



National Audit Office



REPORT

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


The Crown Estate and The Royal Household

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National Audit Office

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

## The Crown Estate and The Royal Household

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### Report by the Comptroller and Auditor General

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National Audit Act 1983 for presentation to the House  
of Commons in accordance with Section 9 of the Act

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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**28 May 2026**

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# Contents

**Key facts** 4

**Glossary** 5

**What this investigation is about** 7

## **Part One**

Overview of the management of residential property arrangements with members of the Royal family 14

## **Part Two**

The Crown Estate 21

## **Part Three**

The Royal Household 30

## **Appendix One**

Our investigative approach 38

## **Appendix Two**

Update to residential property leases occupied by members of the Royal family since 2005 42

## **Appendix Three**

New residential property leases with members of the Royal family since 2005 46

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## Key facts

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**5**

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

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**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

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**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

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<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.

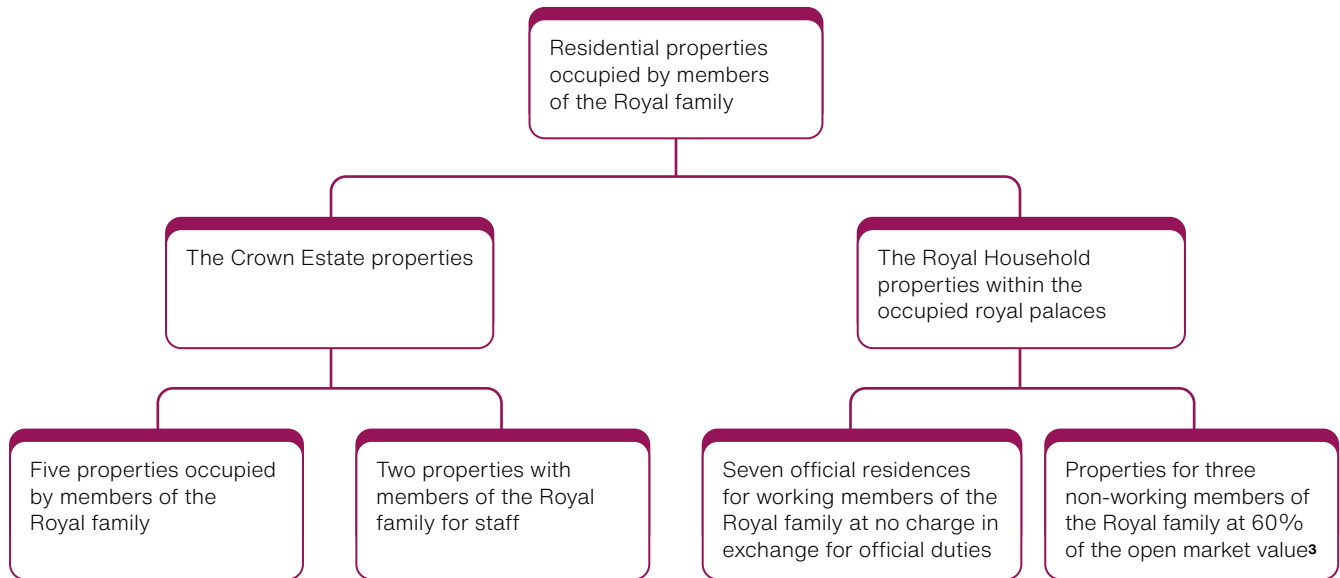
**3** Each organisation has a distinct portfolio of properties based primarily on location though for some areas, such as Windsor, properties are divided at a more local level. There are also arrangements in place and agreed in legislation where properties can pass between the two organisations at the 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).

# Part One

## Overview of the management of residential property arrangements with members of the Royal family

**1.1** In this section we summarise the different types of residential arrangements with members of the Royal family for properties that are held or managed by The Crown Estate (TCE) and The Royal Household (the Household). We provide an overview of these two organisations that manage these arrangements and set out how the two organisations interact with each other. We do not consider residences and estates such as Balmoral and the Duchies of Cornwall and Lancaster as these are privately owned.

### Types of residential properties

**1.2** There are several types of properties occupied by members of the Royal family, from apartments within palaces to substantial estates with houses, gardens and associated cottages. Some of these fall within the remit of the Household, others are under the control of TCE, and individuals can have properties provided by either or both organisations. Each comes with its own agreement in terms of the type of leasehold (lease), the length of lease and the financial arrangements. The main factors affecting these arrangements are:

- who is responsible for managing the property;
- the location of the property;
- the relevant legislation;
- the type of tenant (staff or former-staff member and working or non-working member of the Royal family); and
- the status of the property (official residence and other residences).

We explore each of these in more detail in Parts Two and Three.

**1.3** His Majesty The King also owns, manages and funds properties as a private individual and separately from his role as Sovereign. These properties are maintained from the Privy Purse and not through public funds. These properties include Balmoral Castle and Sandringham House and their associated estates.

## **The Crown Lands Act**

**1.4** The Crown Lands Act 1851 reorganised how the crown properties and land known as the ‘Crown lands’ were managed by separating the public interest elements (including palaces and castles) from the commercial revenue generating functions.<sup>1</sup> The revenue-generating functions eventually became the responsibility of what is now The Crown Estate. The public functions, which included the maintenance and management of royal palaces, became the responsibility of different government departments and the Household.

## **Responsibility for managing residential properties used by members of the Royal family**

**1.5** There are two organisations – TCE and the Household – who provide properties to members of the Royal family. Each operates within its own legislation and framework which sets out its objectives, role and remit, and relationship with government. Each provides different types of accommodation (**Figure 3** overleaf).

### The Royal Household

**1.6** The Household is responsible for supporting the Sovereign and other members of the Royal family in their official duties. The Sovereign receives income from the Duchy of Lancaster, which is a private estate held by the Sovereign for the benefit of the present and future Sovereigns and is also used by The King to support other working members of the Royal family. The Household is funded from public funds allocated through The Sovereign Grant Act 2011, referred to as the ‘Sovereign Grant’.<sup>2</sup> The Sovereign Grant Act 2011 streamlined funding arrangements by replacing the civil list and grants-in-aid with a single grant, which was first paid in 2012.

**1.7** The main objectives of the Household are to:

- support the Sovereign in serving the nation as Head of State, while ensuring that value for money is achieved;
- maintain the occupied royal palaces as buildings of State to a standard consistent with the Household’s operational requirements and with the royal, architectural and historic status of the buildings in a manner which ensures value for money; and
- seek to contract in the most economical and efficient manner for the supply of all services, consistent with the appropriate safety and security requirements.

<sup>1</sup> *Crown Lands Act 1851*, chapter 42, available at: [www.legislation.gov.uk/ukpga/Vict/14-15/42](http://www.legislation.gov.uk/ukpga/Vict/14-15/42), accessed May 2026.

<sup>2</sup> *The Sovereign Grant Act 2011*, available at: [www.legislation.gov.uk/ukpga/2011/15/contents](http://www.legislation.gov.uk/ukpga/2011/15/contents), accessed March 2026.

**Figure 3**

## Overview of the responsibility and management of residential properties occupied by members of the Royal family

**The Crown Estate (TCE) and The Royal Household manage residential properties in different ways**

	The Crown Estate	The Royal Household
Role	A public corporation responsible for managing land, property and the seabed in the right of the Crown.	Supports the Sovereign and other members of the Royal family in their official duties including the maintenance of the occupied royal palaces.
Funding source	Self-funded via income from property, land and licensing of the seabed. <sup>1</sup>	Sovereign Grant and Privy Purse.
Properties available	Portfolio of houses and flats (via short or long-term leases) in England, Northern Ireland and Wales. <sup>2</sup> Majority available to public. <sup>3</sup>	Residences/offices for members of the Royal family and staff within occupied royal palaces. A limited number are available to rent on the open market outside of the secure cordoned area.
Payment arrangements for properties	Tenants sign leases with agreed financial terms with monthly or quarterly rent or upfront premium payments.	Depends on working status of the tenant and number of residences.

**Notes**

- 1 Up until 2025-26, TCE received funding from Parliament to contribute towards board members' salaries and the expense of their office under The Crown Estate Act 1961. In 2024-25, this was £2 million. The changes made in The Crown Estate Act 2025 mean that, from 2026-27 onwards, TCE will no longer receive this funding.
- 2 TCE's residential properties are all located in England.
- 3 TCE also manages agricultural land and commercial property. These are excluded from the data.

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

**1.8** The Sovereign Grant Act 2011 sets out the areas for which the Sovereign Grant can be used, specifically to fund:

- the central staff costs and running expenses of His Majesty's official Household;
- the maintenance of the occupied royal palaces; and
- the cost of The King's travel on official engagements and travel by members of the Royal family representing His Majesty.

**1.9** The Sovereign Grant remained the same from financial year 2021-22 to 2024-25, at an annual total budget of £86.3 million. This covers both the core budget (£51.8 million) and reservicing programme budget for Buckingham Palace (£34.5 million). The grant increased in 2025-26 to £132.1 million (£72.1 million core budget and £60 million reservicing) and is set at £137.9 million for 2026-27.

**1.10** In May 2026, the Household had 255 properties available to staff, pensioners, military knights, members of the Royal family, or private tenants, within the occupied royal palaces. Income generated from the use of the occupied royal palaces estate supplements the Sovereign Grant for the maintenance of the properties across the estate. In 2024-25, the Household generated an income of £21.5 million, which offset the spend over and above the Sovereign Grant budget.<sup>3</sup>

**1.11** HM Treasury is the sponsoring government department and is responsible for issuing and monitoring spend through the Sovereign Grant to ensure it is in line with a framework agreement between HM Treasury and the Household. The framework also sets roles and responsibilities, governance and accountability arrangements.

**1.12** In addition to the Sovereign Grant, official duties of members of the Royal family and maintenance of the occupied royal palaces are funded by other sources. For example, the Royal Collection Trust provides funding to manage public access to official residences and, the Privy Purse, through the Duchies of Lancaster and Cornwall, are used as official and private expenditure for working members of the Royal family.<sup>4</sup>

## The Crown Estate

**1.13** TCE is an independent self-funding public corporation that acts in the national interest to manage land, property and the seabed across England, Wales and Northern Ireland on behalf of the Sovereign 'in the right of the Crown'.<sup>5</sup> TCE's remit is set by The Crown Estate Act 1961 as amended by The Crown Estate Act 2025 (the Act). A framework agreement with HM Treasury (details below) states its objectives are to:

- maintain and enhance land and other assets which it holds on behalf of the Sovereign 'in the right of the Crown'; and
- pay its net revenue profit each year to the consolidated fund.

**1.14** TCE aims to deliver these objectives by securing long-term value from the land and assets it manages. It operates independently of government and the Sovereign, which means that even though the Sovereign owns the estate, the Sovereign does not manage or make decisions about its assets. The Act gives TCE the freedom to sell and lease assets subject to certain limitations. This includes a maximum lease term of 150 years and restrictions on the disposal of land within protected areas, such as parts of the Windsor Estate and Regents Park. Section 5 of the Act places a duty on TCE's Commissioners to maintain the Windsor Estate as a Royal park and forest.

<sup>3</sup> Income included £4 million from property rental, £10.5 million from facilities management charges, and £7 million of recharges and other income.

<sup>4</sup> The primary purpose of the Royal Collection Trust is to care for the Royal Collection and look after visitors to the Royal Palaces.

<sup>5</sup> Under the Scotland Act 2016, assets owned by the Sovereign in Scotland were devolved to The Crown Estate Scotland operating under The Scottish Crown Estate Act 2019 (*Scottish Crown Estate Act 2019*, available at: [www.legislation.gov.uk/asp/2019/1](http://www.legislation.gov.uk/asp/2019/1), accessed May 2026).

**1.15** HM Treasury is also TCE's sponsor department and the Chancellor of the Exchequer is its sponsoring minister. TCE operates within an agreed framework with HM Treasury in accordance with the principles of *Managing Public Money*. As public corporations are not usually subject to *Managing Public Money*, HM Treasury's role on a day-to-day basis is limited. However, it discusses strategy and business plans with TCE and is informed of progress and how resources are being used to deliver plans. HM Treasury oversee the appointment of non-executive directors, and the Chief Executive. Although not subject to spending controls, TCE is expected to inform HM Treasury of any novel, contentious or repercussive matters relating to spending, income or finance.

**1.16** TCE is responsible for generating profit from the land and assets it manages. The profit covers TCE's operating costs, and it retains a percentage of its profit to cover maintenance costs across the portfolio and capital for investment opportunities.<sup>6</sup> The net profit is provided to HM Treasury and forms the basis of the budget for the Sovereign Grant which funds the official duties of the Sovereign and maintenance of the occupied royal palaces. In 2024-25, TCE generated a gross profit of £1.6 billion, and returned a net profit of £1.1 billion. It has returned a total of £3.3 billion in the last five years.

**1.17** In 2025, The Crown Estate Act 2025 came into law, with seven amendments to the Act which:

- allowed TCE for the first time to access borrowing and to invest more flexibly with approval from HM Treasury;
- allowed an increase in the number of commissioners on TCE's board from eight to 12, with the salaries and expenses of commissioners, including staff appointed by them to be paid out of the income of TCE; and
- focuses on sustainable development.

## **Relationship between The Crown Estate and The Royal Household**

**1.18** Although TCE and the Household manage distinct and separate portfolios, established Acts of Parliament allow for properties to be transferred from one to the other for specific uses.

### Transfer of properties at the request of the Sovereign

**1.19** There are three pieces of legislation defining how properties move between the two organisations. The Frogmore House Act 1841 and the Kensington Gardens Palace Act 1841 moved a set of Windsor properties from TCE to the Household and would need to be repealed in legislation for these properties to be moved back. The Crown Estate Act 1961 allows houses to be moved between the two bodies at the request of the Sovereign and can be made on terms approved by HM Treasury (**Figure 4**).

<sup>6</sup> In 2024-25, TCE retained 27% (£441 million) of its gross profit for income retained as capital.

**Figure 4**

Properties transferred from The Crown Estate (TCE) to The Royal Household (the Household), May 2026

There are currently 52 properties under grace and favour arrangements, and 43 pensioner accommodation

Transfer mechanism	Number of properties	Location	Occupants
Frogmore House Act 1841	16 flats/cottages	Annexed to Windsor Castle	Staff and pensioners, two TCE staff members and one non-residential
Kensington Gardens Palace Act 1841	13 flats/cottages	Appended to Windsor Castle	Staff and pensioners, one TCE staff member and one non-residential
The Crown Estate Act 1961	23 cottages/lodges	The Windsor Estate	Staff and pensioners, one TCE staff member and two non-residential
Agreement between TCE and the Household	43 flats/bungalows	Two sites across the Windsor Estate	Pensioners <sup>2</sup>

**Notes**

- 1 As at May 2026, 32 grace and favour properties are occupied by Household staff including the Chaplain, four are awaiting refurbishment, one is awaiting funding for refurbishment, four are occupied by pensioners, two are vacant, one is used for caretaker accommodation, four are non-residential properties and four are occupied by TCE staff.
- 2 Of the 43 purpose-built pensioner accommodation, 33 are occupied by pensioners, three are vacant, three are used for staff, two are used as accommodation for family/friends, and two are occupied by individuals connected with The Royal Household.

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

**1.20** Houses transferred between the Sovereign and TCE are commonly referred to by TCE and the Household as 'grace and favour' properties. However, unlike the commonly held definition – "a grace-and-favour home is owned by a sovereign, a government, etc. and given for someone to live in or use without paying rent, usually because of their job" – none of these properties are occupied for free.<sup>7</sup> For these properties, the financial arrangements vary and depend on several factors, including who the tenant is and the role they perform.

**1.21** Currently, there are 52 properties which have been transferred from The Crown Estate under these three Acts. Under the Frogmore House Act 1841 and Kensington Gardens Palace Act 1841, 29 properties were given over to the Sovereign in 1841. Forty-four of these properties are occupied by Household staff or pensioners with repair and the upkeep being the responsibility of the Household through the Privy Purse. Of the remaining eight, four are occupied by TCE staff and four are non-residential and occupied by third parties.

<sup>7</sup> Definition taken from Cambridge online dictionary available at: [www.dictionary.cambridge.org/dictionary/english/grace-and-favour?q=%27grace+and+favour%27](http://www.dictionary.cambridge.org/dictionary/english/grace-and-favour?q=%27grace+and+favour%27)

**1.22** The Crown Estate Act 1961 allows any house forming any part of TCE's estate to be transferred into or out of the control and management of TCE to the Sovereign. Similarly, the Sovereign has the ability to transfer any house currently under its management to TCE.<sup>8</sup> Between 1992 and 2024, the Sovereign used this Act to hand 28 properties back to TCE, with nothing returned to TCE since then. The Household and TCE are in early discussions about the return of further properties. There have been no requests for properties to be transferred over to the Sovereign for use under 'grace and favour' in the last 30 years. TCE told us that four of the current properties it leases to members of the Royal family were formerly 'grace and favour' and were transferred back to TCE by the Household in the 1940s to early 2000s. This includes Forest Lodge, Royal Lodge, Thatched House Lodge and Bagshot Park.

**1.23** In addition to those properties that have been transferred under Acts of Parliament, there are also 43 properties in Windsor that are made available to the Household for a nominal fee under an agreement with TCE. In the 1950s through to the 1970s, TCE built 100 units with the purpose of providing accommodation to former Household and TCE staff. The Household pays TCE a total annual occupation charge of £12,980 from the Privy Purse based on an agreed interest charge on the original building costs, for all 43 of these properties. The Household is responsible for the internal repair of the properties with TCE responsible for the external decoration, repair and insurance. The remaining 57 properties house pensioners of TCE who pay rent based on a percentage calculation of their final pensionable salary at the time of retirement.<sup>9</sup>

<sup>8</sup> There is no legal transfer of the property title; this always remains in the name of the Sovereign.

<sup>9</sup> Pensioner accommodation is made available to TCE employees who were employed prior to 1 April 1995 with a minimum continuous service of 15 years with allocated accommodation during their service period and who did/do not own their own property. Rent is based on 1/80th of their final salary and an assumption of 40 years' service, regardless of time served.

## Part Two

### The Crown Estate

**2.1** This part outlines The Crown Estate's (TCE's) portfolio, and its approach for leasing residential properties to members of the Royal family. It explains the differences between the types of leases TCE manages, and the process TCE take when arranging leases.

#### **The Crown Estate's portfolio**

**2.2** TCE's portfolio is varied and includes the following: a marine portfolio managing the seabed<sup>10</sup> and most of the coastline around England, Wales and Northern Ireland, supporting the UK's offshore wind development; commercial and residential property developments across England; and rural land management. As of 31 March 2025, TCE had four business areas: London, Marine, Regional and Windsor and Rural valued at £13.4 billion (**Figure 5** overleaf).<sup>11</sup>

**2.3** TCE's portfolio also includes properties that fall within the Windsor Estate (Windsor) and Richmond Park, some of which are leased to members of the Royal family (see Figure 7 and Appendices Two and Three).<sup>12</sup>

#### **The Crown Estate's residential portfolio**

**2.4** As part of its portfolio, TCE manages 2,475 residential properties across England, Northern Ireland and Wales, as at May 2026.<sup>13</sup> The types of property range from substantial high-value listed buildings to blocks of flats and cottages. Tenants vary from the public, companies or governments, for example embassies and members of the Royal family. As at May 2026, 82 properties were vacant and 90 properties were occupied by TCE staff, provided as part of their employment. TCE's policy is for staff to pay 21.4% of their gross salary as rent.

<sup>10</sup> TCE has responsibility for the seabed out to 12 nautical miles.

<sup>11</sup> As of 31 March 2026, TCE had restricted to three business areas: Urban, Marine and Windsor Estate and Rural.

<sup>12</sup> The Windsor Estate includes Windsor Great Park, Home Park, Sunninghill Park and Swinley Forest.

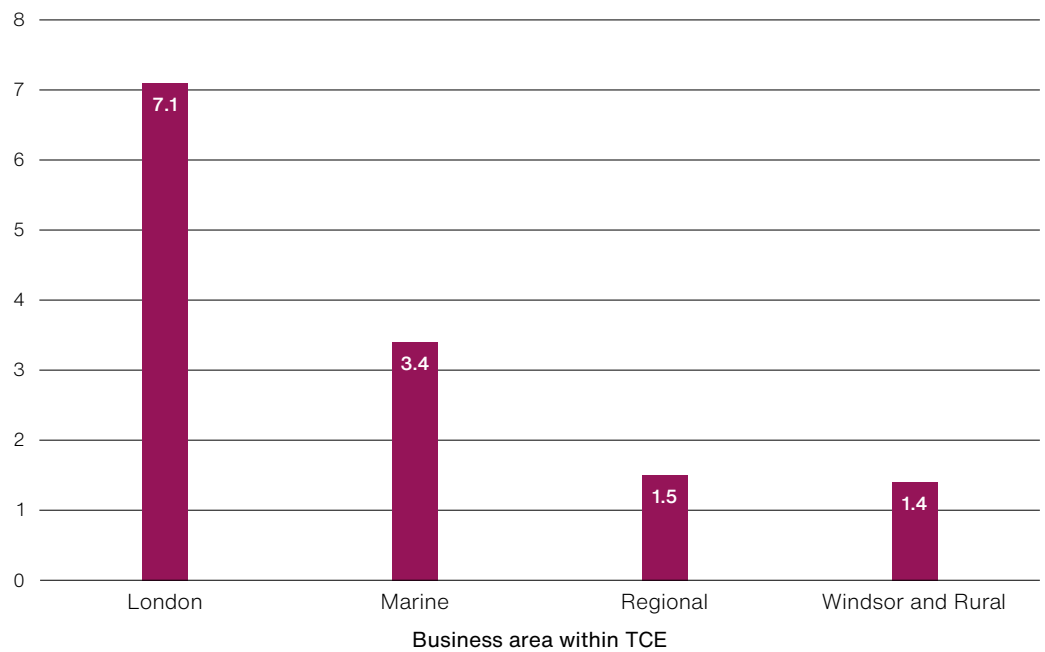
<sup>13</sup> As of May 2026, all TCE's residential properties were located in England.

**Figure 5**

Value of The Crown Estate’s (TCE’s) land and property portfolio, by business area, March 2025

TCE’s portfolio is valued at **£13.4 billion** with over half in the London area

Valuation of portfolio (£bn)



**Notes**

- 1 'Marine' includes the seabed to 12 nautical miles and foreshore around England, Wales and Northern Ireland.
- 2 'Windsor and Rural' includes the management of rural and farmland including the Windsor Estate.
- 3 'London and Regional' include real estate assets in retail and leisure, and property development.

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

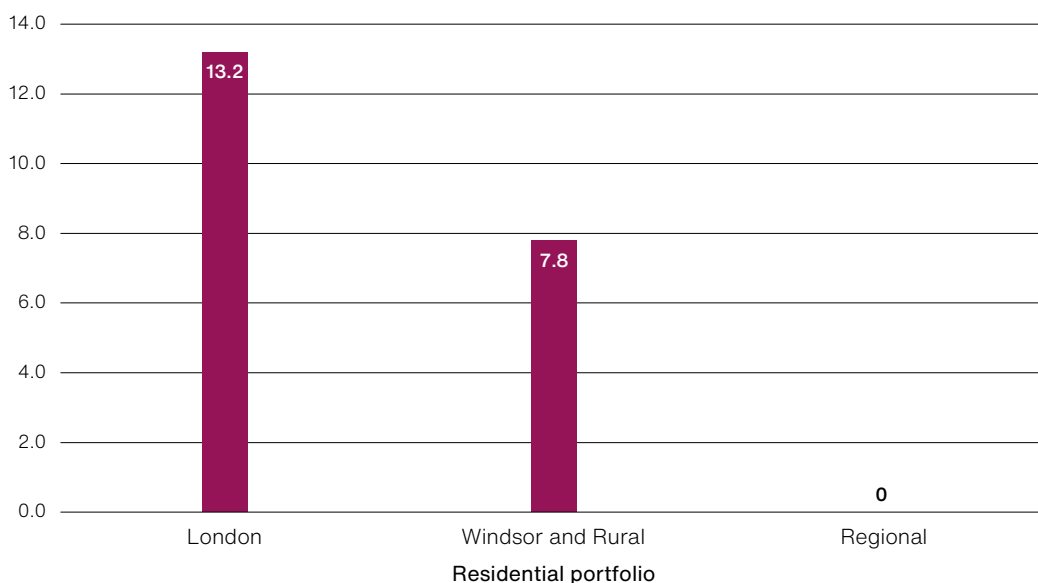
**2.5** In 2024-25, TCE’s residential assets made up approximately 8% (£1.1 billion) of TCE’s portfolio capital value (£13.4 billion). The London portfolio is the largest, valued at £808 million with the Windsor portfolio valued at £247 million. The majority of TCE’s residential properties are in London (1,614) and Windsor (644). In 2024-25, TCE reported an income of £21 million for its residential portfolio. London was the largest income earner, responsible for 63% (£13.2 million) of total income from residential properties (**Figure 6**).

**Figure 6**

The Crown Estate's (TCE's) rental income from residential properties in 2024-25

**TCE had a rental income of £21 million from residential properties**

Rental income from residential properties (£mn)

**Notes**

- 1 Income is based on passing rent. Passing rent is the contracted rent that is due.
- 2 Regional value is zero as no passing rent was paid in 2024-25.
- 3 'Regional' includes properties in Oxford, Birmingham and Worcester.

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

**Types of residential leases used by The Crown Estate**

**2.6** TCE uses two types of leases for residential property: short-term leases of up to 21 years, and long-term leases from 21 to 150 years. The difference in lease length relates to the impact of two Acts of Parliament: the Leasehold Reform Act 1967 and the Leasehold Reform, Housing and Urban Development Act 1993.<sup>14</sup> These Acts give leaseholders the right to buy the freehold title of their property or extend the lease of their property in a process known as 'enfranchisement'.

**2.7** TCE is not bound by the legislation of either Act as it operates under The Crown Estate Act 1961. However, TCE provides Parliament with a commitment to voluntarily operate in accordance with the legislation, where possible, apart from in protected areas of the estate. In these areas, for example, Windsor, tenants are unable to obtain the freehold of their properties. Where appropriate, they may be able to extend their lease up to 90 years, to a maximum aggregate of 150 years.

<sup>14</sup> *Leasehold Reform Act 1967*, available at: [www.legislation.gov.uk/ukpga/1967/88/contents](http://www.legislation.gov.uk/ukpga/1967/88/contents), accessed March 2026; and *Leasehold Reform, Housing and Urban Development Act 1993*, available at: [www.legislation.gov.uk/ukpga/1993/28/contents](http://www.legislation.gov.uk/ukpga/1993/28/contents), accessed March 2026.

**2.8** In 2024-25, 974 (39%) of TCE's residential properties were leased on a short-term basis, with 1,501 (61%) on a long-term basis. The breakdown of the residential portfolio by lease type varies between location. In London, the majority of properties (1,296 (80%)) are on long-term leases, whereas in Windsor, 511 (79%) are on short-term leases.

The Crown Estate's residential leases occupied by members of the Royal family

**2.9** TCE currently has five residential properties occupied by members of the Royal family, and an additional two properties occupied by their staff (**Figure 7**). Four are short-term lease agreements, and three are long-term. Further details are in Appendices Two and Three.

Differences between short- and long-term leases

**2.10** There are several differences between the characteristics of short- and long-term leases (**Figure 8** on page 26). For example, short-term leases usually require a deposit and regular rent payment, whereas long-term leases involve an upfront larger 'premium' payment to 'buy out' ground rent of the lease term with an agreed 'peppercorn' rent.

**2.11** The role of TCE also differs between lease types. TCE is more involved in the ongoing management of short-term leases as the landlord, as it is responsible for the maintenance and repair, including periodic inspections of the property. The role of TCE for long leases is narrower and could involve specific requests by the tenant, for example, a lease extension, licence request or where there is a known or suspected breach of the lease which may require a property inspection. The responsibility for ongoing maintenance and repairs sits with the tenant.

**2.12** TCE told us there are several factors that influence the type of lease negotiated when considering leasing options for residential properties. These include the following:

- **Generation of income:** Short- and long-term leases generate income in different ways. Short term leases typically provide a regular payment of rent, usually on a monthly or quarterly basis, whereas long-term leases involve an upfront 'premium' payment, providing TCE with a capital lump sum to reinvest elsewhere.
- **Condition of the property:** Properties often require refurbishment or renovation ahead of a tenant moving in. TCE can negotiate with tenants for long-term leases to pass on the costs of repair and maintenance to the tenant, which for larger properties can be at a substantial financial cost. For short-term leases, TCE would pay for upgrades, with the agreement of the tenant as part of the tenancy negotiations.
- **Risk of enfranchisement:** TCE's portfolio is protected from being subject to enfranchisement due to Crown immunity. However, TCE aims to further minimise this risk, where possible, by securing short-term leases below 21 years, thus preventing the possibility of leaseholders buying the freehold of a property.

**Figure 7**

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

TCE has five residential properties occupied by members of the Royal family and another two for staff members

Leaseholder/ occupied by	Property name	Lease term and type	Financial arrangements	Latest activity
The Prince and Princess of Wales	Forest Lodge, Windsor Estate	Short leasehold	Rent of £307,200 per annum, reviewed every five years	Lease started on 5 July 2025.
The Prince and Princess of Wales	Staff Lodge 1, Windsor Estate	Short leasehold common law tenancy	Rent of £19,800 per annum, reviewed annually	Lease started in August 2022. Latest lease renewal in May 2025.
Andrew Mountbatten-Windsor	Staff Lodge 2, Sunninghill Park	Short leasehold common law tenancy	Rent of £12,922 per annum, reviewed every three years	Latest lease renewal started in July 2020 and expires in July 2027. Andrew Mountbatten-Windsor requested an early surrender of this lease in February 2026. As of 31 May 2026, discussions were ongoing regarding the return of the property to TCE.
Andrew Mountbatten-Windsor	Royal Lodge, Windsor Estate	Long leasehold	Premium payment of £1 million <sup>4</sup>	Andrew Mountbatten-Windsor submitted an early surrender of lease serving 12 months' notice on 30 October 2025. Property to return to TCE by October 2026.
Marina Ogilvy	Cottage, Windsor Estate	Assured Shorthold Tenancy (AST)	Rent of £17,436 per annum, reviewed every three years	As of 1 May 2026, under the Renters' Rights Act, this AST has automatically converted into a rolling Periodic Tenancy.
Eclipse Nominees Limited The Duke and Duchess of Edinburgh	Bagshot Park, Windsor Estate	Long leasehold	Premium payment of £5 million <sup>4</sup>	New lease granted in August 2007 replacing previous lease.
Princess Alexandra (1) and THL Trust (2)	Thatched House Lodge, Richmond Park	Long leasehold	(1) 1971 Premium payment of £3,000 <sup>4</sup> and annual ground rent of £410  (2) 1995 Premium payment of £670,000 and annual ground rent of £1,500 <sup>5</sup>	(1) Lease started on 6 July 1971 ending on 5 July 2041.  (2) Additional lease granted to Seccol Investment Limited on 5 July 1994 ending on 4 July 2144.  Lease re-assigned from Seccol Investment Limited to THL Trust in 2017.

**Notes**

- 1 A premium payment is a one-off capital payment required as part of acquiring a long leasehold.
- 2 Short leaseholds do not typically require a premium payment but instead require ongoing rent.
- 3 Long leaseholds require a premium payment, but do not require a regular rent payment, in most cases the payment of a 'peppercorn' rent.
- 4 Andrew Mountbatten-Windsor agreed to spend £7.5 million on refurbishment and renovation costs. Princess Alexandra committed to paying a minimum of £10,000 as part of the 1971 lease for initial repairs and improvements. The Duke of Edinburgh paid £1.38 million against the original 1998 lease.
- 5 The ground rent for Thatched House Lodge increases depending on time elapsed against the leases (see Appendix Two).

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

**Figure 8**

Key differences between areas of responsibility for tenants and The Crown Estate (TCE) for short- and long-term leases

The type of lease determines the level of input from TCE as the landlord or freeholder

Lease provisions	Short-term leases	Long-term leases
Lease term	1–20 years.	21–150 years.
Repairs and maintenance	The landlord is responsible for all repairs and maintenance.	Managed directly by tenants. A process takes place at the end of the lease to assess the cost for outgoing tenants to restore the property to its original condition or good repair.
Inspections	Carried out regularly by the landlord, usually on an annual basis.	Inspections are not usually carried out unless the landlord becomes aware of a breach of lease, as the tenants are responsible for repair and maintenance.
Financial terms	Open market rate rent paid by tenant either monthly or quarterly and reviewed at regular intervals as agreed in lease.	Upfront premium payment with peppercorn rent. Some leases may also include financial commitments from the tenant for refurbishment and renovation or ground rent.
Lease renewals	Tenants can renew leases for up to 20 years unless the Renters' Rights Act applies. <sup>1</sup>	Tenants may be able to extend their lease up to a maximum of 150 years.

**Note**

<sup>1</sup> The Renters' Rights Act 2026 changed the way leases can be renewed by abolishing fixed-term assured tenancies and assured shorthold tenancies replacing them with periodic tenancies. These leases now have no end date and roll indefinitely on a monthly basis. Other short-term leases can still be renewed up to 20 years.

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

## Comparison of leases with members of the Royal family

**2.13** We reviewed TCE's approach to leasing residential properties across a sample of six leases, including four properties occupied by members of the Royal family and two comparable high-profile, non-royal leases. Comparator leases chosen included both short- and long-term lease agreements. For each lease, we compared TCE's approach against identified key steps for agreeing leases and compared the terms and conditions against the comparator properties. The inclusion of comparator properties enabled us to consider both the processes followed and the consistency of lease arrangements between Royal and similar non-royal leases.

## Variation between lease agreements

**2.14** Generally, we found TCE applied standard practices across the leases we examined and in line with its processes. Where we found differences, these related to specific terms within lease agreements for the same lease type. Each lease was agreed at different points in time over a 50-year period, so some variation in practice and outcomes is to be expected.

- **Lease terms and types:** Within the six leases we reviewed, the length of lease varied significantly. Forest Lodge, recently leased, is on a 20-year short-term lease with quarterly rent payments and no upfront deposit. This is due to The Prince and Princess of Wales paying for all the internal refurbishments as is TCE's standard practice for leases of 20 years. Forest Lodge's comparator property is leased on a two-year short-term lease with an upfront deposit, and TCE responsible for the costs of all internal refurbishments. The other long-term leases range in term from 70 to 150 years, all requiring an upfront premium payment, with either an annual ground rent (Thatched House Lodge) or peppercorn rent (Royal Lodge, Bagshot Park and comparator property).
- **Legislative or security restrictions:** 63% (1,567) of TCE's residential properties are in protected areas which means they cannot be sold or, where there are existing tenants, they are not entitled to buy the freehold of the property. All five of the properties occupied by members of the Royal family are within these protected areas. Security considerations may also impact the number of suitable or available tenants, which can affect the approach to the property valuation and/or the lease terms agreed.
- **Repair and refurbishment costs:** The six properties at the time of leasing were in different states of repair and required different levels of investment. In 2003, Royal Lodge needed significant refurbishment estimated to cost £5 million. As the lease was signed, Andrew Mountbatten-Windsor agreed to spend £7.5 million on improvements. Eclipse Nominees Limited (Bagshot Park) and Princess Alexandra (Thatched House Lodge) also both committed to funding initial repairs and improvements. A minimum spend of £10,000 was committed to as part of the lease terms for Thatched House Lodge in 1971. Eclipse Nominees held a lease for Bagshot Park from 1998 to 2007, which committed a restoration spend of £1.38 million. TCE is responsible for funding the renovation costs on short-term leases. Prior to The Prince and Princess of Wales moving into Forest Lodge, TCE paid around £400,000 to repair Forest Lodge, the three cottages and property grounds in line with their obligations as landlords.

- **Leaseholders:** Four of the property agreements we reviewed are leased to individuals. However, two are leased to either a company or trust and occupied by members of the Royal family. Bagshot Park has been leased to Eclipse Nominees Limited since 1998 but is occupied by The Duke and Duchess of Edinburgh. Thatched House Lodge has two leaseholders. Princess Alexandra is the current tenant under a lease from 1971. With a second lease granted in 1995 to Seccol Investment Limited. This was assigned to THL Trust in 2017. Both leases are active with the 1971 lease as the main one until it ends in 2041. After that, THL Trust will be the only leaseholder, with the lease running until 2144.
- **Permitted uses of the property:** Each agreement had its own conditions relating to the permitted uses for the main property, land and associated buildings within the lease.
  - This included variation in the assignability of the lease – the ability to allocate the lease to other people or organisations. For example, Bagshot Park, and Thatched House Lodge are assignable leases, meaning each could be handed over to a suitable third party with permission from TCE. In 2017, the 1995 lease for Thatched House Lodge was assigned by the leaseholders, Seccol Investments Limited, to THL Trust with the same lease terms (see Appendix Two).
  - Leases for Bagshot Park and Thatched House Lodge allow for the property and land to be sublet as a whole, with Bagshot Park also able to sublet parts of the estate separately. For example, the stable complex at Bagshot Park was previously sublet to a third party up to 2020.<sup>15</sup> The lease also allows The Duke and Duchess of Edinburgh to sublet the entire estate with the agreement of TCE for up to 21 years. This allows the leaseholder to generate income for themselves, which is not returnable to TCE. The two leases for Thatched House Lodge have differing subletting conditions, including allowing subletting when abroad and for restricted durations and frequency.<sup>16</sup> The lease for Royal Lodge also allows for the subletting of three cottages within the estate but not the main property. All three cottages were rented to tenants directly by Andrew Mountbatten-Windsor. These have been vacant since April 2026. We do not know what rent was charged.

<sup>15</sup> The lease allows for the stables to be used as offices, research and development, stabling of horses or residential accommodation.

<sup>16</sup> The 1971 lease has a restricted subletting provision, allowable when Princess Alexandra is abroad. The 1995 lease has a minimum and maximum underletting provision between nine months and three years and limits the frequency of subletting.

- Property valuations:** In each lease, TCE commissioned independent valuations to inform negotiations with tenants. Those valuations were provided to TCE's approval committee for sign off at executive level.<sup>17</sup> Negotiations between TCE and representatives of the tenants resulted in agreed prices which were within the recommended price range of the independent valuation. We saw examples where prolonged periods of negotiations and housing market movements impacted valuations. For example, in the case of Bagshot Park, the property increased in market value over the course of the negotiation period, whereas the value of Royal Lodge decreased during lease negotiations. In Royal Lodge, TCE initially sought £3.5 million upfront payment (consisting of a £1 million premium plus a £2.5 million buy-out of the rent). It estimated that the necessary refurbishment of the property would cost at least £5 million. In August 2003, Andrew Mountbatten-Windsor made a commitment to spend £7.5 million on refurbishment, and the final settlement reduced to a £1 million premium with a peppercorn rent. TCE confirmed the renovations had concluded within two years of the lease start date.
- Termination clauses:** We considered terms within the leases for termination clauses to identify the process where the lease expires or where the tenant wishes to surrender the lease before the end date. All leases have terms included where the tenant would need to return the property to its original condition or to good repair; however, Royal Lodge is the only lease with an early surrender clause. This means Andrew Mountbatten-Windsor is entitled to a compensation payment on a reducing scale, depending on when the lease is surrendered. The compensation payable is based on a total of £6.96 million, which reduces as the lease term progresses over the first 25 years of the lease. At the time of surrendering the lease, Andrew Mountbatten-Windsor was 22 years into the 75-year lease, which could mean a payment between £301,967.66 and £488,342.21, depending on when the lease is surrendered up to and including the exit date of 30 October 2026. TCE told us the clause is to recognise the large investment made by Andrew Mountbatten-Windsor at the start of the lease. The compensation calculation will be offset against any dilapidation costs identified on final inspection and handover of the property to TCE.

**2.15** We have not been able to compare TCE's approach for early surrender or the ending of a long-term lease. In the last 10 years, TCE confirmed it has only processed the expiry or surrender of five leases. Despite notice to surrender the lease for Royal Lodge being given in October 2025, the property is not due to be handed back to TCE until 30 October 2026 at the latest, as 12 months' notice is required. Therefore, we were unable to review the approach to managing the end of this lease.

<sup>17</sup> Due to the age of the lease, we were unable to confirm Thatched House Lodge's approval process.

## Part Three

### The Royal Household

**3.1** This part sets out the role of The Royal Household (the Household) in managing and funding accommodation in the occupied royal palaces. It explains the financial arrangements used to determine who pays rent and what it does with the income.

#### **The Household's property portfolio**

**3.2** The Household manages the land and buildings in the occupied royal palaces or heritage assets (referred to as the estate) and maintains them for the benefit of future generations in the right of the Crown. Under The Crown Lands Act 1702, the Household is unable to sell any part of the estate.<sup>18</sup> The occupied royal palaces estate is used for formal entertaining and ceremonial events, as well as office space and residential accommodation. It consists of:

- Buckingham Palace;
- St James's Palace, including Clarence House and Marlborough House Mews;
- the residential and office areas of Kensington Palace;
- The Royal Mews and Royal Paddocks at Hampton Court; and
- Windsor Castle and buildings in the Windsor Estate (Windsor).<sup>19</sup>

**3.3** It does not include the estate managed by Historic Royal Palaces, a charity tasked with conserving non-occupied royal palaces such as the Tower of London, Hampton Court Palace and parts of Kensington Palace. The Palace of Holyroodhouse, the official residence for the Sovereign in Scotland, is maintained by Historic Environment Scotland.

**3.4** As at May 2026, there were 255 residential properties within the occupied royal palaces estate, managed by the Household and made available for members of the Royal family, current and former staff, and other tenants (**Figure 9**).

<sup>18</sup> *Crown Land Acts 1702*, available at [www.legislation.gov.uk/aep/Ann/1/1/contents](http://www.legislation.gov.uk/aep/Ann/1/1/contents), accessed May 2026.

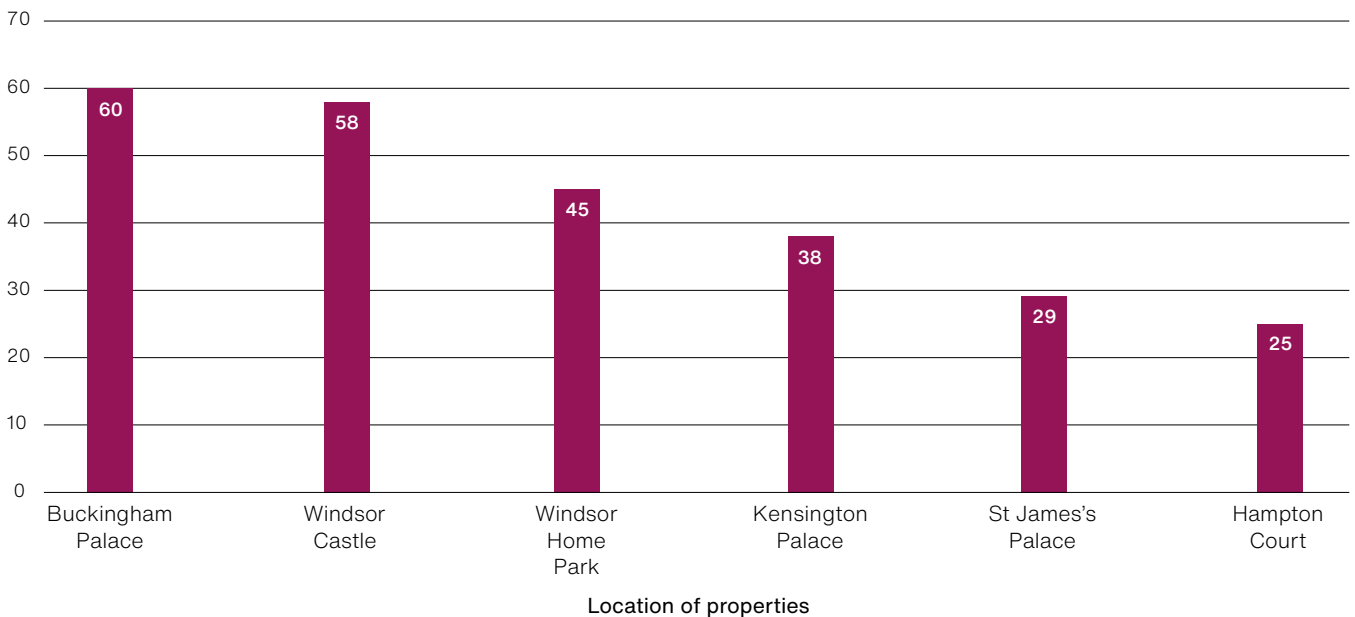
<sup>19</sup> The Household and The Crown Estate manage different parts of Windsor. The Household is responsible for the castle and specific properties annexed to it that were transferred to the Household under legislation (see paragraph 1.19).

**Figure 9**

As at May 2026, The Royal Household (the Household) managed 255 residential properties across the occupied royal palaces estate

Approximately half the total number of the Household's residential properties are located within the estates of Buckingham Palace and Windsor Castle

Number of residential properties

**Notes**

- 1 Properties are located within the occupied royal palaces and the wider estate.
- 2 This total includes residential properties occupied by the Household under grace and favour arrangements.

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

**3.5** The Household's policy is to recharge for the space and facilities where the use is not for the purpose of undertaking official duties. In 2024-25, the Household received £4 million of rental income, of which £3.6 million is from residential properties across the occupied royal palaces estate primarily via charges from staff accommodation, and external lettings. For example, the Royal Collection Trust is charged rent for an apartment in St James's Palace where the Household would have been able to rent and earn income. Some properties – those outside the secure cordon – are available to rent to the public at open market rates.

**3.6** The income contributes towards the maintenance costs of the occupied royal palaces estate. The income increased by 11% between 2020-21 and 2024-25 (**Figure 10**). The Household told us it plans to further increase revenues from rentals by increasing the number of residential properties within its estate. For example, it plans to convert four properties currently used as office space into accommodation, pending approval in the 2027-28 Sovereign Grant 3-year business plan. The Household is hoping to reduce the secure cordoned area at St James’s Palace, allowing these to be rented on the open market.

### Residential properties managed by the Household

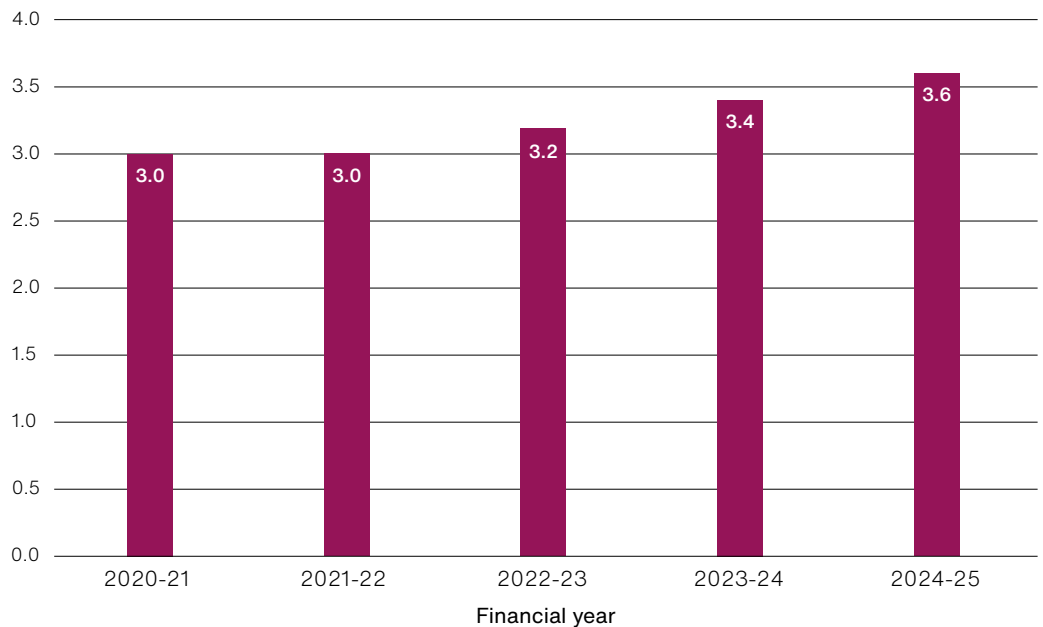
**3.7** All properties available for rent are located within the occupied royal palaces estate. These properties provide residences for both members of the Royal family and current and former Household staff.

**Figure 10**

The Royal Household’s rental income from residential properties within the occupied royal palaces estate between 2020-21 and 2024-25

**Income from residential properties increased by 11% between 2020-21 and 2024-25**

Income from residential properties within the occupied royal palaces estate (£mn)



Source: National Audit Office analysis of The Royal Household’s data

## The Household's residential agreements

**3.8** The Household has different agreements in place, depending on several factors, including who the tenant is and their role. This is set out in an internal finance manual, which provides guidance on each of these arrangements. For members of the Royal family, the key distinction is whether they carry out official duties on behalf of the Sovereign, defined as 'working' members of the Royal family, or 'non-working' members of the Royal family, if they do not have any official duties.

**3.9** The Household's policy is to rent properties at open market value where they are outside the secure cordon and it is able to maximise the income from those properties. Where the property is located within a secure cordoned area, an adjusted rate is applied due to the limited number of appropriate tenants or residents who can reside within this area; this includes some pensioners – former staff members of the Household (**Figure 11** overleaf). The Household's policy is to apply the following financial terms to properties:

- **Staff members of the Household**, currently pay 16.7% of their gross pensionable salary and deducted from the net salary (after tax and NI deductions). In some limited cases, the percentage amount may vary at the discretion of the Keeper of the Privy Purse.
- **Private tenants or residents outside the secure cordon**, where rent is calculated at open market value based on valuations provided by independent third-party estate agents, factoring market conditions and against comparator properties.
- **Private tenants within secure cordoned areas (requiring security clearance or vetting)**, where rent is typically calculated at an adjusted rate using 60% of the open market valuation. The rent is based on valuations provided by independent third-party estate agents and or market conditions. Typical residents are staff of the Household and other households of working members of the Royal family where it is not their primary residence. Properties may also be rented to senior government officials from the UK or the Commonwealth who hold Household security clearance.
- **Military knights**, where the tenancy is offered to retired military officers at no charge in exchange for certain ceremonial and official duties. These are all located in Windsor Castle. In addition, some properties have been allocated to Ministry of Defence or Commonwealth secondees, where the Household receive full-time employment services for free on the agreement that accommodation is provided.
- **Pensioners inside secure cordoned areas**, designated for former staff who have worked for the Household more than 20 years and offered at an adjusted rental rate. This is only considered when there is no available accommodation in Windsor (see paragraph 1.23).

**Figure 11**

Residential properties managed by The Royal Household (the Household), by type of property and financial agreement

The Household's policy is to vary its financial agreements depending on the category of resident and property type

Type of property and financial agreement	Number of properties	Supporting information
<b>Provided in exchange for an adjusted financial contribution</b>		
Staff accommodation	145	Leased to staff at a 16.7% of gross pensionable salary
Property held within a secure cordoned area <sup>2</sup>	9	Typically provided at 60% of open market rent
Non-working members of the Royal family within a secure cordoned area	3	Typically provided at 60% of open market rent
Pensioner accommodation <sup>3</sup>	9	Rent set based on combination of pensionable income and personal circumstances
<b>Provided at open market rent</b>		
Privately rented accommodation <sup>4</sup>	32	Located outside secure cordoned area
<b>Provided at no charge in exchange for certain ceremonial or official duties</b>		
Military knights, secondees from the Ministry of Defence and/or the Commonwealth, a member of the clergy <sup>5</sup>	21	
Working members of the Royal family	7	
<b>Other properties</b>		
Under refurbishment	16	
Vacant	8	
Welfare space <sup>6</sup>	5	
<b>Total number of properties</b>	<b>255</b>	

**Notes**

- The 255 total includes 44 residential properties managed by the Household under grace and favour arrangements.
- Accommodation provided at an adjusted financial contribution within the secure cordoned area and for non-working members of the Royal family are done so due to tenants requiring security vetting or clearance to live in these properties.
- One pensioner is provided accommodation at no charge due to a pre-existing arrangement with the Household.
- Properties provided at open market value due to being located outside of a secure cordoned area.
- Military knights are retired military officers conducting voluntary ceremonial duties.
- Properties in use by building contractors as spaces for washing, changing, eating and rest.
- Allocation of properties is current as of May 2026, but is subject to change reflecting the movement across the portfolio at any given time.

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

### Arrangements for working members of the Royal family

**3.10** In addition to The King and Queen, there are nine working members of the Royal family supporting the duties of the Sovereign: 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. In return for these official duties, these members of the Royal family can access residences at Buckingham Palace, Windsor Castle, St James's Palace or Kensington Palace at no charge.<sup>20</sup> They occupy seven properties. For example, Kensington Palace is the official residence of The Prince and Princess of Wales and their children, and the Duke and Duchess of Gloucester and the Duke of Kent.

**3.11** The Household also charges rent on an adjusted basis where a working member of the Royal family has more than one property within the occupied royal palaces estate which is not their official residence. There are currently no such cases.

### Arrangements for members of the Royal family without official duties

**3.12** There are three properties occupied by non-working members of the Royal family in St James's Palace and Kensington Palace - Princess Beatrice, Princess Eugenie and The Prince and Princess Michael of Kent (**Figure 12** overleaf). These properties are rented at an adjusted rate – which should typically be 60% of the open market rental value of a comparable range of properties outside the cordon. This is due to the limited number of tenants that would be suitable to take up residence as properties are located in a secure cordoned area with tenants requiring security clearance or vetting. The Household told us rent is based on valuations provided by an independent third-party estate agent.

**3.13** We reviewed the three current lease agreements and valuations for all three non-working members of the Royal family. These leases, referred to as licences, are agreed annually for a one-year period. Prior to 2026, the property leased to Princess Eugenie last had a valuation undertaken in 2018, and for the property leased to Princess Beatrice, the last valuation was completed in 2020. These were the open market rental values used continuously for each annual agreement to date. There was no documented open market valuation for the lease with The Prince and Princess Michael of Kent prior to 2026.

<sup>20</sup> Other expenses may be provided for members of the Royal family while performing official duties. These include expenses for official residences for travel, business rates and maintenance costs, postage, and utilities.

**Figure 12**

Accommodation provided to members of the Royal family within the occupied royal palaces estate, May 2026

**The Household provides 10 residential properties within the occupied royal palaces estate for members of the Royal family**

Type of tenant	Property type	Location	Financial arrangement	Number of properties
Working members of the Royal family	Cottages and apartments	St James's Palace and Kensington Palace <sup>1</sup>	No charge in exchange for their official duties	7
Non-working members of the Royal family	Apartments and cottage	St James's Palace and Kensington Palace	Rent charged at an adjusted rate, typically 60% of the open market value <sup>2</sup>	3

**Notes**

1 St James's Palace includes Clarence House.

2 The adjustment is due to the properties being located within a secure cordoned area and tenants requiring security clearance or vetting.

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

**3.14** Between March and April 2026, the Household commissioned updated valuations for all three properties, which found that the open market rental value had barely changed on these properties over seven years. During our examination of the leases, we found that not all rental values were set at 60% against the valuations they had available and it is not clear on what basis the rental costs increased during these periods, as the basis of the valuation did not change. We found that:

- In 2020 and 2021, Princess Eugenie's rent was set at 50% of the 2018 open market value, increasing to 55% in 2022. In 2023, the rent was set at 60% and increased to 63% for 2024 and 2025. It is currently at 64% of the 2026 open market valuation and is paid by the Privy Purse.
- Princess Beatrice's rent was paid at 60% of the 2020 open market value in 2020 and 2021, increasing to 62% in 2022, 65% in 2023 and 68% for 2024 and 2025. The current rental rate is set at 68% of the 2026 open market valuation and is paid by the Privy Purse.
- No valuations were available prior to 2026 for the accommodation rented by The Prince and Princess Michael of Kent. Rent has increased 34% between 2020 and 2026, and is now 63% of the 2026 open market valuation and is paid by the Privy Purse.

**3.15** It is the responsibility of the resident member of the Royal family to fund the cost of interior furnishings for offices and residences within the occupied royal palaces estate.

### Arrangements for staff accommodation

**3.16** As at May 2026, there were 145 properties for staff members of the Household within the occupied royal palaces estate. Staff working for the Household and living in single person's or self-contained residence within the occupied royal palaces estate contribute a percentage of their salary to cover costs associated with property maintenance and furnishing, and for those in single person residence, costs towards utilities and meals. The current deduction is set at 16.7% of their gross pensionable salary and deducted from the net salary (after tax and NI deductions).

**3.17** The Household also provides residences for former staff members through pensioner flats and bungalows in Windsor. There are 43 properties currently provided to pensioners with the Household paying an annual occupation charge for the 43 properties of £12,980 to The Crown Estate (TCE) under an agreement between TCE and the Household. The payment is based on an agreed interest charge on the original building costs from the 1950s to 1970s. The Privy Purse funds the internal repairs and upkeep, with TCE responsible for the external decoration, maintenance and insurance. Pensioners must meet certain criteria to be eligible and pay an agreed rent based on the size of the property which is indexed annually.

# Appendix One

## Our investigative approach

### Scope

**1** The investigation was prompted by the Committee of Public Accounts launching 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 of members of the Royal family provided by two organisations – TCE and The Royal Household (the Household). This is a factual review, so the report does not seek to examine and report on value for money. It does not make recommendations.

**2** The investigation specifically, looks at who is responsible for the management of the residential properties occupied by members of the Royal family; residential leases TCE manages with members of the Royal family; and the Household's arrangements for providing residential properties within the occupied royal palaces in England to members of the Royal family. We also set out other residential accommodation provided to staff supporting the Royal family.

**3** There are several types of residential properties occupied by members of the Royal family and staff, from apartments within palaces, to standalone houses and to 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.

### Methods

**4** In examining these issues, we drew on a variety of evidence sources as described in the paragraphs below. We collated and analysed the evidence using our investigative criteria as a framework. We looked across different sources of evidence to support each of our findings.

## Interviews

**5** We interviewed key individuals from TCE and the Household to establish arrangements for managing their respective property portfolios specifically the accommodation available to members of the Royal family. These interviews took place between December 2025 and May 2026.

- **TCE** (responsible for five properties occupied by members of the Royal family, and an additional two occupied by their staff, in Windsor and London). We conducted online and in-person interviews with senior officials with oversight of the senior leadership team:
  - the Managing Directors of the London and Windsor residential property portfolios;
  - representatives from the leadership team for two teach-in sessions including the Chief Executive Officer, Chief Financial Officer, Executive Director and Director of Corporate Affairs and Legal representative; and
  - the Chief Executive Officer who oversaw the negotiations for the lease of members of the Royal family processes and high-profile London comparator properties.
- **The Household** (responsible for the residential properties within the occupied royal palaces estate). We interviewed the Keeper of the Privy Purse, Deputy Treasurer to The King, and senior representatives from the property management team.
- **HM Treasury** (sponsoring department for both TCE and the Household). We interviewed the Treasury Office of Accounts representative and the liaison point for both organisations within HM Treasury.

## Document review

**6** We have reviewed a range of published and unpublished documents provided by TCE and The Household. We used this information to understand the arrangements in place across both organisations for residential properties with members of the Royal family.

- 7** Our review encompassed over 130 documents, including:
- lease arrangements for Royal Lodge, Forest Lodge, Bagshot Park, Thatched House Lodge and two high-profile London properties including lease agreements and independent valuations, and internal approval committee papers;
  - procedural documents for leasing residential properties under TCE;
  - legislative documents;
  - data on properties categorised as ‘grace and favour’;
  - financial terms and arrangements for residential properties managed by the Household;
  - submissions to the Committee of Public Accounts;
  - the Annual Report and Accounts for TCE and The Household;
  - framework agreements between HM Treasury and TCE and The Household; and
  - breakdown of residential property portfolios for TCE and the Household.

**8** We also attended two teach-ins by TCE and visited the Windsor Estate on 2 March 2026, hosted by the Managing Director of Windsor and Rural at TCE. We were able to understand the scale of the estate and, the complexities of managing properties occupied by members of the Royal family and to conduct further lines of enquiry whilst onsite.

### Data analysis

**9** We analysed data provided by TCE and the Household on the residential properties they hold to better understand who is responsible for managing the properties occupied by members of the Royal family, the arrangements in place, and the approach taken in leasing properties under each organisation.

**10** We conducted a sample review of six leases to compare TCE’s approach to lease arrangements with members of the Royal family against similar high-profile leases. We compared the lease arrangements for Royal Lodge, Forest Lodge, Bagshot Park, Thatched House Lodge and two London comparator properties. This allowed us to draw conclusions on the processes followed and, compare key details of the approach taken and as well as the specifics of lease arrangements across the sample.

## Data limitations

**11** The data we collected, analysed and reported were provided by TCE and the Household, alongside published documents and data provided by our financial audit teams with the approval of the Household. We reviewed, challenged and presented the data provided by both organisations but did not validate the datasets in this report or provide assurance of their accuracy. We have noted where and if any caveats or limitations exist throughout the report. We did not review the terms of residential property agreements between each organisation and its staff members.

**12** We did not undertake a review of all property agreements between the Household and members of the Royal family nor did we examine rental agreements with staff, pensioners or private tenants. We only reviewed the agreements and valuation documents for the three non-working members of the Royal family with residential properties within the occupied royal palaces. This allowed us to examine the terms of the agreements against the policy to provide rent at 60% of the open market value. We also reviewed an expired agreement for a working member of the Royal family, to check the terms of an adjusted rent of 60% of the open market value (due to it being a second property within the occupied royal palaces estate).

## Appendix Two

### Update to residential property leases occupied by members of the Royal family since 2005

#### Figure 13

Update on the National Audit Office's 2005 report on residential property leases with The Crown Estate (TCE) and occupied by members of the Royal family

This table sets out changes to properties leased between TCE and members of the Royal family following our 2005 report

Property characteristics	Bagshot Park, Windsor Estate	Royal Lodge, Windsor Estate	Thatched House Lodge, Richmond Park	Cottage, Windsor Estate
Occupants – members of the Royal family	The Duke of Edinburgh.	Andrew Mountbatten-Windsor.	Princess Alexandra and the late Sir Angus Ogilvy.	Ms Marina Ogilvy.
Tenant (as per the lease) agreement	Eclipse Nominees Limited.	As above.	1971 Lease: (1) Princess Alexandra. 1995 Lease: (2) The Trustees of the THL Trust. <sup>1</sup>	As above.
Description of property and estate	Grade II listed Victorian house with 21 hectares of grounds, stable block, Sunningdale Lodge, garages, and outbuildings.	Grade II listed house with 40 hectares of grounds, eight cottages, police suite and other buildings.	Grade II listed Regency house with 1.6 hectares of land and comprising the main house, a summerhouse, a gardener's cottage, garage, stabling and other buildings.	Three bed semi-detached cottage.
Date, term and type of lease agreement with current tenants	16 August 2007. Long-term residential lease of 150 years, from May 2007 to April 2157. Assignable (subject to landlord prior written consent) full repairing and insuring long lease. Assignment is prohibited for the first five years of the term. Thereafter, the lease may be assigned to an "acceptable assignee", namely a respectable and responsible person who has sufficient means to meet the tenant's obligations.	8 August 2003. Long-term residential lease of 75 years, from June 2003 to June 2078. Full repairing and insuring long lease with limited assignment provisions. No equitable interest in Royal Lodge and only the right to assign the lease to Andrew Mountbatten-Windsor's widow or one or both of his named daughters (or a trust set up for either or both of their sole benefit).	2 November 1971 and 23 March 1995. 1971 Lease: Long-term residential occupational lease of 70 years, term from July 1971 to July 2041. A separate lease was granted in 1995. It was granted to extend the effective lease term to 150 years; the term commenced 5 July 1994 and expires 4 July 2144. (1) Assignable after repairs completed up to the last seven years of the term. (2) Assignable after the 1971 lease ends, for a minimum of nine months and maximum of three years, not exceeding three years in any four-year period. Assignable up to the last five years of the term. Full repairing and insuring long lease. No assignment permitted without incoming tenant entering into a direct deed of covenant with the landlord. Assignment which changes the underlying beneficial ownership of the lease requires landlord's consent.	31 March 2023. Assured Shorthold Tenancy (AST). Standard landlord and tenant repairing obligations. Non-assignable lease. The original AST was granted in 2003. Renewed every three years.
Premium paid upfront	£5,000,000	£1,000,000	(1) 3,000 (2) £670,000	N/A
Refurbishment and renovation costs funded by the tenant	£1,380,000 paid against the original 1998 lease.	£7,500,000 committed spend.	£10,000 committed spend as per the 1971 lease terms.	N/A

**Figure 13** *continued*

Update on the National Audit Office's 2005 report on residential property leases  
The Crown Estate (TCE) and members of the Royal family

Property characteristics	Bagshot Park, Windsor Estate	Royal Lodge, Windsor Estate	Thatched House Lodge, Richmond Park	Cottage, Windsor Estate
Latest annual rent	A peppercorn.	A peppercorn.	(1) Ground rent £410 Rent increases as per schedule: 1-35 years £410 36-70 years £700 (2) Ground rent £1,500 Rent increases as per schedule: 1-25 years £1,010 26-50 years £1,500 51-75 years £2,000 76-100 years £3,000 101-125 years £4,000 126-150 years £6,000	£17,436 effective from 1 May 2023. Rent reviewed every three years.
Changes since the initial lease was agreed	<p>The 2007 Lease, at the time it was renegotiated, was subject to an open market valuation rather than a valuation calculated under the Leasehold Reform Acts resulting in a higher valuation for the property.</p> <p>The 2007 lease was granted on similar terms to the 1998 lease (excluding the renovation works as these were already completed through the 1998 lease), assignment and underletting and rent provisions.</p> <p>The assignment provisions remain in line with those as were prescribed by the 1998 lease; the differences relate to the periods of non-assignment.</p>	<p>Andrew Mountbatten-Windsor served a 'Notice offering to Surrender the Lease' on 30 October 2025 giving the minimum 12 months' notice.</p> <p>A full assessment of the property will be undertaken on return to TCE.</p> <p>Compensation due to Andrew Mountbatten-Windsor will be evaluated after any dilapidations have been assessed and considered; if there are no dilapidations, compensation is payable between payment between £301,967.66 and £488,342.21, depending on when the lease is surrendered up to 30 October 2026.</p>	<p>On 28 November 2017 the 1995 lease was assigned from Seccol Investments Limited to the Trustees of the THL Trust.</p> <p>On 19 July 2018 a deed of variation was granted to replace the alienation provisions of the 1995 lease.</p>	<p>The Assured Shorthold Tenancy has been renewed several times between 2003 and 2026.</p> <p>The most recent renewal was in 2023 and expired on 30 April 2026. Under the new Renters' Rights Act this became a periodic tenancy from 1 May 2026.</p>

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

## Appendix Three

### New residential property leases with members of the Royal family since 2005

#### Figure 14

New residential property leases between The Crown Estate (TCE) and members of the Royal family since the National Audit Office's 2005 report on residential property leases

Since 2005, three new residential property leases were agreed between members of the Royal family and TCE, including two properties occupied by employees of the Royal family

Property characteristics	Staff Lodge 1, Windsor Estate	Forest Lodge, Windsor Estate	Staff Lodge 2, Sunninghill Park
Occupants	Employee of The Prince and Princess of Wales.	The Prince and Princess of Wales.	Employee of Andrew Mountbatten-Windsor.
Tenant (as per the lease agreement)	The Prince and Princess of Wales.	As above.	Andrew Mountbatten-Windsor.
Description of property	Two bed terrace house and garden.	Grade II listed Georgian house, gardens, paddock with 7.4 hectares, barn, and three cottages (No 1, 2 and 3 Stables Cottages).	Two bed cottage and garden.
Date, term and type of initial lease agreement with current tenants	22 August 2022. The common law tenancy was first granted on 22 August 2022 and has been renewed annually since; the last renewal was granted 21 May 2025. This is a one-month periodic tenancy, which ends on the service of one month's written notice by the tenant or two months' written notice by TCE. Non-assignable.	21 July 2025. 20-year common law tenancy, from 5 July 2025 expiring on 4 July 2045. Standard landlord and tenant repairing obligations. Non-assignable (with limited exceptions). Tenants have the right to assign the lease only to all or any one of their three children or to a trust where any one or all three of the children are the sole beneficiaries, or to a company to hold the property on trust for The Royal Household.	4 November 2020. The long lease was first granted on 26 February 1998. The lease was held over and on 28 March 2014, a new lease was entered into, incorporating the terms of the 1998 lease; the 2014 lease ran to 4 July 2020. The lease was further renewed in November 2020 to 4 July 2027. The terms of the lease include the right for the tenant to allow occupation of the property by a full-time employee of the tenant.
Refurbishment and renovation costs met by tenant	Standard landlord and tenant repairing obligations.	Landlord responsible for the insurance, repair and upkeep of the structure and fabric of the properties including arboricultural works to trees. Tenants are responsible for all other repairs and internal decorations. Tenants carried out internal refurbishment and alterations as agreed by a license to alter.	Landlord responsible for structure and fabric of the building with the tenant responsible for internal repairs and internal and external redecoration. External redecoration carried out in 2024.

**Figure 14** *continued*

New residential property leases between The Crown Estate (TCE) and members of the Royal family since the National Audit Office's 2005 report on residential property leases

Property characteristics	Staff Lodge 1, Windsor Estate	Forest Lodge, Windsor Estate	Staff Lodge 2, Sunninghill Park
Refurbishment costs met by TCE	<p>The lease contains standard landlord and tenant repairing obligations.</p> <p>A refurbishment was carried out by TCE in 2022 at a cost of £57,778 prior to reletting.</p>	<p>The lease contains standard landlord and tenant repairing obligations.</p> <p>Works were carried out by TCE in accordance with the standard repairing obligations:</p> <ul style="list-style-type: none"> <li>• Forest Lodge and surrounding property grounds £213,353**</li> <li>• No 2 Stable Cottages £48,575</li> <li>• No 3 Stable Cottages £90,626</li> <li>• The Barn £44,439</li> </ul> <p>Please note that no landlord works have been carried out to No 1 Stable Cottages as the previous tenant only vacated on 21 January 2026.</p> <p>** Works included heating and plumbing, structural repairs to ceilings, floor, stairs, fire alarms, brickwork, boilers, stabilising external walls for safety, and similar works to ensure safety and compliance.</p>	<p>Repairs undertaken in accordance with the terms of the lease agreement.</p>
Annual Rent	<p>£19,800.</p> <p>Rent has been reviewed on grant of each new term.</p> <p>Lease initially granted for a fixed term of 12 months and then renewed annually.</p> <p>The last renewal moved to a monthly rolling arrangement, terminable on notice.</p>	<p>£307,200.</p> <p>Nil for 5 July 2025 and 31 October 2025 while tenant's internal refurbishment and repair works were completed.</p> <p>Rent review every five years in line with Consumer Price Index, increases no less than 3% and no more than 5%.</p> <p>Rent attributable to No.1 Stable Cottages not payable until cottage works completed by landlord.</p>	<p>£12,922.</p> <p>Rent is reviewed every three years in line with the RPI as per the original lease.</p> <p>In February 2026, Andrew Mountbatten-Windsor requested an early surrender of this lease. As of 31 May 2026, discussions were ongoing regarding the return of the property.</p>
External professional advice	No.	Independent valuation and review of the Heads of Terms provided by Hamptons and Savills Chartered Surveyors.	No.
Inspection regime	Periodic inspections as and when tenancy related matters arise (i.e. lease renewal or repairs).	Periodic inspections as and when tenancy related matters arise (i.e. property repairs).	Periodic inspections as and when tenancy related matters arise (i.e. lease renewal or repairs).

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







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