the key activities and initiatives we have carried out in the year including engagement with our key stakeholders. The table on the adjacent page contains an overview of the key decisions taken by the Board during the year.

Key decisions taken during the year

Board decision	Considerations	Outcome
 <p>The Board continued to review the response of the Group with regards to the impact of COVID-19 on key stakeholders. As part of the coordinated response, the Board approved a donation of £50,000 to University College London Hospital NHS Trust (UCLH) to fund continued research support into post-COVID conditions, following a donation for the same amount in the previous year.</p>	 <ul style="list-style-type: none"> – The Board has oversight of the response, which is coordinated and led by the Executive Directors and the management team. – The emergence of different variants posed challenges, with restrictions changing throughout the year. – The Board were informed of the latest events and decisions made by the management team at every Board meeting. – The effects of the pandemic will continue to be felt for some time, affecting all stakeholders. Communication and engagement with all stakeholders are key to preserving our core business. 	 <ul style="list-style-type: none"> – The decision to support rent reductions as part of a re-basing exercise for some Retail tenants has meant Marylebone High Street and the surrounding streets have largely remained intact, with a number of prominent tenants entering the estate next year to fill vacant spaces. – Easing of restrictions has allowed increased staff events, following suggestions from employees on staff welfare matters. – Funds provided by the £50,000 donation allow UCLH to continue their world-class research trials.
 <p>The Board confirmed the appointments of Mark Kildea as Chief Executive and Andrew Griffith as Chief Financial Officer.</p>	 <ul style="list-style-type: none"> – Appointing the right individuals was key, both in terms of experience and cultural fit. – The need for two individuals to be a mainstay to manage the business during and coming out of a global pandemic, whilst also achieving the Board's strategic growth aspirations. – Internal and external candidates were considered to ensure the search was comprehensive. – Recruitment agents were engaged alongside gathering feedback from employees. 	 <ul style="list-style-type: none"> – Positive outcome with the temporary appointments being made permanent following strong performance in their interim roles. – Both appointments have been integral in developing a new strategic plan.
 <p>The Board approved the formation of a Sustainability Committee.</p>	 <ul style="list-style-type: none"> – Sustainability matters are prevalent, particularly for investors. – Adapting and applying best practice to sustainability matters is crucial to the Group maintaining its reputation as trusted stewards. – Membership to include a mix of employees and Non-Executive Directors to ensure a breadth of knowledge and application of both the day-to-day aspects and strategic matters. – Clear point of liaison with the local authority. 	 <ul style="list-style-type: none"> – Expected outcome is a dedicated committee establishing a sustainability strategy which preserves the long-term desirability of the estate. – Formulation of our pathway to net zero.

Officers and professional advisers

Secretary

Karen Inman

Registered office

23 Queen Anne Street
London
W1G 9DL

Company registered number

06439246

Bankers

Lloyds Banking Group plc
25 Gresham Street
London
EC2V 7HN

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

National Westminster Bank plc
250 Bishopsgate
London
EC4M 2AA

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Auditor

CLA Evelyn Partners Limited
45 Gresham Street
London
EC2V 7BG

Solicitors

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

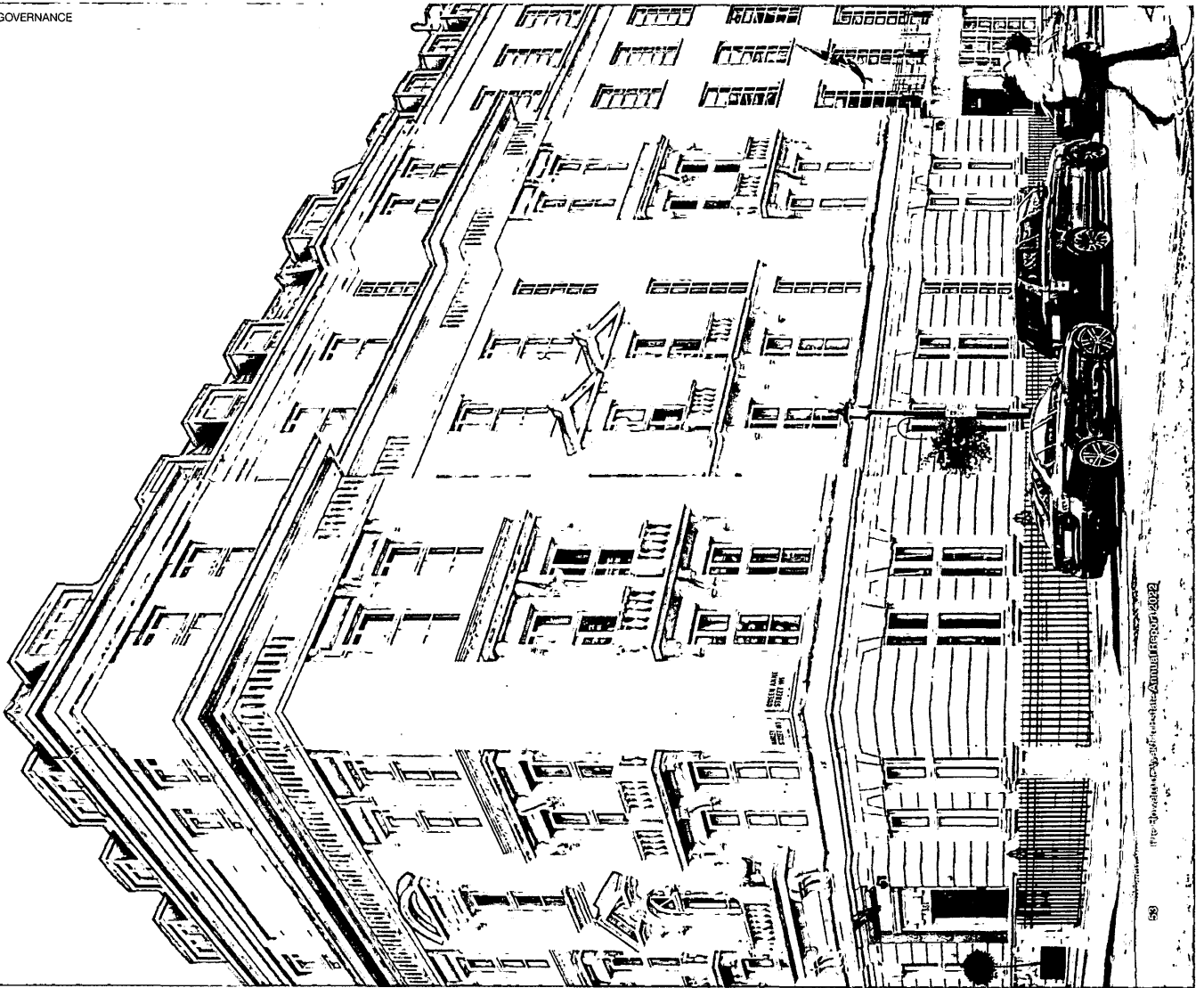
Non-Executive Directors

Sir William Proby Bt CBE DL
The Lady Howard de Walden
The Hon. Mrs Buchan
The Hon. Mrs White
The Hon. Mrs Acloque
Marc Gilbard
Rt Hon. Professor Lord Kakkar KBE PC
Mark Musgrave
Liz Peace CBE
Toby Shannon
Karl Sternberg

Executive Directors

Mark Kildea
Julian Best
Andrew Griffith

Image opposite: 23 Queen Anne Street



Directors' report

The Directors present their report and the financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law, the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for the financial year.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company and Group's auditor was unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company and Group's auditor was aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution to reappoint the auditor, CLA Evelyn Partners Limited (previously Nexia Smith & Williamson), will be proposed at the next AGM.

Company's registered number

The Company's registered number is 06439246.

Dividends

During the year, the Group paid dividends of £40,027,000 (2021: £25,500,000) to ordinary shareholders and £nil (2021: £nil) to 'A' shareholders.

Risk Management

A summary of the principal risks and uncertainties is included in the Strategic report on pages 28 to 29.

In addition, from 1 January 2022, the Group transitioned to SONIA from LIBOR following the interest rate benchmark reform. Details of the Group's policies with regards to financial instruments are contained within note 2.16 to the accounts.

Going concern

The Directors have considered the appropriateness of applying the going concern basis for preparing the financial statements. More detail can be found in note 2.2 to the accounts.

Section 172

In compliance with section 172 requirements, a statement can be found on pages 50 and 51 of the Strategic report which includes details of the Directors' regard for employee engagement and business relationships.

Directors' report

Streamlined Energy and Carbon Reporting

In compliance with Streamlined Energy and Carbon Reporting, the Directors present the Group's emissions and energy usage on page 33 of the Strategic report as the matter is of strategic importance. Our annual emissions equate to 0.04 tCO₂e/m² (Scope 1 & 2 location based).

Calculation method used

The Group quantify and report our organisational Greenhouse Gas (GHG) emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the corresponding guidance. We currently include four of the 13 Scope 3 categories. We consolidate our organisational boundary according to the operational control approach. The GHG sources that constituted our operational boundary for the year are:

- Scope 1: Natural gas, transportation fuels
- Scope 2: Electricity
- Scope 3: Business travel mileage, water, purchased electricity sub-metered to occupiers, and fuel and energy related activities

We have used accurate consumption data to calculate emissions for most utility supplies. In some cases, where there is limited information, values have been estimated using either extrapolation of available data or data from the previous year as a proxy, to ensure complete coverage for the reporting year. We aim to continually improve the coverage, quality and scope of our data.

The reporting guidelines require that we quantify and report Scope 2 emissions according to two different methodologies: (i) the location-based method, using average grid emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured and therefore, takes renewable energy sources into account. During the year over 97% of the energy we procured was from certified renewables.

The Board members who served during the year and up to the date of this report are listed below:

Name	Role	Executive / Non-Executive
Sir William Proby Bt CBE DL	Chairman	Non-Executive
Toby Shannon	Deputy Chairman	Non-Executive
Mark Kildea	Chief Executive	Executive
Julian Best	Executive Property Director	Executive
Andrew Griffith (<i>appointed 18 May 2021</i>)	Chief Financial Officer	Executive
The Lady Howard de Walden	Family Shareholder	Non-Executive
The Hon. Mrs Buchan	Family Shareholder	Non-Executive
The Hon. Mrs White	Family Shareholder	Non-Executive
The Hon. Mrs Acloque	Family Shareholder	Non-Executive
Marc Gilbard		Non-Executive
Rt Hon. Professor Lord Kakkar KBE PC		Non-Executive
Mark Musgrave	Alternate Director*	Non-Executive
Liz Peace CBE		Non-Executive
Karl Sternberg		Non-Executive

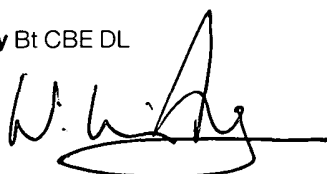
*Mark Musgrave is an Alternate Director to the Chairman and will only act as a Director should the Chairman be incapacitated. Mark Musgrave attends Board meetings in his role as Senior Family Trustee.

This report was approved by the Board of Directors on 17 August 2022 and signed on its behalf by:

Mark Kildea
Chief Executive
Director



Sir William Proby Bt CBE DL
Chairman
Director



Independent auditor's report to the Members of Howard de Walden Estates Holdings Limited

Opinion

We have audited the financial statements of Howard de Walden Estates Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows and the Notes to the Accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company'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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 54, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company'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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant in the context of the audit and where failure to comply could result in material penalties are;

- the financial reporting framework United Kingdom Accounting Standards including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";
- the Companies Act 2006; and
- UK taxation law.

We obtained an understanding of how the Group and Parent Company comply with these frameworks, through discussions with management and those responsible for compliance procedures and how the Group and the Parent Company maintain and communicate its policies and procedures in these areas. We corroborated these enquiries by reviewing the Board meeting minutes and noted no contradictory evidence.

The Senior Statutory Auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur. We discussed further with those charged with governance and management to understand where they consider manipulation of the financial statements could occur, determining which account balances are subjective in nature and considering the processes and controls which the Group and Parent Company have established to prevent and detect fraud, and how these controls are monitored.

As a result of these discussions, the following susceptible areas were identified and specific procedures performed to address those risks;

- Performing preliminary analytical procedures to identify any unusual or unexpected movements that may indicate risks of material misstatement due to fraud.
- The manipulation of the financial statements through manual journals, and specifically manual journals recorded in revenue around the year end. Manual journals have been selected based on a specific risk assessment applied according to the Group and Parent Company's processes and controls and corroborated to underlying supporting documentation.
- Testing the validity of the data used in the investment property valuations, due to the risk of manipulation of inputs in valuation calculations and bias towards the refurbishment capital/revenue estimate. To address this, we obtained and documented an understanding of relevant controls relating to investment property valuations and major refurbishments. We tested the existence and valuation of a sample of investment properties by agreeing to underlying lease agreements, as well as recalculating and comparing to the yield inputs as confirmed by the Group's third-party valuer and investigating any departures. We reviewed a sample of refurbishment projects undertaken in the period to understand the nature of the works and tested the capital/revenue specifications to ensure they were reasonable.

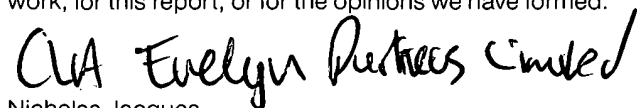
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Independent auditor's report to the
Members of Howard de Walden Estates Holdings Limited

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Jacques
Senior Statutory Auditor,
for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

17 August 2022

Image opposite: 23 Queen Anne Street

Financial Statements

FINANCIAL STATEMENTS

Group Statement of Comprehensive Income

for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Turnover	4	137,552	133,681
Property outgoings and cost of sales		(27,062)	(24,542)
Gross profit		110,490	109,139
Administrative expenses		(22,123)	(21,866)
Performance profit		88,367	87,273
Gain/(loss) on revaluation of investment properties	12	129,219	(160,570)
Profit on sale of investment properties		10,547	3,043
Interest receivable and similar income	5	12	200
Interest payable and similar charges	6	(24,207)	(23,918)
Fair value loss on derivative financial instruments		(984)	(32,772)
(Loss)/gain on foreign currency exchange		(3,185)	24,970
Profit/(loss) on ordinary activities before taxation		199,769	(101,774)
Tax on profit/(loss) on ordinary activities	9	(246,235)	20,894
Loss for the year after taxation		(46,466)	(80,880)
Other comprehensive income			
Actuarial gain	22	978	960
Deferred taxation arising on actuarial gain	10	(244)	(182)
Other comprehensive income for the year		734	778
Total comprehensive loss for the year		(45,732)	(80,102)

Group Statement of Financial Position

as at 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investment properties	12	4,635,815	4,546,212
Tangible fixed assets	13	15,276	12,387
		4,651,091	4,558,599
Current assets			
Debtors: amounts falling due in more than one year	15	32,491	39,175
Debtors: amounts falling due within one year	15	47,409	56,217
Cash and cash equivalents		92,552	38,004
		172,452	133,396
Creditors: amounts falling due within one year	16	(67,737)	(118,468)
Net current assets		104,715	14,928
Total assets less current liabilities		4,755,806	4,573,527
Creditors: amounts falling due after more than one year	17	(687,193)	(647,628)
Net assets excluding provisions		4,068,613	3,925,899
Provisions			
Defined benefit pension liability	22	–	(1,639)
Deferred tax liability	10	(877,430)	(647,318)
Net assets		3,191,183	3,276,942
Capital and reserves			
Called up share capital	19	2,667	2,667
Merger reserve	20	2,917	2,917
Revaluation reserve	20	2,623,846	2,750,018
Other reserve	20	212,869	183,677
Profit and loss account	20	348,884	337,663
Shareholders' funds		3,191,183	3,276,942

The accounts were approved and authorised for issue by the Board of Directors on 17 August 2022 and were signed on its behalf by:

Mark Kildea
Director



Andrew Griffith
Director



The notes on pages 66 to 90 form part of these financial statements.

Group Statement of Changes in Equity

for the year ended 31 March 2022

	Called up share capital £000	Merger reserve £000	Revaluation reserve £000	Other reserve £000	Profit & loss account £000	Shareholders' funds £000
At 1 April 2020	2,667	2,917	2,900,528	161,144	315,288	3,382,544
Loss for the year	—	—	—	—	(80,880)	(80,880)
Other comprehensive income	—	—	—	—	778	778
Total comprehensive loss for the year	—	—	—	—	(80,102)	(80,102)
Transfer of:						
— investment property revaluation losses	—	—	(160,570)	—	160,570	—
— deferred taxation arising on investment properties	—	—	30,670	—	(30,670)	—
— realised profits	—	—	(20,610)	22,533	(1,923)	—
Equity dividends paid	—	—	—	—	(25,500)	(25,500)
At 31 March 2021	2,667	2,917	2,750,018	183,677	337,663	3,276,942
At 1 April 2021	2,667	2,917	2,750,018	183,677	337,663	3,276,942
Loss for the year	—	—	—	—	(46,466)	(46,466)
Other comprehensive income	—	—	—	—	734	734
Total comprehensive loss for the year	—	—	—	—	(45,732)	(45,732)
Transfer of:						
— investment property revaluation gains	—	—	129,219	—	(129,219)	—
— deferred taxation arising on investment properties	—	—	(229,650)	—	229,650	—
— realised profits	—	—	(25,741)	29,192	(3,451)	—
Equity dividends paid	—	—	—	—	(40,027)	(40,027)
At 31 March 2022	2,667	2,917	2,623,846	212,869	348,884	3,191,183

Group Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Cash flows from operating activities	21		91,712		81,563
Corporation tax paid			(19,060)		(9,470)
Net cash from operating activities			72,652		72,093
Cash flows from investing activities					
Interest received and other fees		18		527	
Additions to investment properties		(36,539)		(48,177)	
Additions to tangible fixed assets		(4,232)		(6,788)	
Proceeds from sales of investment properties		88,614		21,328	
Proceeds from sales of tangible fixed assets		–		15	
Net cash from/(used in) investing activities			47,861		(33,095)
Cash flows from financing activities					
Interest paid		(23,720)		(24,131)	
New long-term borrowings		60,000		–	
Long-term borrowings repaid		(62,218)		–	
Revolving credit facility drawn down		15,000		–	
Revolving credit facility repaid		(15,000)		–	
Equity dividends paid		(40,027)		(25,500)	
Net cash used in financing activities			(65,965)		(49,631)
Net increase/(decrease) in cash and cash equivalents			54,548		(10,633)
Cash and cash equivalents at 1 April	21		38,004		48,637
Cash and cash equivalents at 31 March	21		92,552		38,004

Company Statement of Financial Position

as at 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	14	249,935	240,683
Current assets			
Cash and cash equivalents		3,505	2
Creditors: amounts falling due within one year	16	(35)	(35)
Net current assets/(liabilities)		3,470	(33)
Net assets		253,405	240,650
Capital and reserves			
Called up share capital	19	2,667	2,667
Other reserve	20	48,926	48,926
Profit and loss account	20	201,812	189,057
Shareholders' funds		253,405	240,650

No profit and loss account is presented for Howard de Walden Estates Holdings Limited as permitted by section 408 of the Companies Act 2006.

The profit after tax for the financial year of the Company amounted to £52,782,000 (2021: £52,728,000).

The accounts were approved and authorised for issue by the Board of Directors on 17 August 2022 and were signed on its behalf by:

Mark Kildea
Director



Andrew Griffith
Director



The notes on pages 66 to 90 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2022

	Called up share capital £000	Other reserve £000	Profit & loss account £000	Shareholders' funds £000
At 1 April 2020	2,667	48,926	161,829	213,422
Profit for the year	–	–	52,728	52,728
Total comprehensive income for the year	–	–	52,728	52,728
Equity dividends paid	–	–	(25,500)	(25,500)
At 31 March 2021	2,667	48,926	189,057	240,650
At 1 April 2021	2,667	48,926	189,057	240,650
Profit for the year	–	–	52,782	52,782
Total comprehensive income for the year	–	–	52,782	52,782
Equity dividends paid	–	–	(40,027)	(40,027)
At 31 March 2022	2,667	48,926	201,812	253,405

Notes to the Accounts

for the year ended 31 March 2022

1. General information

Howard de Walden Estates Holdings Limited ('the Company') is a private limited company, limited by shares, incorporated in England and Wales. The registered office is 23 Queen Anne Street, London, W1G 9DL. Its registered number is 06439246.

The principal activity of the Group is long-term property investment.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom ('UK') Accounting Standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('FRS 102') and with the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and the modification to a fair value basis for certain financial instruments as specified in the relevant accounting policies. The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £000.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group financial statements consolidate the financial statements of Howard de Walden Estates Holdings Limited and all its subsidiary undertakings drawn up to 31 March each year.

The Parent Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the reduced disclosure exemptions available to it in respect of these financial statements. Exemptions have been taken in relation to financial instruments and the presentation of a Statement of Cash Flows, as equivalent disclosures have been shown in the consolidated financial statements.

Notes to the Accounts

for the year ended 31 March 2022

2. Accounting policies (continued)

2.2 Going concern

The Directors have considered the significant impact COVID-19 continues to have on the macroeconomic conditions when considering the appropriateness of adopting the going concern basis. The Group's 12-month financial forecasts continue to factor in the adverse economic conditions and rising costs.

The forecasts demonstrate that the Group will have sufficient liquidity to fund its operations as well as appropriate headroom to comply with debt covenants.

Based on these considerations, the Directors are satisfied that the Group remains a going concern and therefore, the Group continues to adopt the going concern basis in preparing its financial statements.

2.3 Turnover and income recognition

Turnover represents the amounts receivable for rental income, goods and services, net of VAT.

Rental income is recognised on the basis of the amount receivable for the year. Where there is a rent free period and the amount is considered to be recoverable, the income is recognised evenly over the period of the lease term. The lease term is the non-cancellable period of the lease together with any further term for which the customer has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the customer will exercise that option. Amounts received from customers to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises. Rents charged in advance are shown as deferred income in the Statement of Financial Position.

Rent concessions due to COVID-19

Concessions issued as a direct consequence of COVID-19 and which satisfied the three conditions below are recognised on a systemic basis over the period that the change in lease payments is intended to compensate. Conditions:

- the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022;
- there is no significant change to other terms and conditions of the lease.

Concessions given in the year were typically in the form of a rent reduction for a particular quarter. As such, the concession has been recognised against rental income within Turnover. Concessions relating to the deferral of payment terms have no impact in the Statement of Comprehensive Income unless the balance is outstanding

at the year end. Outstanding balances are assessed for recoverability as part of the review of year end trade debtor balances with any doubtful or bad debts being recognised as an expense within Property outgoings and cost of sales.

2.4 Investment properties

Investment properties are initially measured at cost, including any transaction costs. Investment properties are subsequently measured and included in the financial statements at fair value at each year end. Any surplus or deficit on revaluation is recognised initially in the Statement of Comprehensive Income. All revaluation movements are transferred to a non-distributable reserve called the Revaluation reserve unless a deficit below original cost, or its reversal, on an individual property is expected to be permanent in which case it remains in the Profit and loss account reserve as an impairment. Deferred tax is provided on these gains or losses at the substantively enacted rate of UK corporation tax.

2.5 Profit on sale of investment properties

Profits or losses on the sale of investment properties are calculated by reference to the fair value at the end of the previous year, adjusted for any subsequent capital expenditure. Current year profits or losses are presented in the Statement of Comprehensive Income and realised profits or losses are subsequently transferred into the Other reserve.

2.6 Tangible fixed assets

Land and buildings held and used in the Group's own activities for administrative purposes are stated in the Statement of Financial Position at cost.

Depreciation is provided on tangible fixed assets to write off the cost less estimated residual value of each asset over its expected useful economic life.

Freehold land and buildings are not depreciated, as the Group is satisfied that the residual value of these assets exceeds their carrying value.

Depreciation is provided on assets at the following rates:

Plant and machinery	– 10% of cost*
Fixtures and fittings	– 15% of cost
Motor vehicles	– 25% of written down value
Office equipment	– 25% of cost

*In previous years, plant and machinery assets were depreciated at 15% of cost. Following the refurbishment of our office building, all previously capitalised assets were disposed of. New plant and machinery assets have been capitalised and not depreciated until this year when the building was complete and in use. The Directors estimate that the new assets will have a longer useful economic life and therefore a new rate of 10% of cost has been applied.

Notes to the Accounts

for the year ended 31 March 2022

2. Accounting policies (continued)

2.7 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less provision for impairment in the individual financial statements. Amounts included as loans are recorded at transaction price and are receivable in more than one year.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Creditors

Short-term creditors are measured at transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, net of bank overdrafts.

2.11 Deposits received from customers

Where deposits have been received from customers and placed in designated bank accounts, such amounts are not included in the Statement of Financial Position as assets of the Group nor as liabilities to customers. Amounts held at 31 March 2022 were £15,889,000 (2021: £15,202,000).

2.12 Operating leases: the Group as lessor

Income in respect of operating leases is recognised within turnover in the Statement of Comprehensive Income on a straight-line basis over the lease term, in accordance with the policy for income recognition.

2.13 Operating leases: the Group as lessee

Operating lease costs are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.14 Loan notes

Interest bearing bank loans and loan notes are initially recorded at transaction price representing amounts drawn, net of any issue costs or arrangement fees. All borrowings are subsequently measured at amortised cost using the effective interest rate method.

2.15 Arrangement fees

Costs incurred in the raising of loan finance are recorded as a deduction from the loan and subsequently amortised over the term of the loan using the effective interest rate method.

2.16 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group uses financial derivatives, principally interest rate swaps and cross currency interest rate swaps, to manage its exposure to interest rate and foreign exchange risk and does not use them for trading. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each year end.

Amounts paid under interest rate swaps, both on obligations as they fall due and on early settlement, are recognised in the Statement of Comprehensive Income as interest payable and similar charges. Fair value movements on revaluation of derivative financial instruments are shown in the Statement of Comprehensive Income. The Group does not apply hedge accounting to its interest rate and cross currency interest rate swaps. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Modifications to financial instruments which meet both of the following conditions are not considered a normal modification, rather the effective interest rate is amended with no gain or loss on modification:

- The change is necessary as a direct consequence of interest rate benchmark reform; and
- The new basis for determining the contractual cashflows is economically equivalent to the previous basis.

The Group has applied the practical expedient in accordance with paragraph 11.20c of FRS 102.

Notes to the Accounts

for the year ended 31 March 2022

2. Accounting policies (continued)

2.17 Foreign currencies

Transactions in currencies other than the functional currency of the Group are initially translated at the spot rate of exchange on the date of the transaction and recorded in the Group's functional currency.

Monetary items denominated in foreign currencies at the reporting date are *retranslated at the rate prevailing at the end of the reporting period*. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

All exchange differences are recognised within the Statement of Comprehensive Income.

2.18 Current and deferred taxation

Tax on profit on ordinary activities represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at tax rates which are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year are recognised in the Statement of Comprehensive Income, except when they relate to items which are recognised in Other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in Other comprehensive income or directly in equity, respectively.

2.19 Pensions

The Group runs a defined benefit scheme and a defined contribution scheme ('Group Personal Pension Plan') for its employees. Contributions payable to the Group Personal Pension Plan are charged to the Statement of comprehensive income as incurred. Pension costs relating to the defined benefit scheme are accounted for in accordance with FRS 102 section 28.

The defined benefit scheme's assets are measured at fair value, its obligations are calculated at discounted present value, and subject to meeting the conditions of FRS 102 section 28, any net surplus or deficit is recognised in the Statement of Financial Position. Operating and financing costs are charged to the Statement of Comprehensive Income, with service costs spread systematically over employees' working lives, and financing costs expensed in the period in which they arise.

Re-measurements, comprising actuarial gains and losses and the return on the defined benefit scheme assets (excluding amounts included in net interest), are recognised in Other comprehensive income in the period in which they occur.

Professional actuaries are used in relation to the defined benefit scheme and the assumptions made are outlined in note 22.

2.20 Dividends

Final equity dividends are recognised when they are approved. Interim equity dividends are recognised when they are approved and paid.

2.21 Related party transactions

For the Parent Company, advantage has been taken of the exemption provided by paragraph 33.1A of FRS 102 of not disclosing transactions with entities that are wholly owned members of the Group.

Notes to the Accounts

for the year ended 31 March 2022

3. Significant accounting judgements and estimates

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions concerning the future. Judgements, estimates and underlying assumptions are based on historical experience and other factors available when the financial statements are prepared. They are reviewed on an ongoing basis and revised when necessary. Revisions to accounting estimates are recognised in the period in which they occur, as well as future periods if the revision affects both current and future periods.

In preparing the Group and Company financial statements, the judgements that may have a significant effect are those involving estimations which are explained below.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities include:

Investment property valuations

Valuation of investment property is a central component of the business. The Group carries its investment properties at fair value. In estimating the fair value, valuations are jointly overseen by the Group Executive Property Director and the Group Head of Investment, on the basis of market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The underlying rent, yield and capital value assumptions used in the valuation are independently reviewed by a third party, CBRE Limited. Estimated future refurbishment and void costs are also factored into the valuations. More information regarding the valuation techniques and inputs used in determining the fair value of the property portfolio is disclosed in note 12.

Debtors recoverability

Trade debtor balances (note 15) are assessed for bad debts at the year end. Judgement is applied on a line-by-line basis to estimate the likelihood of recovery based upon the Group's detailed knowledge of our customers and their prevailing financial health. Estimation of recoverability continues to be more judgemental than previous years due to the uncertainty created by COVID-19.

Financial instruments and fair value measurements

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent that it is available. Information about the valuation techniques and inputs used in determining the fair value of derivative financial instruments is disclosed in note 24.

Defined benefit pension scheme

The present value of scheme liabilities, fair value of scheme assets and the expected annual charge in respect of the defined benefit pension scheme are determined according to estimates carried out by actuaries on the basis of assumptions agreed by the Directors. The key assumptions underlying these calculations are set out in note 22.

In accordance with paragraph 28.22 of FRS 102, the Group has not recognised a defined benefit pension asset as the Group is not able to recover the surplus through reduced contributions in the future or through refunds from the plan. As such, we reduced the actuarial gain and associated deferred tax to reduce the deferred benefit pension liability to £nil.

Taxation

The Group applies judgement in the application of taxation regulations and makes estimates in calculating current corporation tax and deferred tax assets and liabilities, including when gains/losses are likely to be realised and the likely availability of future taxable profits against which deferred tax assets can be utilised. Current corporation tax and deferred tax assets and liabilities recognised are shown in notes 9 and 10.

Notes to the Accounts

for the year ended 31 March 2022

4. Turnover

	2022	2021
	£000	£000
All of the Group's turnover arises in the United Kingdom	137,552	133,681

Analysis by class of business:

Turnover:	2022	2021
	£000	£000
Rental income	135,386	131,781
Lease premiums	1,201	962
Other income	965	938
	137,552	133,681

5. Interest receivable and similar income

	2022	2021
	£000	£000
Bank interest receivable	2	52
Other interest receivable	10	148
	12	200

6. Interest payable and similar charges

	2022	2021
	£000	£000
Bank loans and overdrafts	5,107	5,478
Unsecured loan notes	18,458	18,058
Other interest payable	-	15
Amortisation of loan issue costs	614	299
Net finance charge relating to pensions	28	68
	24,207	23,918

Notes to the Accounts

for the year ended 31 March 2022

7. Profit/(loss) on ordinary activities before taxation

	2022 £000	2021 £000
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company's accounts	21	20
Fees payable to the Group's auditor and its associates for other services:		
– Audit of the accounts of subsidiaries	114	110
– Taxation compliance services	142	133
– Taxation advisory services	17	62
– Other non-assurance services	194	192
– Audit of the Howard de Walden Estates Limited Retirement Benefits Scheme	13	10
Depreciation (note 13)	943	322
Operating leases (investment properties)	85	162
Operating leases (land and buildings)	222	492
Operating leases (other)	346	313

8. Directors and employees

	2022 £000	2021 £000
Staff costs, including directors remuneration, were as follows:		
Salaries	11,400	12,000
Social security	1,437	1,559
Pension costs	1,692	1,579
	14,529	15,138

The average monthly number of persons employed by the Group in the UK during the year was 156 (2021: 153).

The Group operates a defined contribution scheme ('Group Personal Pension Plan') for the benefit of the employees and Directors. The assets of the scheme are administered by an adviser.

Directors' remuneration

	2022 £000	2021 £000
Remuneration in respect of Directors was as follows:		
Aggregate emoluments	2,361	3,034
Pension contributions	186	243
	2,547	3,277

The Directors are considered to be key management personnel. The above aggregate emoluments represent employee benefits payable to key management personnel. Included within aggregate emoluments is £186,000 (2021: £402,000) in respect of long-term incentive schemes. The above aggregate emoluments also include those in respect of the highest paid Director for the year ended 31 March 2022 of £917,000 (2021: £818,000) and a pension allowance of £81,000 (2021: £71,000).

At 31 March 2022 there were two (2021: two) Directors accruing benefits under the Group Personal Pension Plan.

The Company, Howard de Walden Estates Holdings Limited, did not employ any members of staff during the year (2021: nil). All Directors are remunerated through a subsidiary company, Howard de Walden Estates Limited.

Notes to the Accounts

for the year ended 31 March 2022

9. Taxation**Taxation on profit/(loss) on ordinary activities**

The tax charge/(credit) is made up as follows:

	2022	2022	2021	2021
	£000	£000	£000	£000
Current tax:				
— UK Corporation tax		16,805		9,966
— Adjustments in respect of previous years		(438)		(641)
Total current tax charge for the year		16,367		9,325
Deferred tax:				
— Origination and reversal of timing differences	187		366	
— On transition adjustments on financial instruments	31		85	
— On investment properties	229,650		(30,670)	
Total deferred tax charge/(credit) for the year		229,868		(30,219)
Tax charge/(credit) on profit/(loss) on ordinary activities		246,235		(20,894)

Factors affecting tax for the year

The tax for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:

	2022	2021
	£000	£000
Profit/(loss) on ordinary activities before tax	199,769	(101,774)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	37,956	(19,337)
Effects of:		
Change in tax rates	210,556	—
Indexation deductible for tax purposes	(589)	—
Capital allowances in excess of depreciation	(1,102)	(1,141)
Expenses not deductible for tax purposes	(107)	170
Adjustments to tax charge in respect of previous years	(438)	(641)
Income not taxable for tax purposes	(2)	1
Other permanent differences	(39)	54
Total tax charge/(credit) for the year	246,235	(20,894)

Notes to the Accounts

for the year ended 31 March 2022

10. Deferred taxation

	2022 £000	2022 £000	2021 £000	2021 £000
At 1 April		(647,318)		(677,355)
Profit and loss	(229,868)		30,219	
Other comprehensive income	(244)		(182)	
		(230,112)		30,037
At 31 March		(877,430)		(647,318)
			2022 £000	2021 £000
Included in provision for liabilities and charges			(877,430)	(647,318)
The liability for deferred tax comprises the following:				
— Accelerated capital allowances		(43)		77
— Investment properties		(877,695)		(648,045)
— Pension costs		—		311
— Transition adjustments on financial instruments		308		339
			(877,430)	(647,318)

Factors that may affect future tax charges

The UK corporation tax rate was 19% for the year ended 31 March 2022 and the prior year. From 1 April 2023, the corporation tax main rate will increase to 25% as substantively enacted on 24 May 2021. In accordance with Accounting Standards, the impact of this higher rate has been reflected in the Group's financial statements. In the prior year, the 19% rate was used.

Notes to the Accounts

for the year ended 31 March 2022

11. Dividends

	2022 £000	2021 £000
<i>Ordinary shares</i>		
£7.52 per share paid on 7 April 2021 (2021: £4.51 per share paid on 22 May 2020)	20,013	12,000
£3.76 per share paid on 24 September 2021 (2021: Nil paid)	10,007	–
£3.76 per share paid on 10 December 2021 (2021: £5.07 per share paid on 4 December 2020)	10,007	13,500
	40,027	25,500
<i>'A' Shares</i>		
Nil paid in the year (2021: Nil paid in the year)	–	–
	40,027	25,500

After the year end, dividends of £21,014,000 on ordinary shares (2021: £20,013,000) were approved and paid on 4 April 2022. Those dividends are not included in these accounts.

Notes to the Accounts

for the year ended 31 March 2022

12. Investment properties (Group)

	Freehold £000	Leasehold £000	Total £000
Valuation			
At 1 April 2021	4,515,861	30,351	4,546,212
Additions	35,976	–	35,976
Disposals	(75,592)	–	(75,592)
Reclassification	3,733	(3,733)	–
Revaluation	129,881	(662)	129,219
At 31 March 2022	4,609,859	25,956	4,635,815
At 31 March 2021	4,515,861	30,351	4,546,212

The historical cost of investment properties for the Group at 31 March 2022 was £1,134,222,000 (2021: £1,148,160,000).

The valuation of investment properties at 31 March 2022 and 31 March 2021 was jointly overseen by the Group's Executive Property Director and the Group's Head of Investment. The valuations have been prepared on the basis of market value in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards). The underlying rent, yield and capital value assumptions used in the valuation were independently reviewed by CBRE Limited and were considered to be appropriate. The key assumptions used to determine the fair value of investment property are shown in the table below.

Property type	Key inputs	Net effective ERV range/Capital value range £psf	Yield range %
Healthcare ⁽¹⁾	ERV psf, Floor area, Capitalisation yields	£60.00-£89.00	3.25-4.25%
Residential ⁽²⁾	Capital values psf, Floor area, Annual rental income	£700.00-£1,800.00	3.00-5.00%
Office ⁽¹⁾	ERV psf, Floor area, Capitalisation yields	£45.00-£80.00+	3.50-4.75%
Retail ⁽¹⁾	ERV Zone A psf, Floor area, Capitalisation yields	£75.00-£275.00	4.25-4.50%
Restaurant ⁽¹⁾	ERV psf, Floor area, Capitalisation yields	£60.00-£100.00	4.25%
Educational ⁽¹⁾	ERV psf, Floor area, Capitalisation yields	£45.00-£65.00	4.25-4.50%
Other ⁽¹⁾	ERV psf, Capitalisation yields	£nil-£50.00	3.50-8.00%
General deferment yields	–	–	3.75-5.00%

⁽¹⁾ Valuation method: income and capitalisation.

⁽²⁾ Investment value.

Investment property rental income earned during the year was £135,386,000 (2021: £131,781,000) (note 4).

The Group had contracted future minimum lease receivables as set out in note 25.

At the year end, it was probable that an inflow of economic benefits would flow to the Group as capital income in respect of investment properties. Post year end, £16,600,000 was received. Accordingly, this amount will be recorded in next year's financial statements.

Notes to the Accounts

for the year ended 31 March 2022

13. Tangible fixed assets (Group)

	Land and buildings £000	Other assets £000	Total £000
Cost			
At 1 April 2021	7,363	6,313	13,676
Additions	1,687	2,545	4,232
Disposals	(502)	(432)	(934)
At 31 March 2022	8,548	8,426	16,974
Depreciation			
At 1 April 2021	116	1,173	1,289
Charge for the year	–	943	943
Eliminated on disposal	(116)	(418)	(534)
At 31 March 2022	–	1,698	1,698
Net book value			
At 31 March 2022	8,548	6,728	15,276
At 31 March 2021	7,247	5,140	12,387

The Group's office building included within land and buildings is held at cost as detailed above. The Directors consider the fair value of our office building to be £34,925,000 (2021: £24,287,000) as determined using the same assumptions and basis as detailed in note 12. No provision has been made for the tax which would arise should the Group dispose of its office building at the fair value listed above. Tax would be payable on disposal to the extent that rollover relief would not be available. The potential tax liability which would arise on the sale of the Group's office building, at the latest substantively enacted rate of corporation tax, is approximately £6,422,000 (2021: £3,069,000).

Notes to the Accounts

for the year ended 31 March 2022

14. Investments (Company)

	Shares in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
Cost			
At 1 April 2021	1,336	239,347	240,683
Net advances	-	9,257	9,257
Redemption of shares	(5)	-	(5)
At 31 March 2022	1,331	248,604	249,935

Interests in subsidiaries

The Company holds 100% of the shares and voting rights of Howard de Walden Estates Limited, which directly and indirectly holds all of the other interests in the subsidiary companies. During the year, Howard de Walden Estates Limited disposed of its interest in HDWPM Limited. At the year end, the Company had interests in the following subsidiaries which are all registered in England and Wales:

Company	Type of Business	Proportion of voting rights & shares held
Howard de Walden Estates Limited	Property investment	100%
Portland Industrial Dwelling Company Limited ¹	Property investment	100%
18 Marylebone Mews Limited	Property investment	100%
Howard de Walden Telecommunications Limited ¹	Property investment	100%
Marylebone Village Limited ¹	Property investment	100%
Howard de Walden Estates (TLC) Limited ¹	Property investment	100%
Howard de Walden Estates (TLC LP2) Limited ¹	Property investment	100%
The London Clinic Limited Partnership	Property investment	100% ⁴
Howard de Walden Estates (TLC GP) Limited ¹	Property management	100%
Howard House Limited ¹	Property management	N/A ³
Stone House Management Limited ¹	Property management	100%
Howard de Walden Management Limited ²	Dormant	100%

¹Company is exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts by virtue of section 479A.

²Company is exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts by virtue of section 480.

³Howard House Limited is a company limited by guarantee over which the Company has dominant influence.

⁴Proportion of voting rights held only.

The registered office for each subsidiary is 23 Queen Anne Street, London, W1G 9DL.

Notes to the Accounts

for the year ended 31 March 2022

15. Debtors (Group)

	2022	2021
	£000	£000
Due after more than one year:		
Other debtors	367	63
Derivative financial assets (note 24)	32,124	39,112
	32,491	39,175
Due within one year:		
Trade debtors	19,809	24,961
Other debtors	1,420	664
Prepayments and accrued income	23,523	23,437
Capitalised arrangement fees	405	685
Derivative financial assets (note 24)	2,252	6,470
	47,409	56,217

Notes to the Accounts

for the year ended 31 March 2022

16. Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	3,707	3,951	-	-
Other creditors	183	1,040	-	-
Corporation tax	-	2,013	-	-
Other taxation and social security	844	979	-	-
Accruals and deferred income	44,011	42,497	35	35
Derivative financial liabilities (note 24)	-	303	-	-
Bank loans and other borrowings (note 18)	18,992	67,685	-	-
	67,737	118,468	35	35

17. Creditors: amounts falling due after more than one year (Group)

	2022 £000	2021 £000
Bank loans and other borrowings (note 18)	673,084	623,530
Accruals and deferred income	314	384
Derivative financial liabilities (note 24)	13,795	23,714
	687,193	647,628

Notes to the Accounts

for the year ended 31 March 2022

18. Analysis of borrowings (Group)**Unsecured loan notes (A):**

	2022 £000	2022 £000	2021 £000	2021 £000
Amounts falling due within one year				
Issued 25 August 2010				
\$25m loan notes expiring 16 July 2022 – 4.99%		18,992		–
Issued 16 September 2011				
\$52m loan notes expiring 16 September 2021 – 4.32%	–		37,688	
£30m loan notes expiring 16 September 2021 – 4.52%	–		29,997	
		–		67,685
Total unsecured borrowings due within one year		18,992		67,685
Amounts falling due in more than one year				
Issued 25 August 2010				
\$25m loan notes expiring 16 July 2022 – 4.99%	–		18,115	
\$86m loan notes expiring 16 July 2025 – 5.23%	65,290		62,273	
£25m loan notes expiring 16 July 2030 – 5.61%	24,947		24,941	
		90,237		105,329
Issued 16 September 2011				
\$64m loan notes expiring 18 September 2023 – 4.46%	48,609		46,364	
\$73m loan notes expiring 16 September 2026 – 4.66%	55,409		52,848	
		104,018		99,212
Issued 9 October 2014				
£20m loan notes expiring 16 October 2024 – 3.43%	19,993		19,990	
£40m loan notes expiring 16 October 2029 – 3.58%	39,957		39,952	
£40m loan notes expiring 16 October 2034 – 3.79%	39,929		39,923	
		99,879		99,865
Issued 14 September 2016				
£40m loan notes expiring 14 September 2031 – 2.54%	39,930		39,922	
£60m loan notes expiring 14 September 2036 – 2.74%	59,839		59,828	
		99,769		99,750
Issued 9 January 2019				
£40m loan notes expiring 9 January 2034 – 3.01%	39,935		39,929	
£30m loan notes expiring 9 January 2039 – 3.11%	29,930		29,926	
£45m loan notes expiring 9 January 2044 – 3.20%	44,864		44,858	
£45m loan notes expiring 9 January 2049 – 3.29%	44,833		44,827	
£35m loan notes expiring 14 November 2034 – 3.11%	34,928		34,922	
£10m loan notes expiring 14 November 2039 – 3.21%	9,971		9,970	
£15m loan notes expiring 14 November 2044 – 3.30%	14,945		14,942	
£30m loan notes expiring 9 September 2042 – 3.61% ^{*1}	29,902		–	
£30m loan notes expiring 9 September 2048 – 3.57% ^{*1}	29,873		–	
		279,181		219,374
Issued 15 October 2020				
£15m loan notes expiring 9 July 2055 – 2.51% ^{*2}	–		–	
£35m loan notes expiring 9 July 2055 – 2.56% ^{*3}	–		–	
		–		–
Total unsecured borrowings due more than one year		673,084		623,530

^{*1} Drawn 9 September 2021.^{*2} Drawn post year end on 11 July 2022.^{*3} To be drawn 11 September 2023.

Notes to the Accounts

for the year ended 31 March 2022

18. Analysis of borrowings (Group) (continued)

	2022 £000	2021 £000
Borrowings are repayable as follows:		
Instalments due:		
Within one year	18,992	67,685
Two to five years	189,301	146,742
Greater than five years	483,783	476,788
	692,076	691,215

(A) Unsecured loan notes

On 25 August 2010, the Group issued unsecured loan notes in a private placement. The Group has entered into derivative contracts in respect of the fixed rate US dollar loan notes totalling \$111 million (£75 million equivalent), swapping the payments on the loan notes into sterling floating rates at a blended margin of 1.28% over LIBOR. Following the Interest Rate Benchmark Reform, the derivative contracts transitioned to the new pricing benchmark, SONIA. From 1 January 2022, these derivative contracts remain unchanged but are now at a blended margin of 1.28% over SONIA plus a Credit Adjustment Spread. The derivative contracts are in place to fix the amount of borrowings in US dollars at £75 million. The total amount of borrowings repayable is fixed at £100 million.

On 16 September 2011, the Group issued unsecured loan notes in a private placement. The Group has entered into derivative contracts in respect of the fixed rate loan notes swapping the payments on the loan notes into sterling floating rates at a blended margin of 1.15% over LIBOR. On 16 September 2021, two tranches of the unsecured loan notes matured and were repaid. Derivative contracts entered into in relation to these tranches also matured. Following the Interest Rate Benchmark Reform, the derivative contracts transitioned to the new pricing benchmark, SONIA. From 1 January 2022, the remaining derivative contracts are now at a blended margin of 1.10% over SONIA plus a Credit Adjustment Spread. At the year end, the derivative contracts in place fix the amount of borrowings repayable at £84.9 million.

On 9 October 2014, the Group issued a total of £100 million fixed rate unsecured loan notes in a private placement with an average rate payable of 3.63%.

On 14 September 2016, the Group issued £100 million of unsecured loan notes in a private placement with £40 million at a fixed rate of 2.54% and £60 million at a fixed rate of 2.74%.

On 9 January 2019, the Group agreed a total of £280 million of unsecured loan notes at different fixed rates of interest in a private placement with two tranches of deferred funding. £160 million was drawn on 9 January 2019 with £40 million at 3.01%, £30 million at 3.11%, £45 million at 3.20% and £45 million at 3.29%. A further £60 million was drawn on 14 November 2019 with £35 million at 3.11%, £10 million at 3.21% and £15 million at 3.30%. The final £60 million was drawn on 9 September 2021 with £30 million at 3.61% and £30 million at 3.57%.

On 15 October 2020, the Group agreed £50 million of unsecured loan notes in a private placement comprised of two tranches of deferred funding. Both tranches attract fixed rates of interest, £15 million at 2.51% and £35 million at 2.56%. The £15 million tranche was drawn post year end on 11 July 2022 and the £35 million tranche will be drawn on 11 September 2023.

Unsecured loan notes denominated in US Dollars are retranslated at the rate prevailing at the reporting date. Arrangement fees are capitalised and once the loan notes are drawn, amortised up to the expiration of the loan notes. Arrangement fees relating to undrawn loan notes are included in debtors due within one year at the year end.

	2022 £000	2021 £000
The Group's borrowings are made up of:		
Drawn loan debt in a mixture of US dollars and pounds sterling at forward contracted rates	664,882	667,100
Foreign currency exchange adjustments on the US dollar debt	28,539	25,354
Capitalised arrangement fees	(1,345)	(1,239)
	692,076	691,215

Notes to the Accounts

for the year ended 31 March 2022

18. Analysis of borrowings (Group) (continued)**(B) Bank loans and overdrafts**

The Group aims to have a minimum of 75% of current net debt subject to fixed interest rate protection. The fixed rate protection is achieved via the use of interest rate swaps which attract varied levels of interest and fixed rate unsecured loan notes.

On 2 July 2021, the Group entered into an amendment and restatement agreement to vary the terms of the existing revolving credit facility. The term of the agreement remains unchanged, expiring in December 2024, however there are two annual extension options in the first two years allowing the facility to be extended up to December 2026, subject to credit approval and extension fees. The credit facilities were increased from £100 million to £150 million. The margin payable remains dependent on the level of utilisation with non-utilisation fees of 35% of the prevailing margin. The minimum margin payable on this facility is 1.20% (1.05% to 2 July 2021) and the highest margin payable is 1.55% (1.40% to 2 July 2021). At the year end for both the current and previous year, the facility was undrawn.

19. Called up share capital (Group and Company)

	2022	2021
	£000	£000
Allotted, called up and fully paid		
2,661,780 ordinary shares of £1 each	2,662	2,662
532,356 'A' shares of 1p each	5	5
	2,667	2,667

The holders of 'A' shares are entitled to receive dividends until 31 March 2024 exclusively from enfranchisement profits up to the amount of £8,000,000 per 4 year profit period. Enfranchisement profits are profits realised on the disposal of property by the Group pursuant to the provisions for residential leasehold enfranchisement under the leasehold reform legislation. The 'A' shareholders have no right to receive notice of or to attend and vote at general meetings of the Company in their capacity as holders of 'A' shares.

20. Reserves (Group and Company)**Merger reserve**

The consolidated financial statements are prepared under the principles of merger accounting. This reserve is used to record the difference between the costs of the investment in the subsidiary companies and the nominal value of the share capital acquired that arose upon the group reconstruction.

Revaluation reserve

This non-distributable reserve is used to record:

- Cumulative fair value gains and losses on investment properties.
- Cumulative deferred tax on fair value gains and losses on investment properties.

Other reserve

This reserve is used to record cumulative realised profit and losses on property sales including enfranchisement property sales.

Profit and loss account

The Profit and loss account is used to record the cumulative retained profit and losses recognised in the Statement of Comprehensive Income less dividends and items transferred to the above reserves.

Notes to the Accounts

for the year ended 31 March 2022

21. Notes to the Statement of Cash Flows (Group)

(A) Reconciliation of loss to net cash inflow from operating activities

	2022 £000	2021 £000
Loss for the year after taxation	(46,466)	(80,880)
Adjustments to reconcile loss for the year after taxation to cash generated from operations:		
(Gain)/loss on revaluation of investment properties	(129,219)	160,570
Impairment of investment properties	-	6
Depreciation of tangible fixed assets	943	322
Loss on disposal of tangible fixed assets	365	2
Profit on sale of investment properties	(10,547)	(3,043)
Difference between pension charge and cash contributions	(689)	(813)
Interest receivable and similar income	(12)	(200)
Interest payable and similar charges	24,207	23,918
Fair value loss on derivative financial instruments	984	32,772
Loss/(gain) on foreign currency exchange	3,185	(24,970)
Decrease/(increase) in debtors	2,240	(4,853)
Increase/(decrease) in creditors	486	(374)
Tax on profit/(loss) on ordinary activities	246,235	(20,894)
Cash generated from operations	91,712	81,563

(B) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2022 £000	2021 £000
Cash at bank and in hand	92,552	38,004

(C) Analysis of change in net debt

	At 1 April 2021 £000	Cash flows £000	Other non-cash changes £000	At 31 March 2022 £000
Cash and cash equivalents				
Cash	38,004	54,548	-	92,552
Borrowings				
Debt due within one year	(67,685)	62,218	(13,525)	(18,992)
Debt due after one year	(623,530)	(60,000)	10,446	(673,084)
	(691,215)	2,218	(3,079)	(692,076)
Total	(653,211)	56,766	(3,079)	(599,524)

Notes to the Accounts

for the year ended 31 March 2022

22. Pensions (Group)**Defined benefit pension scheme**

The Group operates a defined benefit scheme in the UK. The major assumptions used by the actuary as at 31 March 2022 are shown on the following pages.

The Group currently pays contributions at the rate of 63.3% of pensionable earnings plus £850,000 per annum deficit reduction contributions.

Amounts recognised in the Statement of Financial Position

	2022 £000	2021 £000
Fair value of plan assets	40,277	41,086
Present value of scheme liabilities	(40,277)	(42,725)
Defined benefit pension liability	–	(1,639)

Reconciliation of opening and closing balances of the fair value of scheme assets

	2022 £000	2021 £000
Fair value of scheme assets at start of year	41,086	34,603
Interest income	911	803
Actuarial gains	666	5,048
Contributions by the Group	1,374	1,361
Benefits paid and expenses	(765)	(729)
Surplus not recognised	(2,995)	–
Fair value of scheme assets at end of year	40,277	41,086

The actual return on the scheme assets over the year ending 31 March 2022 was £1,577,000 (2021: £5,851,000).

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2022 £000	2021 £000
Scheme liabilities at start of year	42,725	37,947
Current service cost	685	548
Interest expense	939	871
Actuarial (gains)/losses	(3,307)	4,088
Benefits paid and expenses	(765)	(729)
Scheme liabilities at end of year	40,277	42,725

Total expense recognised in the Statement of Comprehensive Income

	2022 £000	2021 £000
Current service cost	685	548
Net interest cost	28	68
	713	616

Notes to the Accounts

for the year ended 31 March 2022

22. Pensions (Group) (continued)

Total expense recognised in Other comprehensive income

	2022 £000	2021 £000
Gains/(losses) arising on:		
Return on plan assets	666	5,048
Effect of experience adjustments	(193)	160
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	3,500	(4,248)
	3,973	960
Surplus not recognised	(2,995)	-
	978	960

Assets

	2022 £000	2021 £000
Equity instruments	13,233	13,463
Debt instruments	17,723	17,434
Other	6,131	5,256
Property	2,665	2,177
Cash and cash equivalents	3,520	2,756
Total assets	43,272	41,086

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

Assumptions

	2022 % per annum	2021 % per annum
Discount rate	2.80	2.20
Inflation (RPI)	3.65	3.25
Salary growth	5.15	4.75
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.65	3.25
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.65	3.25
Allowance for commutation of pension for cash at retirement	No allowance	No allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies at age 62 (in years):

Male retiring now	25.5
Female retiring now	27.3
Male retiring in 20 years	26.9
Female retiring in 20 years	28.8

Group Personal Pension Plan

The Group makes contributions to a Group Personal Pension Plan. Contributions for the financial year were £764,000 (2021: £733,000).

Notes to the Accounts

for the year ended 31 March 2022

23. Financial instruments (Group)

The carrying value of the Group's financial assets and liabilities are summarised by category below:

	2022	2021
	£000	£000
Financial Assets		
Measured at fair value through profit or loss:		
— Derivative financial assets	34,376	45,582
Financial Liabilities		
Measured at fair value through profit or loss:		
— Derivative financial liabilities	13,795	24,017

The Group gains and losses in respect of financial instruments are summarised below:

Fair value gains/(losses)		
On derivative financial assets measured at fair value through profit and loss	(11,206)	(39,142)
On derivative financial liabilities measured at fair value through profit and loss	10,222	6,370
	(984)	(32,772)

Notes to the Accounts

for the year ended 31 March 2022

24. Derivative financial instruments (Group)

	2022	2021
	£000	£000
Due within one year:		
Assets		
Interest rate swaps	–	444
Cross currency interest rate swaps	2,252	6,026
Assets due within one year (note 15)	2,252	6,470
Liabilities		
Interest rate swaps (note 16)	–	303
Due after more than one year:		
Assets		
Cross currency interest rate swaps (note 15)	32,124	39,112
Liabilities		
Interest rate swaps (note 17)	13,795	23,714

In assessing fair value, the Directors use their judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the year end date. The fair value of interest rate swaps and cross currency interest rate swaps is determined by using an independent pricing service which discounts estimated future cash flows based on the terms and maturity of each contract and uses market interest rates for similar instruments at the measurement date. These values are tested for reasonableness against counter party quotes.

Notes to the Accounts

for the year ended 31 March 2022

25. Lease commitments (Group)

The Group had annual commitments due under non-cancellable operating leases in respect of investment properties for each of the following periods:

Due:	2022 £000	2021 £000
Within one year	13	13
Between one and five years	50	50
More than five years	130	143
	193	206

The Group had future minimum operating lease receivables due under non-cancellable operating leases in respect of investment properties for each of the following periods:

Due:	2022 £000	2021 £000
Within one year	116,121	102,708
Between one and five years	288,543	261,802
More than five years	1,434,796	1,252,389
	1,839,460	1,616,899

The Group had annual commitments due under non-cancellable operating leases in respect of land and buildings for each of the following periods:

Due:	2022 £000	2021 £000
Within one year	–	200

The Group had annual commitments due under non-cancellable operating leases in respect of other assets for each of the following periods:

Due:	2022 £000	2021 £000
Within one year	112	84
Between one and five years	113	35
	225	119

Notes to the Accounts

for the year ended 31 March 2022

26. Control and related party transactions

The principal family trust which controls the Group is the Lord Howard de Walden and Seaford's Marriage Settlement Children's Trust ('the Trust'). The Trust received dividends on ordinary shares of £23,870,000 (2021: £15,244,000) and dividends on 'A' shares of £nil (2021: £nil) during the year.

During the year, the Group paid £165,000 (2021: £195,000) to the Trustees of the Trust, one of whom is a Non-Executive Director, in respect of services. At the year end, £24,000 (2021: £26,000) was included within trade creditors.

During the year, the Group paid £100,000 (2021: £100,000) to Elton Estates Company Limited, a company in which the Chairman holds a controlling interest, in respect of services. At the year end, no balances were outstanding (2021: £nil).

During the year, £161,000 (2021: £146,000) was paid by the Group in respect of costs incurred by the Howard de Walden Estates Limited Retirement Benefit Scheme.

Five year summary

Based on the financial statements for the years ended 31 March

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Group Statement of Comprehensive Income					
Rental income	135.4	131.8	144.4	135.9	127.5
Revenue profit before tax*	64.2	63.6	77.6	81.6	75.4
Group Statement of Financial Position					
Investment properties	4,635.8	4,546.2	4,678.5	4,605.6	4,427.2
Shareholders' funds	3,191.2	3,276.9	3,382.5	3,448.4	3,360.0
Gearing	17.9%	19.2%	18.3%	14.9%	11.3%

*Excludes profits and losses from sale of investment properties, one off termination costs in respect of derivative financial instruments and gains or losses on investment properties, derivative financial instruments and foreign exchange.

Definitions

Annual General Meeting (AGM)

Gathering of the Directors and Shareholders once a year to discuss the previous year's activities and accounts.

Conservation area

An area of special architectural interest. Planning permission is required to carry out external alterations to buildings in a conservation area whether or not they are listed.

Considerate Constructors Scheme (CCS)

A non-profit-making, independent organisation founded in 1997 by the construction industry to improve its image. Construction sites, companies and suppliers voluntarily register with the Scheme and agree to abide by the Code of Considerate Practice, designed to encourage best practice beyond statutory requirements.

Derivative financial instrument

Includes currency and interest rate swaps, used to exchange US dollar debt to sterling.

Estimated rental value (ERV)

The open market rent which, on the valuation date, could be expected to be obtained on a new letting or rent review of a property.

Gearing

Net debt as a percentage of Shareholders' funds.

Harley Street Medical Area (HSMA)

A concentrated area of medical excellence in Marylebone. Home to hundreds of independent practitioners, small clinics and full scale hospitals, covering an unrivalled array of medical specialties and related professions.

Health and Safety Executive (HSE)

The body responsible for the encouragement, regulation and enforcement of workplace health, safety and welfare, and for research into occupational risks in the UK.

Interest cover

Performance profit divided by net finance costs.

Interest rate swap

A financial instrument where two parties agree to exchange an interest rate obligation for a pre-determined period of time. These are used to convert floating rate debt to fixed rates.

Investment property

A property that is held for the purposes of earning rental income or for capital appreciation or both.

Institution of Occupational Safety and Health (IOSH)

Chartered body for health and safety professionals.

Key performance indicators (KPIs)

Measures used by the Group to ensure that our business model is effective and our strategic objectives are met.

Last year

The financial year ended 31 March 2021.

Leasehold Reform Legislation

Legislation derived from the Leasehold Reform Act, including subsequent amendments and additions, which allows for the lessee of a residential property to extend the lease or acquire the freehold under certain provisions.

London Inter-Bank Offer Rate (LIBOR)

The average rate at which a selection of banks on the London money market are prepared to lend to one another.

Net debt

Total borrowings at forward contracted rates minus cash held.

Net finance costs

Interest payable excluding the finance charge relating to pensions, less interest receivable.

Passing rent

The annual rental income receivable as at the year end date. Excludes rental income where a rent free period is in operation.

Performance profit

Represents profit made from operations. Turnover less property outgoings and cost of sales and administrative expenses.

Private placement

Borrowings sourced from financial institutions other than banks, where loan notes are issued to investors.

Redevelopment

Substantial works undertaken which fundamentally alter the structure of properties, or parts thereof, to prevent them from becoming obsolete.

Refurbishment

Works undertaken to repair and maintain properties, or parts thereof, without significant structural changes, to prevent them becoming obsolete.

Rent roll

The annual contracted rental income at a particular point in time.

Revenue profit before tax

A measure of the recurring profit performance. Excludes profits and losses from the sales of investment properties, one off termination costs in respect of derivative financial instruments, gains or losses on revaluation of investment properties, gains or losses on derivative financial instruments and gains or losses on foreign exchange.

Scope 1, 2 and 3 emissions

Scope 1 refers to direct emissions from sources owned or controlled by the Group. Scope 2 refers to indirect emissions from purchased electricity. Scope 3 refers to all other indirect, upstream and downstream value chain emission sources not owned or controlled by the Group.

Scope 1 & 2 (location-based)

A location-based method reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.

Scope 1 & 2 (market-based)

A market-based method reflects emissions from electricity that the Group have purposefully chosen.

Shareholders' funds

The value of Shareholders' investment in the Group.

Shareholder value

A measure of the Group's ability to generate net asset increases for shareholders. It is represented by the increase in shareholders' funds, plus dividends paid during the year, expressed as a percentage of opening shareholders' funds.

Sterling Overnight Index Average (SONIA)

The average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional lenders.

This year

The financial year ended 31 March 2022.

UK Corporate Governance Code

The UK Corporate Governance Code is sponsored by the Financial Reporting Council (FRC). The FRC monitors the implementation of standards and promotes best practice by companies, by issuing guidance, such as the Code. The Code covers such issues as board composition and effectiveness, the role of board committees, risk management, remuneration and relations with shareholders.

Yield

The anticipated income return from an investment property.



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The paper is Carbon Balanced with The World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land.

Through protecting standing forests, under threat of clearance, carbon is locked in that would otherwise be released. These protected forests are then able to continue absorbing carbon from the atmosphere, referred to as REDD (Reduced Emissions from Deforestation and forest Degradation). This is now recognised as one of the most cost-effective and swiftest ways to arrest the rise in atmospheric CO₂ and global warming effects. Additional to the carbon benefits is the flora and fauna this land preserves, including a number of species identified at risk of extinction on the IUCN Red List of Threatened Species.

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