



National Audit Office



REPORT

# Investigation into residential property arrangements with members of the Royal family

The Crown Estate and The Royal Household

---

SESSION 2026-27

5 JUNE 2026

HC 26

## Key facts

---

**5**

residential properties occupied by members of the Royal family managed by The Crown Estate (TCE)

---

**7**

official residences provided to 11 working members of the Royal family at no charge within the occupied royal palaces in exchange for their official duties

---

**3**

residences held by non-working members of the Royal family typically charged at 60% of the open market value rent within the occupied royal palaces. Adjustment to reflect that properties are located within a secure cordon

---

<b>2,475</b>	residential properties managed by TCE as of May 2026
<b>255</b>	residential properties managed by The Royal Household (the Household) as of May 2026
<b>52</b>	properties transferred to the Household for it to use from TCE, under three Acts of Parliament
<b>28</b>	properties transferred from the Household to TCE between 1992 and 2024
<b>£3.6 million</b>	rental income generated by the Household in 2024-25 from renting out residential properties within the occupied royal palaces estate
<b>£21 million</b>	rental income generated by TCE in 2024-25 from its residential portfolio
<b>£1.1 billion</b>	net profit returned by TCE to HM Treasury in 2024-25

# Glossary

Term	Definition
Alienation	Refers to a clause within a lease agreement, outlining the tenant's ability to transfer their interest in a lease to another party. This is usually through assignment, underletting or subletting
Enfranchisement	This right is granted by the Leasehold Reform Act 1967 and gives the tenant of a leasehold house the right to acquire the freehold of and any other leasehold interests in that house
Freehold	A person (freeholder) who owns the freehold interest in a property has outright ownership of that property, i.e. the right to use and occupy the property indefinitely. A freeholder may choose to grant a lease of the property to a tenant
Grace and Favour	Properties, made available to the Sovereign, which are managed by The Royal Household, and principally for use by Sovereign grant funded employees to support the performance of duties. None of these properties are occupied for free
Ground rent	money paid by the owner of a building or apartment to the person who owns the land on which it has been built
Landlord	A person or organisation that owns a building or an area of land and is paid by other people for the use of it
Leasehold	The ownership of a property for a set period of time, but not the land it stands on, this remains under the ownership of the freeholder
Leaseholder	A person (tenant) who takes a lease of a property is given the right to use and occupy the property for the period specified in the lease. A lease is a private legal agreement between the tenant and the landlord that sets out the rights and responsibilities of both parties
Long leasehold (long-term lease)	A residential lease originally granted for a term of more than 21 years. The tenant has the statutory right to extend their lease term or collectively to acquire the freehold of the block, in accordance with the Leasehold Reform Act. Tenant pays an upfront premium payment with either annual ground rent or peppercorn rent depending on when the lease was agreed
Occupied royal palaces	Properties managed by the Royal Household and which are used for formal entertaining and ceremonial events, as well as office space and residential accommodation. They include: Buckingham Palace, St James's Palace including Clarence House, the residential and office areas of Kensington Palace, the Royal Mews and Royal Paddocks at Hampton Court and Windsor Castle, and buildings in the Home Park at Windsor
Open market value	The value of any property is the price it might reasonably be expected to fetch if sold in the open market at that time
Peppercorn rent	A very small amount of money paid as rent but in practice is zero pounds. Historically this represented 'a peppercorn'
Premium payment	A lease is sometimes granted on terms that require the payment of an upfront premium: a lump sum rather than rent through regular payments. A distinction is made between a premium paid for the grant of a lease and rent due under the lease

Term	Definition
Privy Purse	The private finances and estates of the Sovereign. It funds official expenditure incurred by other members of the Royal Family who perform official duties that is not met by the Sovereign Grant, at the discretion of the Sovereign
Rent	A regular payment to a landlord by a tenant in return for being allowed to possess and use the landlord's property
Residential properties	Property developed for people to live in, serving as a home for individuals and families
Short-term lease	Where a residential lease was originally granted for a term of less than 21 years, the tenant does not have the statutory right to extend their lease term. Tenant pays monthly or quarterly rent to the landlord
Sovereign Grant	Funds provided by the UK government to support the Sovereign in his official duties, including the maintenance of the Occupied Royal Palaces. The Sovereign Grant replaced the Civil List and grants-in-aid in 2012
Tenant	A person who pays rent for the use of land or a building
The Duchy of Cornwall	The Duchy of Cornwall was created in 1337 as an estate to provide an independent income. Today it generates an income to meet the official and private expenditure of The Prince and Princess of Wales. The Prince of Wales does not own the Duchy, but receives only the annual revenue it generates. His Royal Highness is not entitled to the capital of the Estate, which is spread across England and Wales with a concentration in the southwest of England
The Crown Estate	An independent commercial business set up by the Crown Estate Act 1961 to manage land and the seabed around England, Wales and Northern Ireland. It is a non-financial public corporation with a wide portfolio of land and property managed on behalf of the government. It is not the personal property of the Sovereign, and His Majesty receives no monies directly from it. Any revenue account profit from The Crown Estate is paid each year to HM Treasury
The Duchy of Lancaster	The Duchy of Lancaster is an estate belonging to the Sovereign, separate from the Crown Estate and made up principally of property in the northwest of England. Its main purpose is to provide an independent source of income for the Privy Purse and is used mainly to pay for official expenditure not met by the Sovereign Grant – primarily to meet official expenses incurred by other Members of the Royal Family. The Sovereign is not entitled to the Duchy of Lancaster's capital or capital profits
The Keeper of the Privy Purse	As the Accounting Officer for the Royal Household is responsible for safeguarding the public funds for which they are charged; ensuring propriety and regularity in the handling of those funds; and the day-to-day operations and management of The Sovereign Grant
The Royal Household	The Royal Household comprises five departments which support the Sovereign and members of the Royal family in their official duties. This includes the Privy Purse & Treasurer's Office, the Master of The Household's Department, the Private Secretary's Office, the Lord Chamberlain's Office, and the Royal Collection Trust, which is a registered charity and its trading subsidiary

## What this investigation is about

**1** In Autumn 2025, the Committee of Public Accounts launched an inquiry into residential property arrangements provided to members of the Royal family following correspondence with The Crown Estate (TCE), primarily related to Royal Lodge. In this report, we set out the arrangements for residential accommodation for members of the Royal family provided by two organisations – TCE and The Royal Household (the Household).

**2** TCE and the Household serve different objectives with distinct roles in relation to providing properties to members of the Royal family. They have separate arrangements to provide accommodation, with different financial terms in line with the overall purpose of each organisation. The Royal family have arrangements with both organisations.

- TCE operates independently from government to maintain and enhance property and land assets on behalf of the Crown. As at May 2026, TCE managed a portfolio of 2,475 residential properties in England and is required to achieve the best price in the circumstances when letting or selling properties, including those let to members of the Royal family.
- The Household directly supports members of the Royal family and maintains the occupied royal palaces through the Sovereign Grant. In May 2026, the Household managed 255 properties within the occupied royal palaces estate which provide residential accommodation to staff of the Household, members of the Royal family and their Households, and properties leased on the open market to private tenants. Its charges depend on a number of factors.

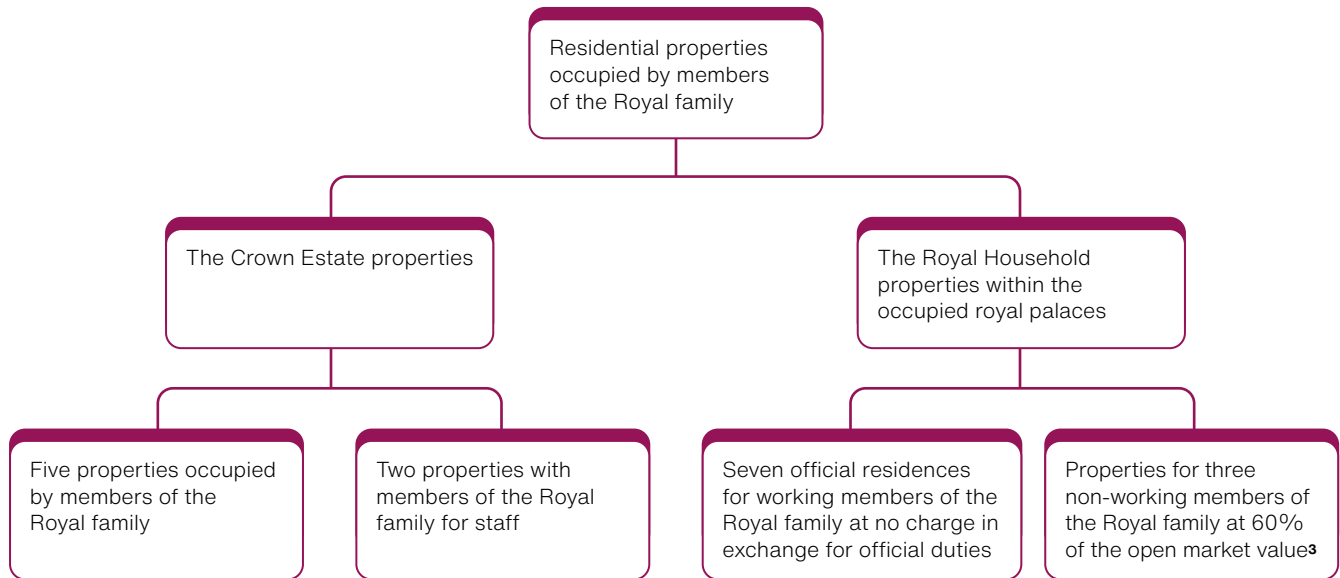
**3** Each organisation has a distinct portfolio of properties based primarily on location though for some areas, such as Windsor, properties are divided at a more local level. There are also arrangements in place and agreed in legislation where properties can pass between the two organisations at the request of the Sovereign (see paragraph 16). **Figure 1** overleaf provides an overview of the properties each manages which are provided to members of the Royal family.

**4** Both TCE and the Household have framework agreements in place with HM Treasury, their sponsor department, to define roles, responsibilities and accountabilities. A key difference is that TCE, as a self-funding public corporation, is not subject to spending controls or funding from government. In contrast, HM Treasury is responsible for issuing and monitoring the Household's spending of the Sovereign Grant. Both operate in accordance with the principles of *Managing Public Money*, guidance set by HM Treasury to ensure public funds are used responsibly and effectively.

## Figure 1

Summary of residential properties provided by The Crown Estate and The Royal Household to members of the Royal family, May 2026

There are different arrangements for members of the Royal family depending on the organisation managing the property



### Notes

- 1 The same member of the Royal family may occupy more than one property across both The Crown Estate and The Royal Household.
- 2 The occupied royal palaces also provide accommodation for staff, pensioners, private tenants and ceremonial figures.
- 3 This is due to properties being located within a secure cordoned area and requires tenants to have security clearance or vetting.

Source: National Audit Office analysis of The Crown Estate's and The Royal Household's data

## 5 We looked at:

- overview of the management of residential property arrangements with members of the Royal family (Part One);
- residential leases held by members of the Royal family and managed by The Crown Estate (Part Two); and
- The Royal Household's arrangements for providing properties within the occupied royal palaces in England to members of the Royal family (Part Three).

We also set out other residential accommodation provided to staff supporting members of the Royal family.

**6** There are several types of residential properties occupied by members of the Royal family and staff, from apartments within palaces to standalone houses and substantial estates. Some of these are privately owned by the Sovereign or the Duchies. We did not look at arrangements through the Duchies of Cornwall and Lancaster or other privately owned residences. This is a factual review, so the report does not seek to examine and report on value for money. It does not make recommendations.

**7** We have provided a glossary of terms for the report. All terms provided in the glossary are for the purposes of the report. They may not represent industry definitions.

## Key findings

Residential properties managed by The Crown Estate

**8 The Crown Estate (TCE) currently has five residential properties occupied by members of the Royal family and an additional two properties occupied by their staff.** This includes The Prince and Princess of Wales, The Duke and Duchess of Edinburgh and Andrew Mountbatten-Windsor. These leases are a mix of short- and long-term agreements, which have different characteristics, and vary in financial terms (**Figure 2** overleaf). The leases were agreed at the open market value of the time, and TCE sought independent, professional advice to inform decisions on the financial terms (paragraph 2.9 and Figure 7, and Appendix Two).

**9 TCE has standard processes for agreeing new leases and lease extensions, which it applies to its diverse residential property portfolio, but lease terms inevitably differ.** These processes include approval and delegation arrangements, input from independent valuation experts, and consideration of risk. While TCE applies these processes across all properties, individual arrangements vary depending on various factors, including location-specific considerations, differing legislative requirements, and the characteristics of each property (paragraphs 2.10 to 2.15; and Figure 8).

**10 TCE uses information from its processes to enter negotiations but ultimately leasing terms vary, reflecting the time, circumstances and condition of the property and preferences of the negotiating parties.** We reviewed four property leases occupied by members of the Royal family and two high-value comparators dating from 1971 up to the present day. In our sample, we found that while processes were followed, there were differences in final lease arrangements agreed for properties (paragraphs 2.13 and 2.14). For example:

### a Lease terms and types vary

- Forest Lodge, the most recently leased property, is a short-term 20-year lease with quarterly rent payments and no upfront deposit due to The Prince and Princess of Wales funding all internal refurbishment costs. Whereas, on a similar property let on a short-term two-year lease an upfront deposit was required as TCE are responsible for funding all internal refurbishments (paragraph 2.14 and Figure 7).
- The long-term leases we reviewed all required an upfront premium payment, with either an annual ground rent, (Thatched House Lodge) or peppercorn rent (Royal Lodge, Bagshot Park and comparison property). The value of these payments varies considerably which TCE believes reflects the differing property sizes, location and market conditions at the time at which they were agreed (paragraphs 2.12 and 2.14).

## Figure 2

The Crown Estate's (TCE's) residential properties occupied by members of the Royal family, May 2026

**Five properties are occupied by members of the Royal family with an additional two properties occupied by staff members**

Leaseholder/occupant	Property name
The Prince and Princess of Wales	Forest Lodge, Windsor Estate
	Staff Lodge 1, Windsor Estate
Andrew Mountbatten-Windsor	Royal Lodge, Windsor Estate
	Staff Lodge 2, Sunninghill Park <sup>1</sup>
Marina Ogilvy	Cottage, Windsor Estate
Eclipse Nominees Limited Occupied by The Duke and Duchess of Edinburgh	Bagshot Park, Windsor Estate
Princess Alexandra and THL Trust	Thatched House Lodge, Richmond Park

### Note

<sup>1</sup> In February 2026, Andrew Mountbatten-Windsor contacted TCE to request surrender of the lease on Staff Lodge 2. As of 31 May 2026, the tenant, an employee, remained in the property with a tenancy end date of July 2027.

Source: National Audit Office analysis of The Crown Estate's data

### **b Leases have different rights within the agreements**

- Bagshot Park, Thatched House Lodge and Royal Lodge leases have subletting provisions, enabling the residents to generate income themselves with permission from TCE. For example, The Duke and Duchess of Edinburgh reside at Bagshot Park and generated income by renting out the stable block up to 2020. Similarly, three cottages on the Royal Lodge estate were also sublet with income generated from subletting payable to Andrew Mountbatten-Windsor. We do not know what rent was charged (paragraph 2.14).
- The leases for Bagshot Park and Thatched House Lodge are assignable and can be passed onto named persons or organisations with the permission of TCE. One property is leased to a company and the other a trust. Thatched House Lodge currently has two leaseholders: Princess Alexandra and THL Trust (paragraph 2.14).

- c **The responsibility for repair and renovation costs differs:** The lease type and conditions dictate the responsibility for refurbishment and renovation costs. Typically, short-term lease repair and refurbishment costs are met by the landlord, and with long-leases, the responsibility falls to tenants. For example, Royal Lodge was negotiated based on the tenant, Andrew Mountbatten-Windsor, committing to spend £7.5 million to renovate the lodge, which reduced the capital premium payment to £1 million and a peppercorn rent. Conversely, TCE pays for the refurbishments of short-term lease properties including around £400,000 to repair Forest Lodge, the three cottages and property grounds, in line with its obligations as the landlord, ahead of The Prince and Princess of Wales moving in, in 2025 (paragraph 2.14).
- d **Early surrender clauses:** Royal Lodge is the only lease we reviewed with an early surrender clause and possible compensation. This means Andrew Mountbatten-Windsor could be entitled to a compensation payment of £301,967.66, assuming a lease surrender date of 30 October 2026 and depending on the condition of the property when handed back. The amount due will depend on dilapidation costs at handover which, at the time of publication, had not yet been assessed. TCE told us the clause was put in place to acknowledge the large investment made by the Andrew Mountbatten-Windsor at the start of the lease. TCE is currently waiting to assess the final condition of the property (paragraph 2.14).

## Properties provided through The Royal Household

**11 The Household has policies setting out the financial arrangements for use of space and facilities within the occupied royal palaces estate.** The amount of rent payable depends on who the tenant is, whether their use is deemed as required for official duties, or whether the accommodation is within a secure location. Any rental income generated supplements the Sovereign Grant to help meet the costs of maintaining the estate (paragraph 3.5, 3.6, 3.8, 3.9, 3.16 and, Figures 10 and 11).

**12 Eleven members of the Royal family occupy seven official residences within St James's Palace and Kensington Palace and use these at no charge in return for their official duties assisting the Sovereign.** This includes, The Prince and Princess of Wales, The Duke and Duchess of Gloucester, The Duke of Kent, The Princess Royal, The Duke and Duchess of Edinburgh, and Princess Alexandra as well as The King and Queen. This is a long-standing arrangement. In addition, 21 other post-holders (17 military knights performing ceremonial duties, three military secondees and a member of the clergy) hold accommodation at no charge within the occupied royal palaces (paragraphs 3.8 to 3.11 and, Figures 11 and 12).

**13 The Household's policy is to charge an adjusted rent at typically 60% of the open market value for non-working members of the Royal family.** This is due to the properties being located within a secure cordoned area, limiting who can reside there as tenants require security clearance or vetting. Three properties are rented to non-working members of the Royal family in the occupied royal palaces and paid by the Privy Purse. They are Princess Beatrice, Princess Eugenie, and The Prince and Princess Michael of Kent. We reviewed these three rental agreements and available valuations and found:

- Up until 2026, rent for the Princesses Eugenie and Beatrice had been set using open market valuations from 2018 for Princess Eugenie and 2020 for Princess Beatrice. There is no recorded valuation on the lease for The Prince and Princess Michael of Kent prior to 2026.
- Between March and April 2026 new open market valuations were commissioned on all three properties, which indicated little change in market values being used to calculate the rent.
- Rents were not consistently set at 60% of the open market value available at the time (paragraphs 3.12 to 3.15, and Figure 12).

**14 The Household generates rental income by charging for residential properties within the occupied royal palaces estate, amounting to £3.6 million in 2024-25.**

As at May 2026, the Household had 255 properties available for use within the occupied royal palaces. The majority (226), of these are provided at a charge. Of these:

- 145 of residential properties within the occupied royal palaces estate are used by Household staff who contribute a proportion of their salaries towards accommodation costs. The current rate is set at 16.7% of the staff member's gross pensionable salary;
- 32 properties are privately rented units within the palaces that are available on the open market as they sit outside the security cordon. The Household told us that rent is calculated at open market value based on valuations and/or guidance provided by independent estate agents, factoring in market conditions and comparator properties;
- 12 properties located within a secure cordoned area are charged an adjusted rate, typically 60%, due to the limited number of tenants or residents who can reside within this area including three non-working members of the Royal family;
- eight long-term former employees (pensioners who served for a minimum of 20 years) also reside in the occupied royal palaces and pay rent based on a combination of pensionable income and personal circumstances; and
- 29 properties are not rented, with eight properties currently vacant, 16 undergoing refurbishment, and five being used as welfare spaces for building contractors (paragraphs 1.10, 3.4, 3.5, 3.9, and Figures 9 to 11).

## Properties shared or transferred between TCE and the Household

**15 In addition to the occupied royal palaces and leases with TCE there are 100 purpose-built accommodation units for former employees of the Household and TCE.** Under an agreement, TCE built the accommodation in Windsor in the 1950s to 1970s to house pensioners of the Household and TCE. Forty-three of these are used by the Household for staff and former employees, and the remaining 57 units are allocated to pensioners of TCE or let to staff and the open market where there are vacant units not needed to house pensioners. The Privy Purse pays an agreed total annual fee of £12,980 to TCE as an occupancy charge based on an agreed interest charge on the original building costs (paragraphs 1.23, 3.17 and Figure 4).

**16 Properties move between TCE and the Household at the request of the Sovereign under established Acts of Parliament with formal review by HM Treasury.**

There are currently 52 properties which have been transferred to the Household from TCE. Forty-four are residential flats and cottages located in Windsor for use by the Household for staff and pensioners. Of the remaining eight, four are used by TCE staff, and four are non-residential and occupied by third parties. These are regarded as 'grace and favour' properties and are in addition to the purpose-built properties for pensioners. These are included within the 255 properties that the Household manage, mentioned in paragraph 14.

- 29 properties were made available to the Household under two Acts from 1841: the Frogmore House Act and the Kensington Gardens Palace Act.
- 23 properties have been made available for the Household to use under The Crown Estate Act 1961.
- There have been no requests from the Sovereign for properties to be transferred over from TCE in the last 30 years. Between 1992 and 2024, the Sovereign gave 28 properties back to TCE and the Household and TCE are in early discussions about the return of further properties.
- Four of the current properties occupied by members of the Royal family from TCE were formerly 'grace and favour' and managed by the Household. They are Forest Lodge, Royal Lodge, Thatched House Lodge and Bagshot Park (paragraphs 1.19 to 1.22, and Figure 4).