2020

Annual Report
Howard de Walden Estates
Holdings Limited

THE HOWARD de WALDEN ESTATE

Chief Executive's foreword

The Howard de Walden Estate

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

The Group is beneficially owned by members of the Howard de Walden family ('the Family') and its estate has been under the Family's control since 1879. This longevity of ownership reflects the Family's wish to protect heritage, enhance its landholding, and build value over the long term. Howard de Walden aligns shareholder prosperity with the well-being of the community, the environment and its other key stakeholders.

Introduction

Our purpose is to create the environment for Marylebone to flourish.

We strive to enhance the community through our responsible stewardship, excellent service and unique offering, so Marylebone remains a coveted place for generations to come.

Whether people are here to live, work, study or visit, we want them to feel part of something exceptional.

Our 2020 Annual Report contains a review of the performance of the Group for the year ended 31 March 2020 ('this year') including the impact of our business on the environment, the community, our customers and our people.

Andrew J Hynard
Chief Executive

Front cover: Weymouth Mews
Inside cover: Stone House, 9 Weymouth Street

Estate overview

Who we are

Family owned
The Estate has been under the family's control since 1879 and this continued ownership instils a sense of purpose, commitment and pride in everything we do.

Original placemakers
Our roots in Marylebone are deep. Our passion for the buildings and history of the area is matched only by our commitment to the community and its future.

Responsible stewards
The Group takes a long-term approach to managing, maintaining and developing the best properties so that our thriving community can bring them to life.

What we do

Build the future
We strive to develop buildings for now and for the future, whilst being sympathetic to the history and existing architecture.

Attract great customers
We recognise the important role our customers play in the success of our business and community and strive to deliver an excellent service and develop long lasting relationships with them.

Invest in community
We are proud of the unique make up of our community and promote Marylebone as a wonderful place to live, work and visit. Through various events and public realm initiatives, we aim to provide great experiences, so people visit time and time again.

How we do it

Collaboration
Cultivating great relationships with customers, colleagues, community and other stakeholders is key to our business. Our success is founded upon both our affiliation to Marylebone and the people and businesses that reside in this part of London.

Innovation
We offer buildings and spaces that provide modern-day amenity behind heritage facades, designed and suited to our customers' lives and livelihoods. We strive to find new ways to work with our customers, community and other stakeholders, to deliver places we all want to be.

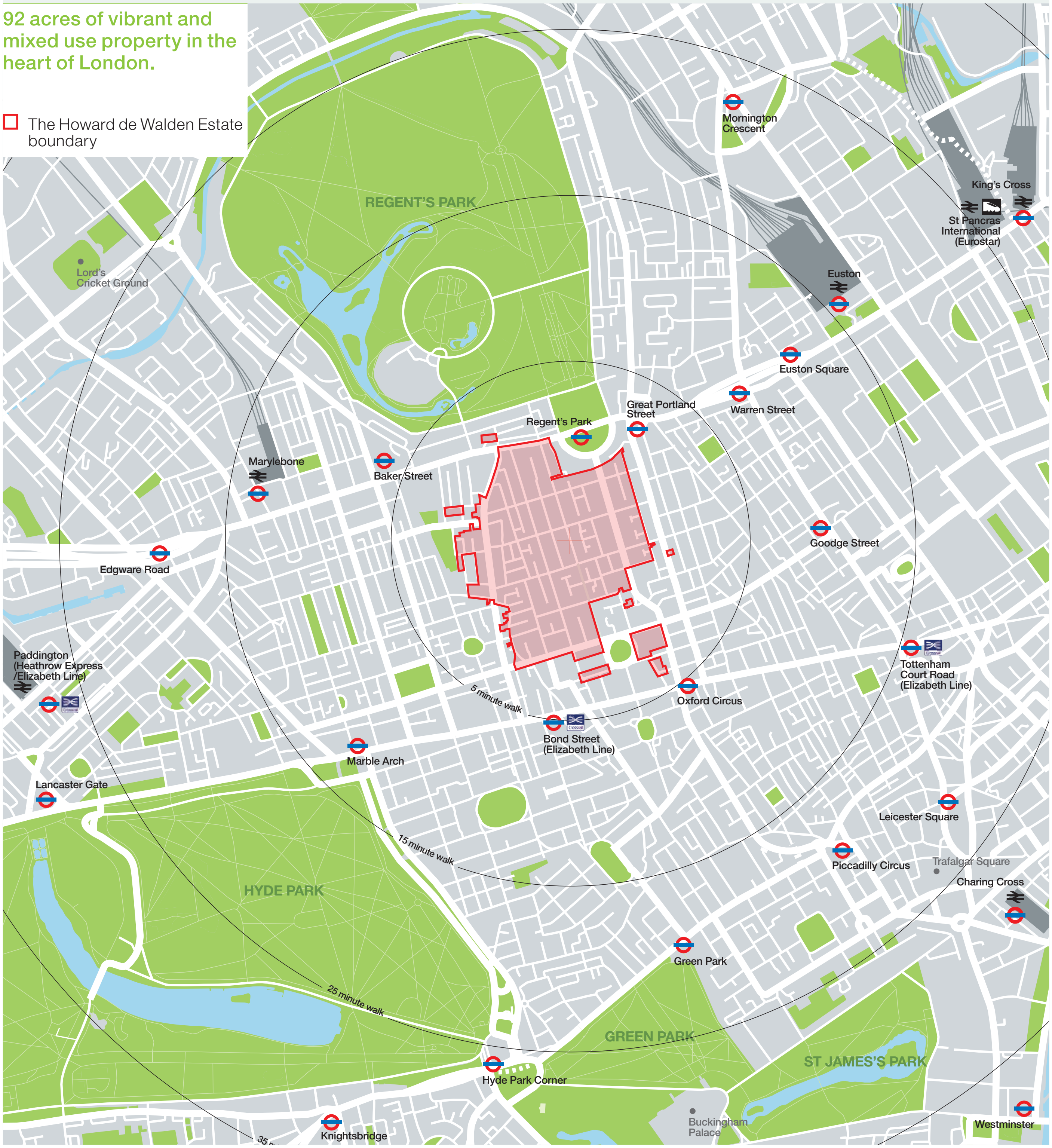
Responsiveness
We recognise that being approachable and partnering with our stakeholders is important. Listening and reacting to other parties, who are also committed to the prosperity of the area, is vital to our approach. In an ever-changing marketplace, our ability to respond can be a key differentiator.

Excellence
We want Marylebone to continue to be known as a fantastic place to live and do business for generations to come. We are driven to constantly improve and to offer the highest levels of service and product.

Where we are

92 acres of vibrant and mixed use property in the heart of London.

The Howard de Walden Estate boundary



Chairman's statement

Introduction

The year ended 31 March 2020 was hardly affected by COVID-19 but events since have been dominated by the crisis. Our focus since mid-March has been responding to the unprecedented challenge of the pandemic. Faced with this entirely new threat to our business, our customers and our staff we have had to learn rapidly how to cope with the ever changing circumstances and a stream of Government advice. I am glad to report that we moved very quickly to support our colleagues, customers and community. Our actions before, during and after the coronavirus crisis are guided by the aim of preserving the long-term value of our business and the financial strength of Howard de Walden. This ambition, executed by a skilled management team with the support of an experienced Board, will determine how quickly we will emerge from the current downturn.

Financial performance

With lockdown effective from 24 March, our financial results are largely unscathed by the crisis, however, this is the temporary benefit of timing. Rent collection in the year to 31 March 2021 is significantly affected. Moreover, the readjustment of occupiers as they work around social distancing is likely to make trading difficult in the short to medium term. An update is provided on page 19.

Last year, I mentioned the weaker sentiment caused by political uncertainty and this was briefly improved by a decisive UK general election result, but any return of confidence was usurped by COVID-19. Notwithstanding, we continued to make good progress this year in growing our income, refurbishing our portfolio and increasing financial assistance to community and charitable causes. Rental income increased by £8.5 million to £144.4 million, up 6.3% and equivalent to the growth achieved in the previous year.

We rarely experience identical performance in rental income across our four largest sectors and this year was no different. Portfolio diversification is an important objective as it reduces our exposure to any one sector and this will provide a degree of resilience in the current recession.

Community

We continuously look for ways to interact with the Marylebone community and support local events and charities. During the year we increased our cash donations by 12.7%, from £663,000 to £747,000. We also carry out numerous other activities that benefit the local community as set out on page 14.

We are acutely aware of the damage which COVID-19 has had on charities, with shops closed and fundraising events cancelled. As a result, we have chosen to accelerate our charitable efforts in the current financial year and have already supported local organisations including the Paddington Food Bank, Age UK Westminster and the West London Mission.

Outlook

The economic outlook is more uncertain than I can ever recall. Indeed, politicians and businesses are experiencing the greatest challenge since the second world war. However, the Estate has a long history of endurance and has survived previous wars and financial crises. This is because our family owners have always planned for the long term and recognise the importance of a conservatively financed business with modest borrowing.

It is becoming apparent that until the successful adoption of a vaccination programme it will be very difficult to return to pre COVID-19 levels of activity. It is also likely that some of the existing trends in the economy before the crisis have been rapidly accelerated. This means that we will need to reconsider our asset strategy as online retail accelerates and increased remote working becomes the norm. These changes are a threat to established property owners, however there will also be opportunities. Never has the need for healthcare and medical research been higher and we are uniquely placed to improve and develop the world-renowned Harley Street Medical Area. COVID-19 showed the importance of independent healthcare, as hospitals and clinics throughout our estate collaborated with the National Health Service, to offer specialist treatment whilst it was under pressure fighting the virus.

We will work with all our stakeholders to ensure that Marylebone recovers as quickly as possible and builds for the future. I am confident that just as our predecessors did and because of their stewardship, we will be in a position to do so once again.

Sir William Proby Bt CBE DL
Chairman

Financial highlights

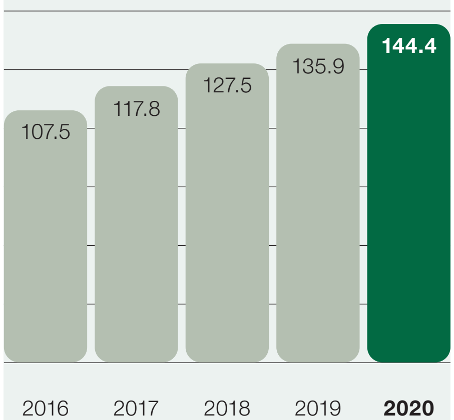
2020

£144.4m
The Group reported its highest level of rental income.

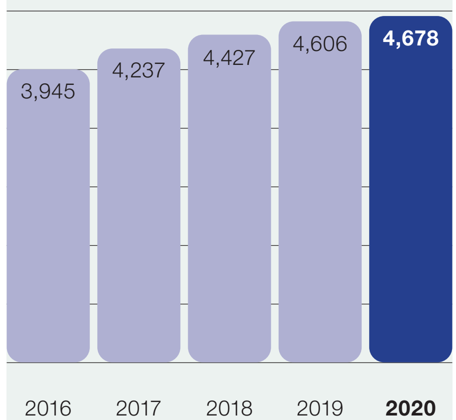
£77.6m
Revenue profits achieved.

£747k
Significant financial contributions were made to charity and community causes.

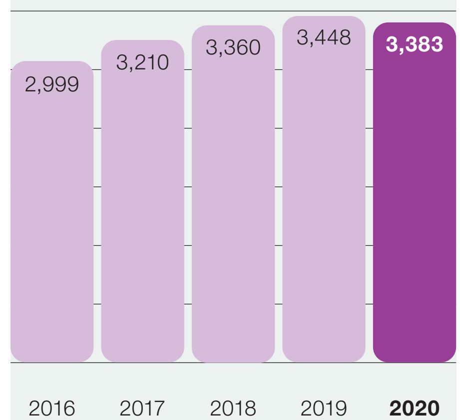
Rental income
£m



Investment property value
£m



Shareholders' funds
£m



Key performance indicators

	2020	2019	Change %
Rental income	**£144.4m**	£135.9m	↑6.3%
Revenue profit before tax*	**£77.6m**	£81.6m	↓4.9%
Donations	**£747k**	£663k	↑12.7%
Investment property value	**£4,678m**	£4,606m	↑1.6%
Shareholders' funds	**£3,383m**	£3,448m	↓1.9%
Gearing**	**18.3%**	14.9%	↑22.8%

*Revenue profit before tax is the Group's preferred measure of profitability. Calculation on page 33.
**Gearing is the proportion of the Group's net assets funded by net debt.


MARYLEBONE
FOOD FESTIVAL

Environment and community

Overview

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

Introduction
The Group aligns shareholder prosperity with the well-being of the community, the environment, our colleagues and our customers. For the Group to continue as a successful business, it is essential that the area remains an attractive place for people to live, work and visit.

Fortunately, Marylebone attracts a diverse mix of people and occupiers, creating a rich community. While our landholding is relatively small, at 92 acres, it contains a world-leading medical destination, a desirable central London office location, a renowned retail and leisure district, a highly sought-after residential area and an acclaimed collection of educational facilities. The Group plans and manages its estate to make sure it remains relevant and successful in a highly competitive market. The Group's Environment and Community Committee ('ECC') sets out its approach to environmental, social and governance ('ESG') matters. The ECC meets approximately every two months and is responsible for oversight of the Group's environment and community priorities.

Our priorities
Environment:
— We look to maximise the longevity of our buildings and minimise obsolescence.
— We seek to improve the environmental performance of our buildings.
— Our projects increase biodiversity where possible.
— We work with suppliers who share our objective to safeguard the environment.
— Through measures to improve public spaces, we aim to connect green spaces and reduce air pollution.
— We look for ways to improve the health and well-being of our buildings' occupants.

Community:
- Social impact:
— We aim to have a positive impact on our local communities and support them where possible.
— We give our time, money and space to support events and activities benefiting our occupiers and residents.
— Our financial support to charities and local community initiatives is a key performance indicator and is linked to the Group's financial performance.
— We also provide non-financial support to local community-led organisations.

- Customers:
— We strive to build strong and trusted relationships with all of our customers.
— We create opportunities for our customers to network and promote their business credentials.
— We promote our customers through our programme of public and private events.
— We aim to deliver an excellent customer service.

- Our people:
— We are committed to our employees' well-being, training and development.
— We encourage our employees to participate in community events and to volunteer with local charities.
— We encourage diversity and equality.
— We aim to foster an open and collaborative culture.

Marylebone Christmas Lights

Arab Health conference, Dubai


Marylebone Design District


Marylebone Summer Film Night


Marylebone Summer Festival

Environment matters

Energy Performance Certificates (EPC)
The Group aims to achieve the highest environmental performance from its properties. Regulations brought in from April 2018, subsequently amended by Energy Efficiency (Private Rented Property) (Amendment) Regulations 2019, made it unlawful to grant or renew leases on residential or commercial properties with an Energy Performance Certificate ('EPC') rating lower than E. All existing residential leases met or exceeded the requirements by the April 2020 compliance date. Existing commercial leases will need to comply prior to April 2023.

The Group continues with improvement works to ensure that all properties meet the legal requirements as a minimum and, where possible, exceed them. We are constantly looking to improve the energy performance of our buildings. Our target is that by 2025, more than half of our residential units are rated C or above, underlining our commitment to higher energy performance.

Streamlined Energy and Carbon Reporting (SECR)
The Group worked with Carbon Intelligence, leading independent sustainability experts, to prepare our first Streamlined Energy and Carbon Reporting ('SECR') data. During the year, our measured Scope 1 and 2 emissions (location-based) totalled 1,756 tonnes of CO2 equivalent ('tCO2e'). Our annual emissions equate to 12 tCO2e per £million of turnover. This year, we expanded our reporting boundary to include our Scope 3 emissions which totalled 155 tCO2e. We hope to expand the range of our Scope 3 reporting and data quality next year.

Information regarding methodologies used and other information regarding our SECR data can be found in the Directors' report on page 41.

Our total fuel and electricity consumption totalled 7,802 megawatt-hours ('MWh'). The split between fuel and electricity consumption is shown in the table on page 11.

During the year, we installed several air and ground source heat pumps, and introduced a policy for all new developments to incorporate heat recovery systems into their design. Our development at 17 Harley Street incorporates four flats on Wigmore Place, which are served by domestic wall-hung boilers and dual-coil hot water cylinders supplemented by a roof mounted solar panel array, for the generation of hot water and heating.

Additionally, there is an extensive green roof above the link at this property. Solar panels have also been installed on a number of properties across the Estate and planning applications have been submitted for additional solar panel implementation during next year.

Sustainability is a key area for the Group, especially going forward. We are committed to working towards achieving net zero operational emissions in line with the UK Government's target of 2050 and the Better Buildings Partnership's target of net zero carbon real estate portfolios by 2050. We will shortly announce a Head of Sustainability to help create our pathway to net zero. We hope to enhance the way we approach redevelopments and continue to introduce greater energy efficiencies across the Estate.

Biodiversity
We have continued to work in partnership with other prominent London property owners as an active member of Wild West End. This partnership seeks to increase green cover and provide additional biodiversity that link existing green spaces throughout the West End, where possible. An increased provision of green roofs, green walls and street level planters maximize the opportunities for encouraging biodiversity and forms part of our overall environmental strategy to reduce our impact on climate change.

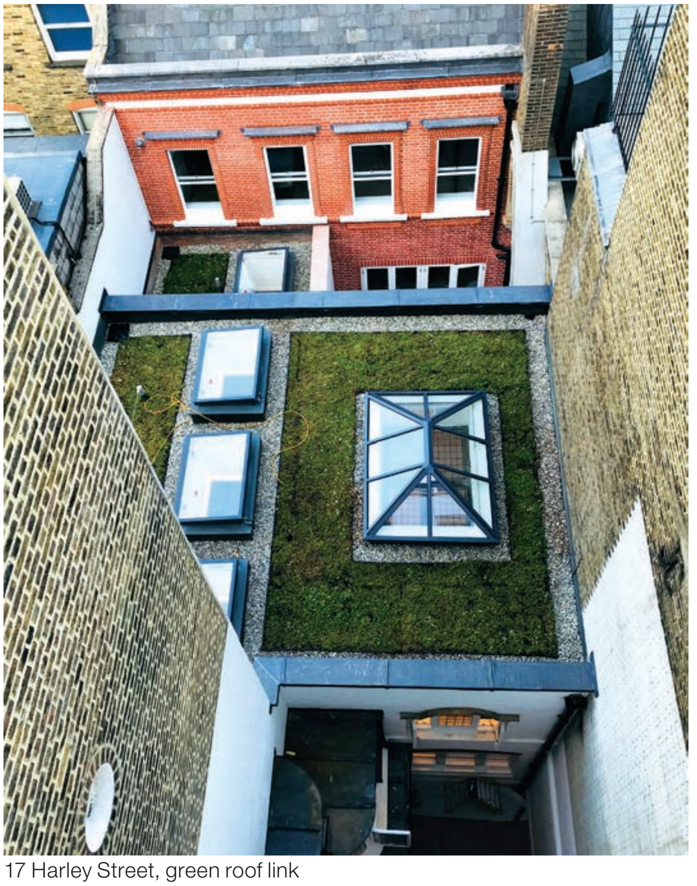
We have installed 17 green roofs across the Estate providing over 900 square metres of green rooftop cover alongside three green walls. In addition to this, planning consent has been granted for a further 13 new green roofs which will provide in excess of 1,000 square metres of additional green space and 'green links' to nearby public parks. The Group has actively collaborated with customers to provide increased greenery at street level. This includes the creation of a 'green mews' at Wigmore Place with various planter boxes, hanging baskets and trees. This project has been extended to Marylebone Lane with assorted shop front planters.

As well as providing more green spaces, the Group is committed to improving the sustainability of its buildings. In the year, we became a member of the UK Green Building Council ('UKGBC') to assist with the training of our staff and to increase our knowledge of good environmental and sustainability practice.

Scope	2020 UK total (tCO2e)
Natural gas	606
Fuel for transport	11
Scope 1	**617**
Scope 2 (location-based)	**1,139**
Scope 2 (market-based)	**1,139**
Total Scope 1 & 2 (location-based)	**1,756**
Total Scope 1 & 2 (market-based)	**1,756**
Scope 1 & 2 intensity – tCO2e/£m (market-based)	**12**
Business travel (rental cars, reimbursed mileage, rail and air)	24
Water	34
Transmission and distribution	97
Scope 3	**155**

Energy consumption (MWh)	2020 UK total
Electricity	4,455
Fuels (natural gas, transportation fuels)	3,347
Total energy	**7,802**

Wigmore Place, roof mounted solar panels



17 Harley Street, green roof link

Community matters

Contractors
The Group is committed to ensuring that its refurbishment and redevelopment programme creates minimal disruption and looks to appoint contractors who share this aspiration. The Considerate Constructors Scheme ('CCS') is used to assess the impact of large-scale projects. A CCS assessor scores construction projects across five categories: appearance, community, environment, safety and workforce. Due to the heritage constraints of the buildings in our portfolio and the Estate's position in a conservation area in the heart of London, it is very difficult to obtain the highest scores for many of our projects. Our minimum aim is to achieve a score of 25 out of 50, which we would deem acceptable. The Group hopes to achieve scores of more than 35 across our projects, which we consider very good, and for scores of 40 or above, excellent.

Health and safety
Our Health and Safety Committee members, comprised of employees and Directors, review health and safety management throughout the Group. The Health and Safety Committee meets regularly to discuss issues of health, safety and welfare of the Group's employees and those affected by its undertakings and activities. The Committee reviews current and proposed health and safety legislation and makes sure that the Group can meet its obligations while achieving its long-term business objectives. The Committee supports the Chief Operating Officer who is the Director responsible for reviewing the effective management of health and safety across the Estate, with the objective of promoting the well-being and safety of its employees, customers, supply base and visitors. Property protection is also considered and reviewed, with recommendations made to the Board when required.

Members of the Executive Committee attended an Institute of Occupational Safety and Health ('IOSH') accredited 'Safety for Executives and Directors' course during the year.

During the year, there were three accidents involving members of staff or the public. These accidents were investigated, and measures put in place to prevent a reoccurrence. None of these accidents were reportable to the Health and Safety Executive ('HSE') under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ('RIDDOR').

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

As part of our due diligence, where major projects are undertaken, these works are carried out by an approved contractor appointed by the Group. Monthly safety audits are carried out to make sure contractors continue to perform to the highest standards of health and safety, and recommendation reports are issued to the relevant manager of the project.

Customers
Our customers are fundamental to the continued success of the Group. They are the source of our income and create vibrancy and support for the local economy. The Group works hard to attract and retain customers and considers them a key part of our stakeholder community. In order to help strengthen our relationship with them, we run regular retail and medical forums throughout the year, and host networking events for our residents and office occupiers.

The Group continues to invest in marketing and communications to promote our customers and the area. This includes regular residential newsletters and helping to fund the publication of two highly acclaimed periodicals, the Marylebone Journal, promoting retail, restaurants and lifestyle, and Prognosis, promoting medical care and support. This year, we modernised our websites and relaunched our destination brand, Marylebone Village, to help attract consumers to our retail and leisure offering centred around Marylebone High Street. We appointed a creative communications agency to work with us and our customers to improve our digital presence and increase our profile and footfall through an active calendar of events, promotions, press opportunities and campaigns.

As part of our ongoing effort to continuously improve our service and offering, we launched our first customer satisfaction survey with our residents and will roll this out to additional sectors next year. We also understand how important digital connection is and are delighted to say that, to strengthen our residential offering, we are now commencing the roll out of ultrafast fibre broadband across our estate.

Security is also a priority for our customers. Accordingly, we continue to provide security guards who now undertake additional patrols around our area of Marylebone. This remains a successful initiative with residents, retailers and business occupiers.

Staff and customers, London to Paris Bike Ride

Harley Street Medical Area forum

Refurbishment at Stone House, 9 Weymouth Street

Marylebone Village retail forum

Community matters

Events

The Group had another busy year organising an active programme of events designed to promote the area and foster collaboration within the broad Marylebone community. These events continue to be very positive marketing and engagement exercises and uphold the Group's commitment to its overall stewardship of the area. Some events are open to the full community, while others are business-to-business, providing useful networking opportunities for the Group's customers.

The main events organised and funded by the Group over the last year included: Marylebone Summer Festival, Marylebone Christmas Lights, Marylebone Lane Christmas Shopping Evening, HSMA participation at Arab Health, Medical Forums, Retail Forums, a Christmas residents' event and the annual clients' Christmas Party. In addition, this year we hosted a London to Paris Bike Ride.

The Group also collaborated with The Portman Estate to jointly organise and fund the Marylebone Design District (part of London Design Festival) and the Marylebone Food Festival.

Engaging with local groups and stakeholders through our attendance at, and contribution to, local forums, meetings and events is an additional part of the Group's community involvement. These include, but are not limited to: Marylebone Association, Marylebone Neighbourhood Forum, West End Security Group, Wild West End, Westminster-wide planning meetings, and the Safer Neighbourhood Panel.

Donations

The Group continues to provide financial assistance to many worthy causes and tries to focus these, where possible, on local groups and charities which have a connection to Marylebone. The Group has provided match funding for its employees for many years and more recently has committed to match the amounts raised by its nominated charities at the two main events we host; the Marylebone Summer Festival and the Marylebone Christmas Lights.

The level of direct financial contributions to charitable and community causes is a key performance indicator of the Group. In the year ended 31 March 2020, the Group donated £747,000, an increase of £84,000 from last year's total of £663,000.

The Group made its largest individual donation to date, £100,000 to University College London Hospital for funding two clinical research fellows and two students in their new Anaesthesia Associates masters' programme.

The Group also launched a key worker housing scheme and has let eight residential units at reduced rates to healthcare professionals working in local hospitals. To date, the scheme has been well received by the hospitals and their employees who really appreciate being able to live closer to work.

Fundraising

As well as directly donating to good causes, the events organised and promoted by the Group are a catalyst in fundraising for each event's nominated charity.
The following sums were raised in the year:

- Marylebone Summer Festival
  £52,558* for Greenhouse Sports
- Marylebone Food Festival
  £6,300 for The Springboard Charity
- Marylebone Christmas Lights
  £18,694* for Teenage Cancer Trust
- London to Paris Bike Ride
  £32,034 including Gift Aid for West London Mission ('WLM')

*includes the Group's match funding.

The Group also continued its support as headline sponsor of the Marylebone Music Festival, which in turn raised funds for its nominated charity, WLM.

- Marylebone Music Festival
  £10,215 for WLM

Employee volunteering

The Group recognises the importance of charitable giving, but time given by our people to good causes is arguably of even greater significance. Many employees volunteer for charitable organisations and the Group has decided to implement a proactive approach to staff volunteering. This is designed to encourage our people to offer their time and skills to local causes in a way which benefits the charities as well as having a positive impact on the personal and professional development of the volunteers. This past year, our staff volunteered over 221 hours with St John's Hospice, Royal Marsden, Age UK Westminster, local schools and universities, and at our charitable events.


Marylebone Design District


Marylebone Christmas Lights


The Howard de Walden Choir, Marylebone Christmas Lights


Volunteering at Marylebone Summer Festival


Marylebone Design District

Community matters – Our people

Employees

Our employees are fundamental to the success of our business model and the delivery of long-term growth in income and value. The Group's employee turnover rate remained the same this year at 12% (2019: 12%) and excluding retirement was 11% (2019: 11%). Our ongoing success requires us to attract, engage, retain and grow our talent and we offer competitive salary packages, including pension provision and healthcare. We encourage our people to contribute ideas to improve the business. We ensure compliance with employment legislation and actively promote equality and diversity throughout the workplace. The Group supports the development and training of all its employees. The health and well-being of our people are critical if they are to perform well in their roles and we encourage our employees to take part in both sporting and non-sporting events, particularly if there is the opportunity to raise money for charity. The Executive Directors keep staff informed of the progress and development of the Group on a regular basis through formal and informal meetings and frequent communications.

Gender pay gap

Howard de Walden is a corporate member of Real Estate Balance, an association formed to address the gender imbalance in senior positions in the property industry. To understand our position, we voluntarily commissioned an external consultant, Innecto Reward Consulting, to calculate our gender pay gap as of April 2019. The results can be seen in the charts on page 17. In common with our real estate peers, we report a significant gender pay gap and are focused on steps to reduce this.

The Group employs more females (59%) than males (41%). However applying the pay gap calculations, men were paid more on average than women. In monetary terms, women earn 55p for every £1 that men earn when comparing median hourly wages, and 49p for every £1 when comparing mean hourly wages. Most employees received a bonus, with women earning 50p for every £1 that men earn, when comparing median bonus pay and 17p for every £1 when comparing mean bonus pay.

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

The key driver of the gender pay gap is that men occupy most senior roles at the Group with females dominating the lower seniority roles. The highest paid employees are the Executive Directors, who are all men.

The bonus pay gap is skewed for the same reasons with the level of bonuses paid to the Executive Directors particularly affecting the figures. The bonus pay gap is also affected by part time employees as the calculation does not allow for prorating. Of those working part time who received bonuses (22%), 83% are women and 17% are men.

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

Chief Executive pay ratio

Howard de Walden is not required to disclose its Chief Executive pay ratio. However, we are committed to greater transparency and corporate governance and consider it appropriate to disclose this on a voluntary basis. The calculations in the adjacent table have been determined using data from the gender pay gap analysis undertaken by Innecto Reward Consulting. The ratio is in line with published data from companies in the real estate sector.

Modern Slavery Act

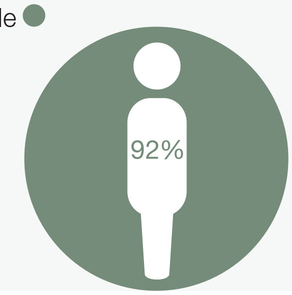
The introduction of the Modern Slavery Act 2015 ('the Act') rightly seeks to encourage a robust and diligent approach among businesses to combatting slavery and human trafficking practices. The Group does not tolerate human trafficking, slavery or forced, bonded or other illicit forms of labour. We endorse the Act's provisions in relation to supply chain transparency and we have, in accordance with section 54 of the Act, published a detailed modern slavery and human trafficking statement, reflecting the series of measures the Group has put in place in order to prevent modern slavery or human trafficking occurring within its business or supply chain. The statement is updated annually and is available to view on The Howard de Walden Estate website (www.hdwe.co.uk). We make sure that our employment practices are compliant with the mandatory requirements of applicable employment legislation and best practice. All workers engaged have chosen their employment freely and are treated with dignity and respect.

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

	Mean	Median
Gender pay gap	**50.8%**	**44.8%**
National average gap*	**–**	**17.3%**
Gender bonus gap	**82.9%**	**50.0%**

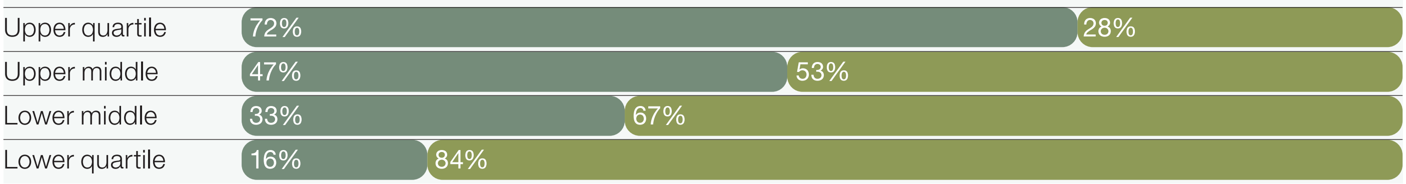
* Source ONS.gov.uk

Bonus payments
The proportion of men and women in receipt of a bonus

Male


Female


Pay quartiles
The proportion of male and female employees by quartile pay bands



Chief executive pay ratio

Summary statistics	Employee STFR (Hourly rate)	CEO STFR (Hourly rate)	Ratio of pay CEO:Worker
75th percentile	£38	£299	**8:1**
Median	£24	£299	**12:1**
25th percentile	£17	£299	**18:1**

Staff at completion of London to Paris Bike Ride

Section 172 statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company. The Directors give careful consideration to the factors set out above in discharging their duties under section 172 for the Group. This statement should be read in conjunction with the Strategic report as a whole.

The Group engages with a wide range of stakeholders to inform our thinking including customers, suppliers and contractors, the environment, communities, employees and shareholders. We consider the perspective of all stakeholders to continue to deliver outstanding places to live and work with positive outcomes for all. The Board met throughout the year to discuss matters of strategic importance and to obtain an understanding of the performance and position of the Group. Any decisions made by the Board are done so with the Group's performance in mind and considering the impact on stakeholders, with the Group's reputation of paramount importance. The Executive Directors are part of the Executive Committee and attend management meetings throughout the year to ensure decisions made at Board level are carried out appropriately.

The Group works hard to actively communicate with all customers to ensure we are constantly meeting their needs and providing properties fit for purpose. More details of our work can be found on pages 12 and 14. In the year, we carried out our first ever residential customer satisfaction survey. With over 200 responses received, the results were very good with 85% of respondents satisfied with the service they receive. The survey has also provided invaluable areas for improvement which the Board is addressing.

Employees are central to the long-term success of the Group. We encourage open and constructive discussions throughout the year via regular town hall style meetings and at the presentation of the annual results. Both provide a good platform to give employees an update on the Group's activities. This year, the Board commissioned our first ever employee survey, to obtain direct feedback from employees. The results were positive but also provided clear areas for improvement which the Board is actively considering.

We work with suppliers and contractors who share our ethical and corporate governance standards. Contractors are engaged with throughout refurbishment works to ensure they are working in line with our expectations. More details can be found on page 12. Procurement is an area the Board is keen to improve upon. Accordingly, a new position has been created within our Business Operations team for a supplier management specialist.

The Group takes its responsibilities for environmental matters seriously and continues to improve its work in this area. More information regarding our work and responsibilities can be found on page 10. The Board considers sustainability a business-critical area and has created new roles to focus our attention on this area going forward. As a member of the UK Green Building Council, we are actively engaging with our peers and working collaboratively to provide more efficient buildings for the future.

Communities are at the heart of everything we do. We engage throughout the year via forums and written literature. We actively promote businesses and put on events to showcase the area as well as making donations to local charitable causes. More details can be found on page 14. This year, the Board agreed to provide key worker housing for lower paid workers via the provision of discounted rents in selected properties. It was agreed to provide housing for key workers relating to those who work in the medical sector, particularly hospitals, recognising the key service they provide to the community. Local hospitals were engaged with and eight units were allocated for use as key worker housing.

As a family-owned group, our family members' interests are always considered when making strategic decisions. Four family members sit on the Board and other beneficial shareholders are invited to attend meetings, demonstrating the Board's active engagement with shareholders. A new committee was established in the year to provide a platform for the shareholders to provide input, particularly on matters focused on the long term.

COVID-19 update

	Rents charged 1 January 2020 to 31 March 2020
Received	**86.9%**
Forgiven	**0.7%**
Outstanding*	**12.4%**
	100.0%

	Rents charged 1 April 2020 to 30 June 2020
Received	**53.3%**
Forgiven	**4.0%**
Outstanding*	**42.7%**
	100.0%

*As at 22 July 2020. Negotiations are ongoing with customers which may result in further rents charged being forgiven or deferred.

Rent collection and rental income
Rent collection has weakened as a direct consequence of the pandemic induced lockdown. The collection of rents charged in the 3 months to 31 March 2020, including the 25 March quarter date was, under the circumstances, better than expected at 86.9%, but this was only achieved through active engagement with our customers. We expect the impact of COVID-19 to peak in the first two quarters of the financial year ending 31 March 2021 and this is borne out by a lower collection rate for rents charged in the quarter ended 30 June 2020, with 53.3% collected at 22 July 2020. We have forgiven 4.0% of rents charged in the quarter to 30 June 2020 and continue to have discussions with customers about rent deferrals and other concessionary arrangements to help those with strong business models but adversely impacted by the lockdown. Collection rates across our sectors vary with residential returning strong levels, whereas retail & leisure outlets, subject to closure and restrictions, are returning much lower levels.

We have recently experienced an uptick in voids, particularly in residential and office properties. Residential leases are annually renewable and can be broken at short notice. This increases supply, and alongside the Government restrictions preventing new customers viewing vacant units, demand was lower than usual. A small number of office leases have expired with occupiers reluctant to renew. With Government advice to work from home and avoid public transport this is inevitable. The likelihood is that this may continue as businesses adapt to the practice of employees working from home.

Our operations
Whilst physical occupancy at our main office building was greatly reduced, a small support team was on hand and our key office was open throughout. A 'back to office' team was established in May, to risk assess and find solutions for safe working at our office and all other directly managed buildings, in line with Public Health England's guidelines on social distancing. All office-based staff returned to the office from early July in a pod-based system to ensure social distancing and in-office business continuity. One-way systems and allocated desk spaces were put in place along with a stringent cleaning routine. The safety of our employees was considered at all stages of planning the return to the office which included personal risk assessments for all staff. We regularly provide colleagues with PPE for safe travel to and from the office and arranged free antibody blood tests for COVID-19. We will continue to monitor the risk to colleagues and adapt our working arrangements in response to Public Health England and Government guidelines.

The Board has agreed a 25% reduction to the base salaries of the Executive Directors for a period of 3 months effective from 1 July 2020. The money saved from executive remuneration will be used by the Group to increase assistance to charitable and community causes in financial year 2021. Our local charities and communities are under significant pressure as the lockdown and its aftermath has severely curtailed their sources of funding. All other employees continue to receive full salaries and benefits and none have been placed in the Coronavirus Job Retention Scheme.

Developments
Progress of all major redevelopments was briefly halted as a result of the Government lockdown. We assisted contractors with risk assessments and to determine how Public Health England guidelines could be adhered to. All major redevelopments are back on-site and complying with strict social distancing requirements however, this may reduce productivity and cause delays. We planned to move back to 23 Queen Anne Street, our refurbished office early next year however, practical completion of this project may be delayed by several months. Voids and non-renewal of leases on expiry are likely to bring forward redevelopment expenditure, particularly in our office sector.


CARE
FOR
AIR
CARE
FOR
AIR
OFFER

MARYLEBONE SUMMER FESTIVAL

Chief Executive's statement

Overview

The freedom to lead our lives has been curbed in ways we never imagined. It is only now, after months of restriction, that Howard de Walden and Marylebone are taking small and careful steps back to normality. When we realised the scale of the pandemic, our immediate actions were to ensure the safety of colleagues, customers and suppliers. Since March, a Coronavirus Action Group, comprising the Executive Directors and senior managers, has met regularly to help navigate the business through the crisis and support our communities.

Whilst most of our staff worked ably at home, we maintained a small on-site team throughout this period to provide essential support to residents and occupiers. As a community landlord we believe it is necessary to operate safely on site and in June, we authorised a return to office for colleagues on a purely voluntary basis. From 6 July onwards, all colleagues returned in three separate working groups or pods. The pod system means that we can easily maintain social distancing and limit the potential spread of COVID-19.

Just over two years ago, we took the decision to move the storage of our software and systems to the Cloud and last year all office based colleagues were provided with laptops. This increased their ability to work remotely and importantly it provided business continuity should access to our offices become restricted. We never envisaged interruption on the scale of the last few months. However, in these circumstances, this investment has proven to have been highly effective and worthwhile.

This year was another strong year for rental income, increasing 6.3% to £144.4 million. Revenue profit before tax fell 4.9% to £77.6 million mainly due to an increase in interest costs from borrowings agreed in 2018. The impact of COVID-19 also had an effect, but the full effects will be felt next year. The increased borrowings were to purchase leasehold interests that pay little immediate income but revert to a market rent within five years. Up until this point is reached, the interest on the loans exceeds the rental income and dents profitability. A summary of financial performance is covered in pages 32 to 33.

Property valuation growth continued to slow, as it has done for several years and decreased by 2.7% on a like-for-like basis, with noticeable declines in our residential and retail & leisure sectors. The performance of our four largest sectors are summarised in pages 24 to 31, however it is worth highlighting a significant increase of 11.4% in medical income boosted by new lettings and rent reviews.

Outlook

COVID-19 represents a challenge to humanity and its after-effects will reverberate for many years. The short-term impact on our business will be a severe weakening in financial performance as retail, leisure and healthcare operators adjust their business models for physical distancing and lower revenues. It is inevitable that this will impact the rent they can afford to pay, and Howard de Walden expects to suffer losses in income through customer failures and voids. However, our strong financial resources and access to capital will provide resilience during this turbulent period.

Good stewardship is listening to our customers and our communities, acting to help and stabilise where we can, to make sure the long-term damage is limited. Of course, we are unable to help everyone and therefore we target those taking actions to preserve their business and demonstrating a plan and a commitment to rebuild.

Looking ahead, we are in a hugely uncertain period, which will mean that the Company will have to significantly decrease its dividends. The ability to restore dividends next year to the levels achieved this year will be determined by the pace of economic recovery, the return of consumer and business confidence and the pandemic's legacy effects on real estate.

Approval

The Strategic report covering pages 2 to 37 was approved by the Board of Directors on 12 August 2020 and signed on its behalf by:

Andrew J Hynard
Chief Executive

Property performance

The Group continued to grow rental income, up 6.3%.

Our medical sector is responsible for the largest increase in income this year, up £4.9 million.

Page 24

The office sector returned a modest increase in rental income of 1.8%, following several years of strong increases.

Page 26

Despite growth in residential income, up 5.6%, the valuation of residential properties has reduced.

Page 28

The rental performance of our retail & leisure portfolio increased 3.0% but COVID-19 will have a significant impact next year.

Page 30

The educational sector continued to provide growth in rental income, up 7.1%.

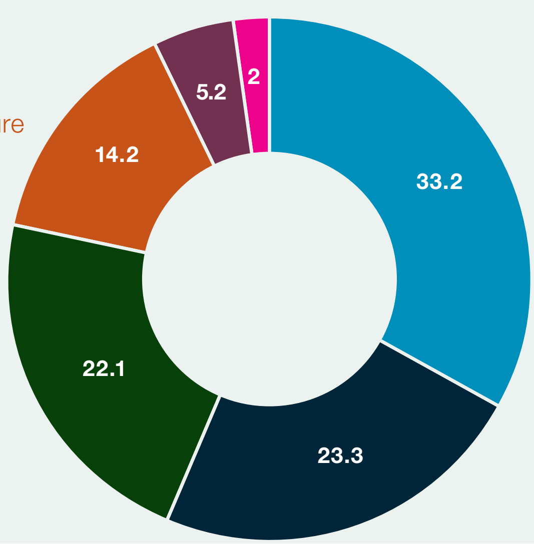
Rental income

	2020 £m	2019 £m	Change %
Medical	**47.9**	43.0	↑11.4%
Office	**33.7**	33.1	↑1.8%
Residential	**31.9**	30.2	↑5.6%
Retail & Leisure	**20.5**	19.9	↑3.0%
Educational	**7.5**	7.0	↑7.1%
Other	**2.9**	2.7	↑7.4%
	144.4	135.9	↑6.3%

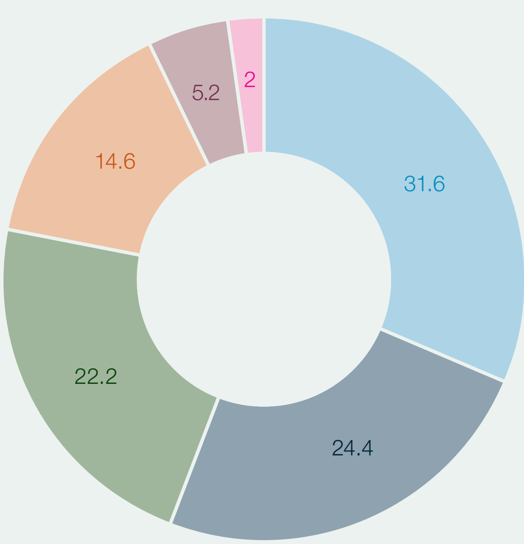
A more detailed overview of our four biggest sectors can be found on pages 24 to 31.

Percentage of rental income by sector (%)

2020 (%)
Medical
Office
Residential
Retail & Leisure
Educational
Other



2019 (%)



Medical

33.2%

MEDICAL
Percentage of rental income

£1,583.1m

VALUATION
2019: £1,405.1m

£47.9m

RENTAL INCOME
2019: £43.0m

↑11.4%

CHANGE IN RENTAL INCOME
2019: ↑2.1%

Income grew by 11.4% to £47.9 million and at 33% of the Group's total, medical and healthcare is our largest source of turnover. It was a significant year for the lettings of buildings under refurbishment and included a pre-let of 24 Portland Place, a 21,000 square foot building previously in office use to Cleveland Clinic. After a complicated construction, the lease agreed at 141-143 Harley Street to Advanced Oncotherapy became effective and was handed over to them for the fitting out of their ground-breaking proton beam LIGHT system. This is a fraction of the size and the cost of existing proton beam apparatus and will increase the range of cancer therapy in the Harley Street Medical Area. In February, Advanced Oncotherapy announced a joint venture with The London Clinic which will operate the facility and will be the first hospital in London to offer this treatment. At 17 Harley Street, we carefully undertook the refurbishment of an historic building with great architectural interest, patiently restoring a hand stucco ceiling dating from the 18th century. This Grade 2 listed building was let to United Medical Enterprises Group as a specialist centre for the treatment and management of cardiovascular conditions. It is to be fitted with advanced diagnostics and a CT scanner capable of capturing an image of the heart in one beat.

Last year, we announced that we had increased our leasehold interest in The London Clinic's main hospital building from 15% to 50%, and in January we exercised the option to purchase the remaining 50%. This is the largest individual building on our Estate, at over 170,000 square feet, and it is strategically important to Howard de Walden as it houses one of the largest independent hospitals in the UK, offering a wide range of medical and surgical expertise.

Working closely and partnering with hospitals and clinics is vital to the improvement of healthcare delivery on the Estate and we meet regularly to discuss their requirement for expansion. An example is the construction of the Kantor Medical Facility for King Edward VII's Hospital, creating 25 consulting suites and diagnostic facilities opposite its main hospital building in Beaumont Street. The development has unfortunately been subject to delays because of COVID-19, but the building is currently scheduled to be completed in the first half of next year.

Throughout the pandemic, many clinics on the Estate have remained open and the largest hospitals continued to undertake emergency and urgent treatment whilst supporting the NHS. The treatment of COVID-19 patients created an unprecedented demand on public health care resources and we are immensely proud that facilities in the Harley Street Medical Area are used to back up the NHS at this time of national crisis.

17 Harley Street *(Photo: Cliveden Conservation)*

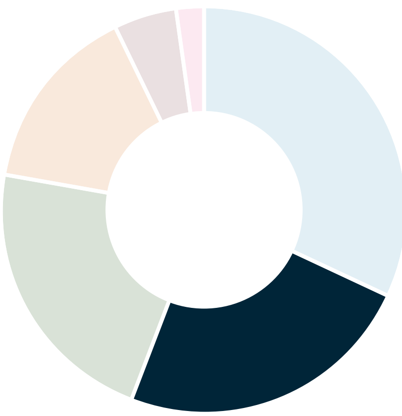
24/24a Portland Place

17 Harley Street

Office

23.3%

OFFICE
Percentage of rental income



£988.8m

VALUATION
2019: £964.6m

£33.7m

RENTAL INCOME
2019: £33.1m

↑1.8%

CHANGE IN RENTAL INCOME
2019: ↑14.9%

After several years of strong increases in rents, driven by acquisitions and lettings after refurbishment, office income only grew 1.8% with no significant new lettings in the year. The valuation of the office portfolio is almost £1 billion and largely unchanged on a like-for-like basis with rents representing 23% of our total income.

With low vacancy levels and strong demand, prime office rental values in the West End nudged upwards, resulting in modest rental growth from leases upon rent review. These were largely offset by the reduction in income from leases terminated at 2 Cavendish Square, a 28,400 square foot building acquired in 2018. These departures, whilst unwelcome in the short-term, provided the opportunity to refurbish six floors and despite an uncertain occupational market, we are cautiously optimistic that this space will be successfully let over the next few months. The completion of 4 Grotto Passage was one of the most historically interesting refurbishments ever completed by Howard de Walden. This was previously the site of a ragged school, established in 1846, to provide free education for the poor and destitute children of the neighbourhood. After a sympathetic development it now offers 4,000 square feet of open plan space across three floors and is the perfect setting for a creative business attracted to Marylebone's vibrant office market.

Whilst there is no shortage of webinars or speculation on the pandemic's impact on the future of the office, the supply of new space in central London was already constrained by planning restrictions, macro-economic uncertainty and a lack of finance for speculative ventures. Howard de Walden limits its exposure to speculative office development and favours the refurbishment of existing stock, where buildings are largely self-contained and under 5,000 square feet. Our largest office development under construction is at 110 Marylebone High Street, forming part of a mixed-use scheme with retail, leisure and educational. This should complete shortly and be available in early 2021.

For several years, various models of flexible working have been the most important factor in the take-up of London's office space. At Howard de Walden we have few properties which offer all-inclusive leases and are therefore considering repurposing more buildings to provide flexible office accommodation. This space would be offered alongside traditional leases and would be targeted at occupiers requiring flexibility, but reluctant to share with hundreds of other co-workers in a large building. We would offer self-contained floor plates accessed through a front door shared with only a few other users or businesses. Meeting rooms with audio visual equipment, café and lounges would be provided nearby in separate buildings, creating a campus office community.

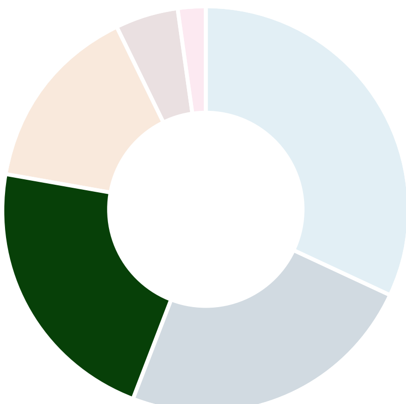
4 Grotto Passage

51 Welbeck Street


4 Grotto Passage

Residential

22.1%
RESIDENTIAL
Percentage of rental income



£1,284.8m
VALUATION
2019: £1,361.1m

£31.9m
RENTAL INCOME
2019: £30.2m

↑5.6%
CHANGE IN RENTAL INCOME
2019: ↑2.4%

Residential income was £31.9 million, an increase of £1.7 million and 5.6% ahead of last year. This uplift in income is significantly ahead of the muted growth levels of recent years and was largely due to a reduction in voids and the letting of new or refurbished stock at higher rental values. Whilst the rental performance improved, the valuation of our residential properties fell from £1,361.1 million to £1,284.8 million. This was a decrease of 5.6% in absolute terms, however adjusting for disposals and capital additions, the like-for-like movement was a fall of 8.6%. Residential values had flattened since the central London market peaked in 2014 after sharp increases in stamp duty land taxes, although values in Marylebone had remained strong relative to neighbouring boroughs. A downward correction was therefore not a surprise.

A new addition to our portfolio was the creation of seven spacious apartments at 34/34a Weymouth Mews, all built to maximise natural light and some with large outdoor areas. All have been let to Living Rooms, a boutique serviced apartment provider, on a lease for 20 years. A good example of a high specification refurbishment completed this year was 38 Devonshire Place where four flats were successfully let. At any point in time, we typically have around 50 residential units under refurbishment and around 20-30 available to let and therefore our ability to complete refurbishments on time, within budget and minimise voids is the most important factor in determining performance in the residential portfolio.

We continuously look at ways to improve the services we offer residents as this increases their loyalty to stay with Howard de Walden. Last year, we held several events exclusively for our residential customers, undertook a survey and introduced a quarterly newsletter. During the COVID-19 lockdown we maintained support to residents at all times by having a small on-site maintenance team based on the Estate and backed up by a remote working residential team. Since June, the residential team have been back both in our office and on the Estate, meeting new and existing customers whilst maintaining safe social distancing.

The ability to work from home has become more important to our residents and therefore we will shortly connect fibre direct to all our residential premises in partnership with G.Network, a specialist provider in building fibre networks in central London. Howard de Walden's fibre service will be inclusive with the rental and we shall be one of the first residential landlords to offer fibre to all its properties.

This year we did not purchase any residential property, however we did complete £12.2 million of enfranchisement related sales that contributed towards a £2.0 million profit on the sale of investment properties.

34/34a Weymouth Mews

17a Welbeck Way

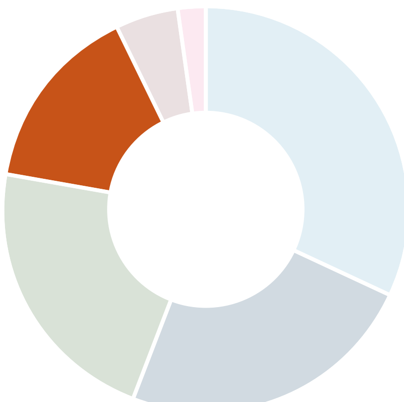
6 Wigmore Place

38 Devonshire Place

6 Wigmore Place

Retail & Leisure

14.2%
RETAIL & LEISURE
Percentage of rental income



£600.5m
VALUATION
2019: £652.6m

£20.5m
RENTAL INCOME
2019: £19.9m

↑3.0%
CHANGE IN RENTAL INCOME
2019: ↑8.7%

Retail and leisure income totalled £20.5 million, an increase of £0.6 million, and represents 14.2% by income and 12.8% by value. The rental performance of our retail & leisure portfolio increased by 3.0%; however, the like-for-like valuation has fallen by 8.1%. In recent years, the performance of our portfolio has belied the national trend where conventional shops have gradually closed as consumers move online. The pandemic could not have come at a worse time for retailers and owners of retail property as the lockdown forced all non-essential purchases online and eliminated footfall overnight. Even as shops and restaurants reopen, they will struggle to recover turnover as they need to comply with physical distancing rules. Whilst disappointing, we felt we had to cancel 2020's Marylebone Summer Festival and the Marylebone Food Festival. We organise these events to promote our shops and restaurants, places where the community can come together.

During the year, we experienced our share of fall-out from the pressure on retailers and the general economic uncertainty. Skandium, the Nordic designer, with a store on Marylebone High Street, entered administration and LK Bennett was rescued from administration. After 19 years, the acclaimed fusion chef Peter Gordon decided to take a change in direction and close The Providores and Tapa Room, one of the most respected restaurants in London and a Marylebone favourite. We look forward to the opening of Japanese Restaurant Taka at the same location.

Notwithstanding these setbacks, Allbirds, makers of some of the world's most comfortable and innovative footwear, opened their second UK store in February at 46 Marylebone High Street. They are one of the emerging fashion brands committed to using sustainable natural materials and with an ambition that goes beyond carbon neutrality and ultimately aims to be carbon negative. Prioritising sustainability aligns with our values and we hope to attract more retailers to Marylebone who share this aspiration. One of the feel-good stories from last year was the success of the Fashion Re-Told pop up store by Harrods at 51 Marylebone High Street, with the space contributed free of charge by the Group. The initiative raised £168,000 for the National Society for the Prevention of Cruelty to Children.

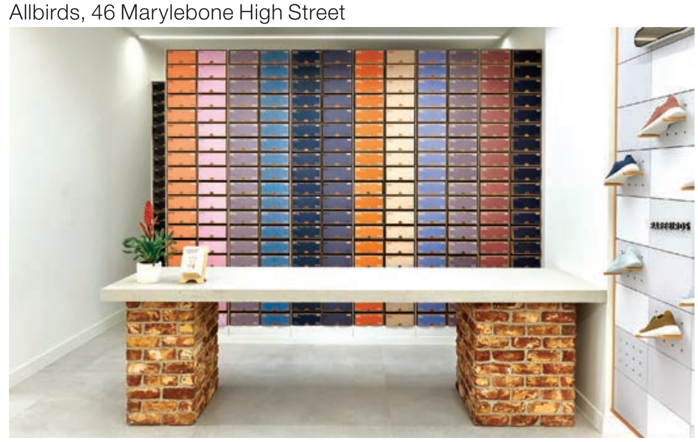
Howard de Walden supported its commercial occupiers and residents during the lockdown, and it will continue to do so as they recover. When we realised that most of our retailers and hospitality providers were unable to trade, we contacted each one to discuss solutions and support on a case by case basis. We understand that although retail & leisure is the smallest of our four largest property sectors, it provides the setting and can positively influence a decision to live or locate a business in Marylebone.

Fashion Re-Told, pop-up shop by Harrods raising money for NSPCC, 51 Marylebone High Street

David Mellor, 14 New Cavendish Street

Allbirds, 46 Marylebone High Street

Dinny Hall, 66 Marylebone Lane



Allbirds, 46 Marylebone High Street

Financial performance

2020

Our key indicator of financial performance is revenue profit before tax, as it excludes the variable impact of gains and losses on disposals and the annual revaluation of some assets and liabilities. This year's revenue profit before tax is £77.6 million, a decrease of 4.9% on the record level achieved last year (2019: £81.6 million). Headline profit before tax was £46.2 million. This was 71.3% lower than last year (2019: £160.9 million), largely because of a loss arising from the lower revaluation of investment properties. The reconciliation from headline profit to revenue profit is set out on page 33.

The drivers of revenue profit are our ability to grow rental income and to maintain efficiency on operating and borrowing costs. Rental income increased by £8.5 million, from £135.9 million to £144.4 million, including a strong contribution from our medical sector. Our property and administrative costs increased by £8.4 million, from £37.1 million to £45.5 million, due to greater expenditure on refurbishments and a larger bad debt provision. The net result is a marginal increase in performance profit, from £99.8 million to £100.0 million. Net finance costs increased from £18.0 million to £22.2 million, due to the increase in borrowings in the year. The average amount borrowed was £629.9 million, an increase of £145.0 million from the previous year (2019: £484.9 million). The average rate paid on borrowings was 3.6%, a decrease of 0.2% on last year (2019: 3.8%). Year end borrowings totalled £667.1 million*, increasing by £60 million after the second drawdown of the private placement agreed last year. During the year, we exercised an option to extend our revolving credit facility by a year to December 2024. There is a second annual option to extend which can be exercised next year. These extensions are subject to credit approval from the bank lenders and the payment of a fee.

At 31 March 2020, the Group's average debt maturity was 13.4 years (2019: 14.4 years). The level of net borrowing to net assets, the gearing ratio, increased from 14.9% to 18.3%. However, this remains a very conservative level of borrowing. The Group's low level of borrowing is comfortably supported by interest cover of 4.5 times (2019: 5.5 times).

Dividend
The performance of the Group permitted the payment of £37.2 million of ordinary dividends, an increase of 7.5% on last year (2019: £34.6 million).

Valuation
At 31 March 2020, the Group's investment properties were valued at £4,678 million, an increase of 1.6% overall, however there was a decrease of 2.7% on a like-for-like basis. The increase in value is driven by acquisitions and capital refurbishment work exceeding the downwards revaluation movement of £47.7 million. The two most valuable sectors are medical at £1,583 million and residential at £1,285 million.

Acquisitions and disposals
The Group acquires property to unlock long term value from either adjacent ownership or active management, and to maintain sector diversity, utilising our specialist understanding of the Marylebone property market. During the year, we completed the purchase of £95.8 million of property assets. Last year, the Group increased its interest in the head-lease of The London Clinic's main hospital building at 145-149 Harley Street. This year, the Group completed a deal to purchase the remaining interest of what is the largest building on our estate. During the year we received £12.8 million from the disposal of property interests, largely from enfranchisement related sales.

Financial performance since 31 March 2016
The Group's rental income has increased by 34.3% from £107.5 million to £144.4 million. In the same period, revenue profit before tax has increased 26.4% from £61.4 million to £77.6 million. The value of the Group's investment properties has risen by 18.6%, from £3,945 million to £4,678 million, an increase of £733 million. In the same period, shareholders' funds increased by 12.8%, from £2,999 million to £3,383 million.

Mark Kildea
Chief Operating Officer

*At forward contracted rates (see page 66).

£77.6m
Revenue profit before tax decreased 4.9% when compared to last year's record high of £81.6 million.

18.6%↑
The increase in the value of investment properties since 31 March 2016.

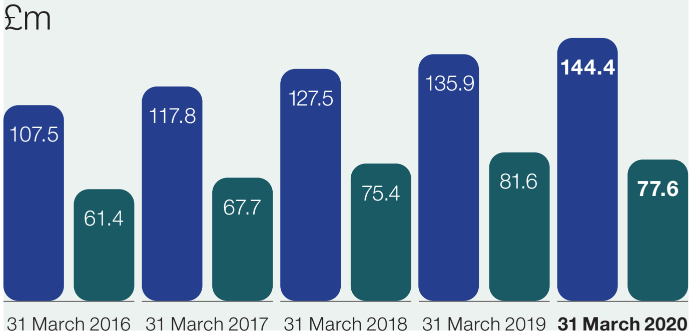
34.3%↑
The increase in rental income since 31 March 2016.

1.6%↑
Increase in the value of investment properties this year.

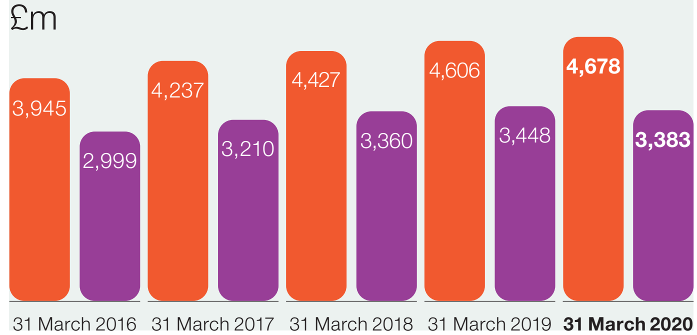
£3,383m
At 31 March 2020, the value of the Group's shareholders' funds.

£95.8m
The value of property acquired in the year.

Rental income
Revenue profit before tax
£m



Investment properties
Shareholders' funds
£m



Financial performance	**Year ended 31 March 2020 £m**	Year ended 31 March 2019 £m	Change £m	Change %
Profit before taxation	**46.2**	160.9	(114.7)	↓71.3
Adjustments:				
Loss/(gain) on revaluation of investment properties	**47.7**	(70.9)	118.6	↓167.2
Profit on disposals	**(2.0)**	(3.6)	1.6	↓44.4
Gain on fair value of derivatives	**(26.5)**	(21.5)	(5.0)	↑23.3
Loss on foreign exchange	**12.2**	16.7	(4.5)	↓26.9
Revenue profit before taxation	**77.6**	81.6	(4.0)	↓4.9

Valuation	**Year ended 31 March 2020 £m**	Year ended 31 March 2019 £m	Increase/ (Decrease) £m	Change %
Medical	**1,583.1**	1,405.1	178.0	↑12.7
Residential	**1,284.8**	1,361.1	(76.3)	↓5.6
Office	**988.8**	964.6	24.2	↑2.5
Retail & Leisure	**600.5**	652.6	(52.1)	↓8.0
Educational	**177.3**	172.0	5.3	↑3.1
Other	**44.0**	50.2	(6.2)	↓12.4
	4,678.5	4,605.6	72.9	↑1.6

Principal risks and uncertainties

Management of risk

The management of risk is essential in order for the Group to achieve long-term growth in rental income, profitability and to preserve its reputation and that of its shareholders. The Group is a long-term investor focused on high quality assets in Marylebone and seeks an appropriate balance between minimising or avoiding risk and the opportunity to gain from investment.

Risk management structure

The Board has overall responsibility for risk management, with the Executive Directors and senior management team responsible for the identification, assessment and daily control of risk. The Board has delegated the monitoring and review of risk controls to the Audit Committee. Executive Directors and senior management compile a risk register with identified risks assessed on their likelihood of occurrence and an estimate of their financial and reputational impact. The risk register is discussed and formally approved by senior management throughout the year. An updated register is presented to the Audit Committee at a meeting convened to recommend the approval of the Group's Financial Statements and Annual Report. This year's meeting took place on 4 August 2020 and considered the risk register, including the principal risks summarised on pages 34 and 35.

The Group recognises that most risks cannot be eliminated, particularly at an acceptable cost, and inevitably there are some risks that the Group accepts to achieve its objectives as a long-term investor in property in its chosen location. The principal risks and uncertainties are those with the potential to have the most significant financial or reputational impact on the Group. There are other risks of which the impact is assessed to be moderate or minor. The principal risks, together with the mitigating action, are set out on the following pages. All risks, including these key risks and the management actions taken, are assessed in the risk register.

Strategic risks

The Group's objectives fail to create long-term growth in income and value

Risk	Control or mitigation
An event or action which damages or reduces the attractiveness of central London.	For historic and strategic reasons, the Group has concentrated its property investment in Marylebone. This location is high profile and at significant risk from acts which threaten public safety and security. As these events are outside the control of the Group, available insurance cover is in place on a full reinstatement basis including 3 years' loss of rental income.
Geographical concentration of assets.	The location of the Group's assets, all within the area of Marylebone, is an accepted risk which the Group seeks to balance by having a highly diversified portfolio which limits exposure to any individual sector.
A decline in the valuation of the Group's investment properties.	The valuation of property is cyclical and whilst movements affect headline profit, there is no impact on cash flow. The Group is a long-term investor and maintains adequate liquidity, avoiding the need to dispose of property in distressed market conditions.
Reduced demand for office space.	COVID-19 is forcing employees to work remotely affecting office space. This may lead to non-renewal of office leases and reduced demand. We constantly evaluate our office sector and will adapt buildings to meet occupier needs.

Economic risks

Macroeconomic conditions that threaten the Group's ability to meet its strategic objectives

Risk	Control or mitigation
The coronavirus pandemic (COVID-19) or other similar illnesses, causing a cessation in economic activity and a public health risk.	The Group's priority is to fulfil its duty of care to its employees and members of the public, to support customers and suppliers and to take actions to minimise the risks of contagion. Protocols have been established to minimise the adverse impact which include a dedicated response team, comprising Executive Directors and the senior management team, to coordinate, manage and communicate actions.
Decline in economic activity leading to reduced demand for property in London.	The West End of London has shown a higher resilience to economic downturn when compared to the UK nationally, particularly in residential, office and retail use. This may change after the pandemic as central London relies more heavily on public transport. Medical and educational demand has historically been less influenced by economic conditions.
A decrease in economic activity due to political uncertainty e.g. Brexit.	The risk of economic weakness emerging from an uncertain political climate will increase as we move closer to the end of the transition period without an agreement on goods and services. Property managers maintain close, cordial relationships with customers and are instructed to bring to the attention of the Executive Committee evidence of customers wishing to terminate leases because of a Brexit related issue.

Economic risks

Macroeconomic conditions that threaten the Group's ability to meet its strategic objectives

Risk	Control or mitigation
Increasing construction costs due to constraints or delays.	COVID-19 has delayed projects with social distancing limiting the number of workers on-site. The Group takes a proactive approach with contractors to negotiate amended timetables whilst minimising cost escalation.
Reduced rent collection.	The Group seeks to limit rent exposure to its largest customers. The Group reviews the creditworthiness of new customers and where appropriate, will require a cash deposit or guarantor as security against default of the rent. COVID-19, among other factors, has significantly increased the risk of default from retail customers.

Financial risks

Specific to the Group's capital structure or financing activities

Risk	Control or mitigation
Restrictions in the availability of debt funding or an increase in its cost.	The Group largely funds expenditure from cash generated by its operations with a limited amount of external borrowing. At 31 March 2020, net debt totalled 18.3% of shareholders' funds. Funding risks are minimised by refinancing debt repayments prior to their maturity and spreading future debt repayments. At 31 March 2020, the Group had £667.1 million* of long-term borrowings. At the same date, the Group had £100 million of undrawn bank loans available until December 2024. *At forward contracted rates (see page 66).

Operational risks

The Group suffers a loss or adverse consequences due to weak or inadequate processes

Risk	Control or mitigation
Health and safety accidents causing loss of life or serious injury to employees, contractors or occupiers.	Health and safety procedures are in place and overseen by a Health and Safety Committee. External independent advisors review policies, procedures and our health and safety action plan, to ensure compliance. The Health and Safety Committee meets throughout the year to monitor progress against the plan and other relevant matters. The Chief Operating Officer reports to the Board on health and safety matters.
Cyber threats which cause damage to infrastructure, reputation, financial loss or regulatory fines.	The Group continually reviews and strengthens protection to users' applications when working remotely, as well as increasing cyber-risk awareness in conjunction with a specialist support provider. The IT Director regularly monitors the Group's cybersecurity threats and provides recommendations to improve secure working practices. The Group has increased cyber insurance cover to £5m.

Regulatory risks

The Group is unable to execute its strategy due to planning or environmental regulations

Risk	Control or mitigation
Changes to planning policy.	The Group's properties are all located in the City of Westminster and are affected by changes to local and national planning policy. The Group monitors and is actively involved in consultation where it considers it would be affected by emerging planning policy. Delays or restrictions in planning use may adversely affect the return from a development. Where planning consent is not achieved, the fall-back position is to maintain the property in its existing use.
Failure to deliver planning use swaps.	The Group continually seeks to enhance its portfolio by obtaining planning permission for more valuable uses. Failure to achieve planning consent is largely a lost opportunity, not a loss of income. Management co-ordinate the development programme to identify land use swap opportunities and, where necessary, work with adjacent landowners. The fall back is to maintain existing use, albeit this may restrict the growth in income and profits.
Failure to comply with environmental legislation.	Assessments of Building Regulation and Energy Performance requirements are carried out during the preparation of a tender and prior to the commencement of works, to ensure integration with current legislation. However, additional statutes could make it unviable to develop / let older buildings, typically found on the Estate. The Group is targeting zero carbon emissions by 2050.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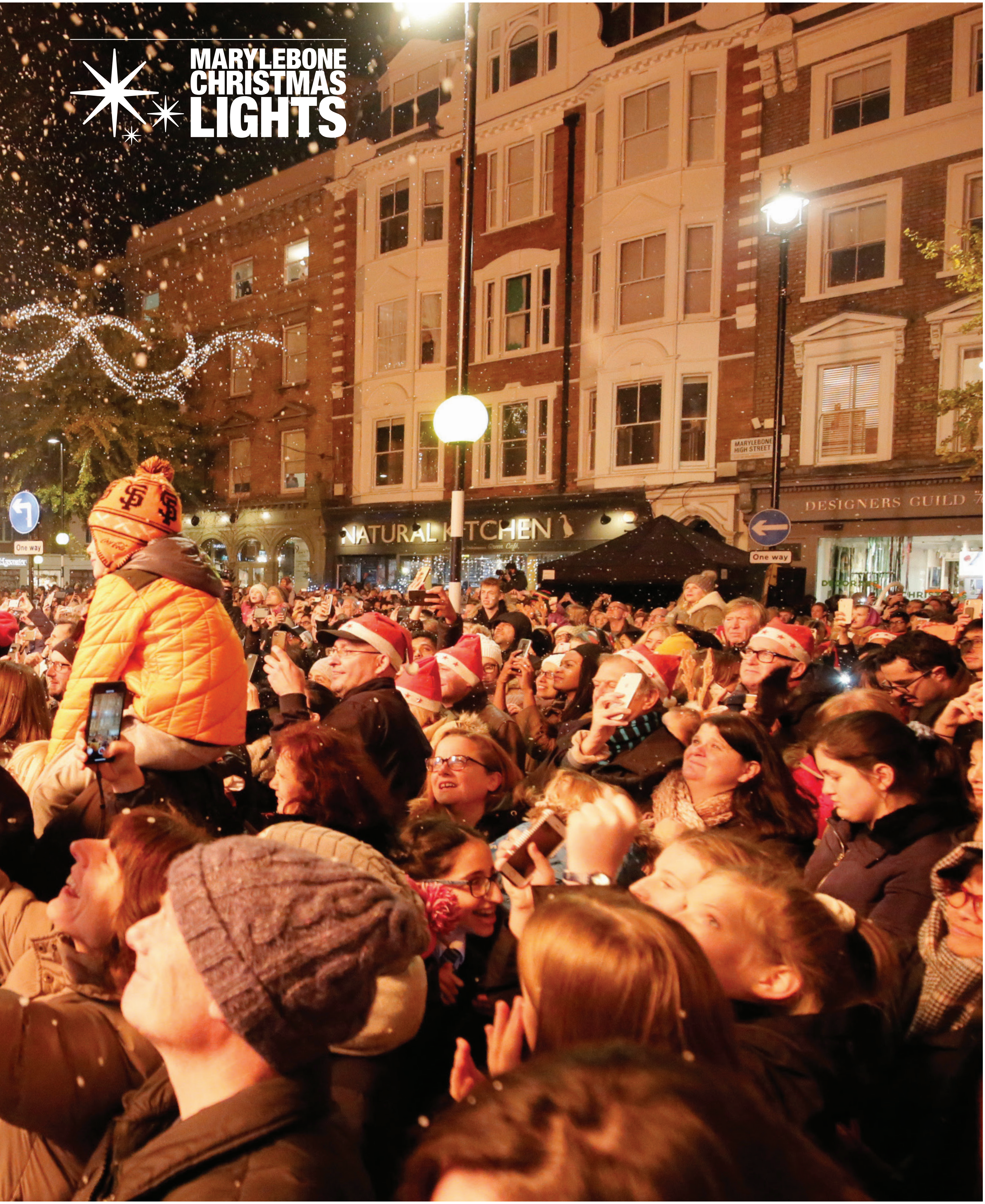
PARIS

MARYLEBONE CHRISTMAS LIGHTS



Family trusts and individual family shareholders
Own 100% of the Group's shares

Howard de Walden Estates Holdings Limited
Owns 100% of the shares of Howard de Walden Estates Limited

Howard de Walden Estates Limited
Owns, together with its wholly owned entities, all the Group's assets

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

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

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

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

There were no changes to the Board in the year. However, in April 2020 Mark Musgrave, Senior Family Trustee, was appointed to the Board as an alternate Director for the Chairman. At the end of September 2020, Simon Baynham will retire from his role of Property Director and will be succeeded by Julian Best, the current Property Investment & Strategy Director. In May 2020, Mark Kildea was promoted to Chief Operating Officer from his previous position of Finance Director. This new role covers the wider responsibilities of business operations as well encompassing the previous Finance Director responsibilities.

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

After the year end, Rt Hon. Professor Lord Kakkar became a member of the Remuneration and Nominations Committee, joining the Chairman, Deputy Chairman and Liz Peace. The Remuneration and Nominations Committee make recommendations to the Board on the Executive Directors' remuneration, based upon independent external professional advice.

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

Our experienced management team is integral to the continued success of the Group as it brings specialist skills to manage our diversified portfolio on an asset-by-asset basis. Senior management are typically department heads and interact daily with and report to the Executive Directors. The Executive Committee ('ExCo') exists to streamline communication between the senior management team and the Board with a focus on the key property, financial, project and community matters affecting the business. The ExCo, comprising the Executive Directors, Paul Bakker, Fiona Barnes, Julian Best, James Fisher, Tracey Hartley, Peter Griffith (until 31 October 2019) and Jenny Hancock (until 27 February 2020), met five times in the year.

Executive Committee


Andrew Hynard, Chief Executive


Simon Baynham, Property Director


Mark Kildea, Chief Operating Officer


Paul Bakker, Property & Asset Management Director


Fiona Barnes, Group Financial Controller


Julian Best, Property Investment & Strategy Director


James Fisher, Building Projects Director


Tracey Hartley, Residential Director

Directors’ report

The Directors present their report and the financial statements for the year ended 31 March 2020.

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

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

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

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

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

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

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

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

Auditor
A resolution to reappoint the auditor, Nexia Smith & Williamson, will be proposed at the next AGM.

Company’s registered number
The Company’s registered number is 06439246.

Dividends
During the year, the Group paid dividends of £37,230,000 (2019: £34,577,000) to ordinary shareholders and £nil (2019: £8,000,000) to ‘A’ shareholders.

COVID-19
The Directors have considered the significant impact COVID-19 has had in applying the going concern basis of preparation of the financial statements. More detail can be found in note 2 to the accounts.

Section 172
In compliance with Section 172 requirements, a statement can be found on page 18 of the Strategic report which includes details of the Directors’ regard for employee engagement and business relationships.

Streamlined Energy and Carbon Reporting

In compliance with Streamlined Energy and Carbon Reporting, the Directors present the Group's emissions and energy usage on page 10 of the Strategic report as the matter is of strategic importance. Our annual emissions equate to 12 tonnes of CO2e per £million of turnover.

Calculation method used

The Group quantify and report our organisational Greenhouse Gas ('GHG') emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Greenhouse Gas Protocol Scope 2 Guidance. We currently include three of the 13 Scope 3 categories. We consolidate our organisational boundary according to the operational control approach. The GHG sources that constituted our operational boundary for the year are:

— Scope 1: Natural gas, transportation fuels
— Scope 2: Electricity
— Scope 3: Business travel mileage, water

In some cases, where there is limited information, values have been estimated using either extrapolation of available data or data from the previous year as a proxy. Energy and emissions information relating to void consumption at our properties was collected and analysed for the first time this year. We aim to focus on continually improving the quality and scope of our data during future reporting years.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured. Currently, no renewable energy is procured, and this is something we will look to address going forward.

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

Name	Role	Executive / Non-Executive
Sir William Proby Bt CBE DL	Chairman	Non-Executive
Sir Christopher Howes KCVO CB	Deputy Chairman	Non-Executive
Andrew Hynard	Chief Executive	Executive
Simon Baynham	Property Director	Executive
Mark Kildea	Chief Operating Officer	Executive
The Lady Howard de Walden	Family Shareholder	Non-Executive
The Hon. Mrs Buchan	Family Shareholder	Non-Executive
The Hon. Mrs White	Family Shareholder	Non-Executive
The Hon. Mrs Acloque	Family Shareholder	Non-Executive
Marc Gilbard		Non-Executive
Rt Hon. Professor Lord Kakkar PC		Non-Executive
Mark Musgrave (Appointed 3 April 2020)	Alternate Director*	Non-Executive
Liz Peace CBE		Non-Executive
Toby Shannon		Non-Executive

*Mark Musgrave has been appointed as an Alternate Director to the Chairman and regularly attends Board meetings in his role as Senior Family Trustee.

This report was approved by the Board of Directors on 12 August 2020 and signed on its behalf by:

Andrew J Hynard
Chief Executive
Director

Sir William Proby Bt CBE DL
Chairman
Director

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

Opinion
We have audited the financial statements of Howard de Walden Estates Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows and the Notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
— give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
— have been prepared in accordance with the requirements of the Companies Act 2006.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
— the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
— the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – COVID-19
We draw attention to notes 3 and 12 in the financial statements, which describes the impact of COVID-19 on the valuation of investment property. Our opinion is not modified in respect of this matter.

Other information
The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 40 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This description forms part of our auditor's report.

Use of our report

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

Giles Murphy
Senior Statutory Auditor,
for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

12 August 2020

Officers and professional advisers

Secretary
Karen Inman

Registered office
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London
W1U 8EQ

Company registered number
06439246

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Lloyds Bank plc
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London
EC2V 7AE

National Westminster Bank plc
250 Bishopsgate
London
EC4M 2AA

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

Auditor
Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

Solicitors
Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

Non-Executive Directors
Sir William Proby Bt CBE DL
Sir Christopher Howes KCVO CB
The Lady Howard de Walden
The Hon. Mrs Buchan
The Hon. Mrs White
The Hon. Mrs Acloque
Marc Gilbard
Rt Hon. Professor Lord Kakkar PC
Mark Musgrave
Liz Peace CBE
Toby Shannon

Executive Directors
Andrew Hynard
Simon Baynham
Mark Kildea

Opposite: 4 Grotto Passage

Financial Statements

Group Statement of Comprehensive Income

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	5	**145,540**	136,933
Property outgoings and cost of sales		**(22,463)**	(17,390)
Gross profit		**123,077**	119,543
Administrative expenses		**(23,028)**	(19,720)
Performance profit	5	**100,049**	99,823
(Loss)/gain on revaluation of investment properties	12	**(47,650)**	70,909
Profit on sale of investment properties		**2,018**	3,579
Interest receivable and similar income	6	**730**	359
Interest payable and similar charges	7	**(23,177)**	(18,607)
Fair value gain on derivative financial instruments		**26,490**	21,534
Loss on foreign currency exchange		**(12,222)**	(16,725)
Profit on ordinary activities before taxation		**46,238**	160,872
Tax on profit on ordinary activities	10	**(80,306)**	(28,976)
(Loss)/profit for the year after taxation		**(34,068)**	131,896
Other comprehensive income			
Actuarial gain/(loss)	22	**6,669**	(1,100)
Deferred taxation arising on actuarial gain/(loss)	10	**(1,267)**	209
Other comprehensive income for the year		**5,402**	(891)
Total comprehensive income for the year		**(28,666)**	131,005

Group Statement of Financial Position
As at 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investment properties	12	**4,678,472**	4,605,566
Tangible fixed assets	13	**5,938**	1,836
		4,684,410	4,607,402
Current assets			
Derivative financial assets due after more than one year	24	**84,724**	56,175
Debtors	15	**42,858**	42,869
Cash and cash equivalents		**48,637**	92,905
		176,219	191,949
Creditors: amounts falling due within one year	16	**(50,548)**	(55,570)
Net current assets		**125,671**	136,379
Total assets less current liabilities		**4,810,081**	4,743,781
Creditors: amounts falling due after more than one year			
Bank loans, other borrowings and other creditors	17	**(716,451)**	(644,274)
Derivative financial liabilities	24	**(30,387)**	(28,328)
Net assets excluding provisions		**4,063,243**	4,071,179
Provisions			
Defined benefit pension liability	22	**(3,344)**	(10,389)
Deferred tax liability	10	**(677,355)**	(612,350)
Net assets		**3,382,544**	3,448,440
Capital and reserves			
Called up share capital	19	**2,667**	2,667
Merger reserve	20	**2,917**	2,917
Revaluation reserve	20	**2,900,528**	3,022,389
Other reserve	20	**161,144**	149,453
Profit and loss account	20	**315,288**	271,014
Shareholders' funds		**3,382,544**	3,448,440

The accounts were approved by the Board of Directors on 12 August 2020 and were signed on its behalf by:

Andrew J Hynard
Director

Mark Kildea
Director

The notes on pages 52 to 74 form part of these financial statements.

Group Statement of Changes in Equity

for the year ended 31 March 2020

	Called up share capital £000	Merger reserve £000	Revaluation reserve £000	Other reserve £000	Profit & loss account £000	Shareholders' funds £000
At 1 April 2018	2,667	2,917	2,977,184	149,481	227,763	3,360,012
Profit for the year	–	–	–	–	131,896	131,896
Other comprehensive income	–	–	–	–	(891)	(891)
Total comprehensive income for the year	–	–	–	–	131,005	131,005
Transfer of:						
— investment property revaluation gains	–	–	70,909	–	(70,909)	–
— deferred taxation arising on investment properties	–	–	(12,709)	–	12,709	–
— realised profits	–	–	(12,995)	(28)	13,023	–
Equity dividends paid	–	–	–	–	(42,577)	(42,577)
At 31 March 2019	2,667	2,917	3,022,389	149,453	271,014	3,448,440
At 1 April 2019	**2,667**	**2,917**	**3,022,389**	**149,453**	**271,014**	**3,448,440**
Loss for the year	–	–	–	–	(34,068)	**(34,068)**
Other comprehensive income	–	–	–	–	5,402	**5,402**
Total comprehensive income for the year	–	–	–	–	(28,666)	**(28,666)**
Transfer of:						
— investment property revaluation losses	–	–	(47,650)	–	47,650	**–**
— deferred taxation arising on investment properties	–	–	(63,522)	–	63,522	**–**
— realised profits	–	–	(10,689)	11,691	(1,002)	**–**
Equity dividends paid	–	–	–	–	(37,230)	**(37,230)**
At 31 March 2020	**2,667**	**2,917**	**2,900,528**	**161,144**	**315,288**	**3,382,544**

Group Statement of Cash Flows

for the year ended 31 March 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Cash flows from operating activities	21		**100,767**		84,132
Corporation tax paid			**(22,550)**		(15,150)
Net cash from operating activities			**78,217**		68,982
Cash flows from investing activities					
Interest received and other fees		**542**		254	
Additions to investment properties		**(131,849)**		(159,827)	
Additions to tangible fixed assets		**(4,549)**		(1,249)	
Proceeds from sales of investment properties		**12,780**		17,223	
Proceeds from sales of tangible fixed assets		**–**		219	
Net cash from investing activities			**(123,076)**		(143,380)
Cash flows from financing activities					
Interest paid		**(22,179)**		(18,071)	
New long-term borrowings		**60,000**		160,000	
Revolving credit facility drawn down		**–**		10,000	
Revolving credit facility repaid		**–**		(10,000)	
Equity dividends paid		**(37,230)**		(42,577)	
Net cash used in financing activities			**591**		99,352
Net (decrease)/increase in cash and cash equivalents			**(44,268)**		24,954
Cash and cash equivalents at 1 April	21		**92,905**		67,951
Cash and cash equivalents at 31 March	21		**48,637**		92,905

Company Statement of Financial Position

as at 31 March 2020

	Note	**2020 £000**	2019 £000
Fixed assets			
Investments	14	**213,444**	197,735
Current assets			
Cash and cash equivalents		**6**	2
Creditors: amounts falling due within one year	16	**(28)**	(354)
Net current liabilities		**(22)**	(352)
Net assets		**213,422**	197,383
Capital and reserves			
Called up share capital	19	**2,667**	2,667
Other reserve	20	**48,926**	48,926
Profit and loss account	20	**161,829**	145,790
Shareholders' funds		**213,422**	197,383

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

The profit after tax for the financial year of the Company amounted to £53,269,000 (2019: £59,000,000).

The accounts were approved by the Board of Directors on 12 August 2020 and were signed on its behalf by:

Andrew J Hynard
Director

Mark Kildea
Director

The notes on pages 52 to 74 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2020

	Called up share capital £000	Other reserve £000	Profit & loss account £000	Shareholders' funds £000
At 1 April 2018	2,667	58,729	119,564	180,960
Profit for the year	–	–	59,000	59,000
Total comprehensive income for the year	–	–	59,000	59,000
Transfer of realised profits	–	(9,803)	9,803	–
Equity dividends paid	–	–	(42,577)	(42,577)
At 31 March 2019	2,667	48,926	145,790	197,383
At 1 April 2019	**2,667**	**48,926**	**145,790**	**197,383**
Profit for the year	–	–	53,269	**53,269**
Total comprehensive income for the year	–	–	53,269	**53,269**
Equity dividends paid	–	–	(37,230)	**(37,230)**
At 31 March 2020	**2,667**	**48,926**	**161,829**	**213,422**

Notes to the accounts
for the year ended 31 March 2020

1. Company information

Howard de Walden Estates Holdings Limited ('the Company') is a private limited liability company, limited by shares, incorporated in England and Wales. The registered office is 27 Baker Street, London, W1U 8EQ. Its registered number is 06439246.

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

2. Basis of preparation

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and the modification to a fair value basis for certain financial instruments as specified in the accounting policies in note 4. The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £000.

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

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

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

Going Concern

The directors have considered the significant impact COVID-19 has had on the macroeconomic conditions when considering the appropriateness of adopting the going concern basis. The Group's 12 month financial forecasts were amended to reflect the adverse economic conditions created by COVID-19, which factored in drops in the collection of rent, dividends, property redevelopments and property acquisitions.

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

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

3. Significant accounting judgements and estimates

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

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

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

Investment property valuations

Valuation of investment property is a central component of the business. The Group carries its investment properties at fair value. In estimating the fair value, valuations are jointly overseen by the Group Property Director and the Group Property Investment & Strategy Director, on the basis of market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The underlying rent and yield assumptions used in the valuation are independently reviewed by a third party, CBRE Limited. Estimated future refurbishment and void costs are also factored into the valuations. This year, the global pandemic has created uncertainty in the property market and as a result, the Directors have factored in market conditions in arriving at the inputs to determine fair value at the year end. The review by CBRE Limited confirmed that the underlying rent, yield assumptions and other considerations made in valuing the Group's investment properties are appropriate. Along with all other external valuers, the review by CBRE Limited included a 'material valuation uncertainty' clause. This serves to highlight that whilst the basis of the Group's valuation is appropriate, due to the circumstances created by COVID-19, less certainty can be attached to the valuations than would otherwise be the case. More information regarding the valuation techniques and inputs used in determining the fair value of the property portfolio is disclosed in note 12.

3. Significant accounting judgements and estimates (continued)

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

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

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

4. Principal accounting policies

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

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

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

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

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

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

Depreciation is provided on assets at the following rates:

Leasehold land and buildings	— Straight line basis over the lease term
Plant and machinery	— 15% of cost*
Fixtures and fittings	— 15% of cost*
Motor vehicles	— 25% of written down value
Office equipment	— 25% of cost

* Where other assets have been installed in leasehold land and buildings, these items are depreciated on a straight line basis over the lease term.

4. Principal accounting policies (continued)

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

Short term debtors and creditors
Debtors and creditors with no stated interest rate which are receivable or payable within one year are recorded at transaction price. Any losses arising from impairments or bad debts are recognised in the Statement of Comprehensive Income in property outgoings and cost of sales.

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

Deposits received from customers
Where deposits have been received from customers and placed in designated bank accounts, such amounts are not included in the Statement of Financial Position as assets of the Group nor as liabilities to customers. Amounts held at 31 March 2020 were £16,030,000 (2019: £15,589,000).

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

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

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

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

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

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

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

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

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

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

4. Principal accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

5. Turnover and performance profit

	2020 £000	2019 £000
All of the Group's turnover arises in the United Kingdom	**145,540**	136,933

Analysis by class of business:

Turnover:	2020 £000	2019 £000
Rental income	**144,428**	135,885
Lease premiums	**138**	52
Other income	**974**	996
	145,540	136,933

Performance profit:	2020 £000	2019 £000
Rental income	**98,937**	98,775
Lease premiums	**138**	52
Other income	**974**	996
	100,049	99,823

6. Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	**484**	186
Other interest receivable	**243**	169
Interest on corporation tax	**3**	4
	730	359

7. Interest payable and similar charges

	2020 £000	2019 £000
Bank loans and overdrafts	**4,635**	4,687
Unsecured loan notes	**18,057**	13,310
Amortisation of loan issue costs	**243**	368
Net finance charge relating to pensions	**242**	242
	23,177	18,607

8. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:	**2020 £000**	2019 £000
Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company's accounts	**17**	14
Fees payable to the Group's auditor and its associates for other services:		
— Audit of the accounts of subsidiaries	**100**	94
— Taxation compliance services	**117**	115
— Taxation advisory services	**27**	60
— Other non-assurance services	**211**	198
— Audit of the Howard de Walden Estates Limited Retirement Benefits Scheme	**8**	8
Depreciation (note 13)	**414**	267
Operating leases (investment properties)	**174**	167
Operating leases (land and buildings)	**491**	78
Operating leases (other)	**375**	419

9. Directors and employees

	2020 £000	2019 £000
Including directors:		
Salaries	**11,992**	10,870
Social security	**1,555**	1,368
Pension costs	**1,739**	1,697
	15,286	13,935

The average weekly number of persons employed by the Group in the UK during the year was 147 (2019: 140).

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

Directors' emoluments

Remuneration in respect of Directors was as follows:	**2020 £000**	2019 £000
Aggregate emoluments	**3,056**	2,940
Pension contributions	**195**	190
	3,251	3,130

The Directors are considered to be key management personnel. The above aggregate emoluments represent short-term employee benefits payable to key management personnel. The above aggregate emoluments include those in respect of the highest paid director for the year ended 31 March 2020 of £1,039,000 (2019: £951,000) and a pension allowance of £81,000 (2019: £79,000).

At 31 March 2020 there was one (2019: one) director accruing benefits under the Group Personal Pension Plan.

The Company, Howard de Walden Estates Holdings Limited, did not employ any members of staff during the year (2019: nil). All directors are remunerated through a subsidiary company, Howard de Walden Estates Limited.

10. Taxation

(A) Taxation on profit on ordinary activities
The tax charge is made up as follows:

	2020 £000	**2020 £000**	2019 £000	2019 £000
Current tax:				
— UK Corporation tax		**16,293**		14,678
— Adjustments in respect of previous years		**275**		539
Total current tax charge for the year		**16,568**		15,217
Deferred tax:				
— Origination and reversal of timing differences	**176**		965	
— On transition adjustments on financial instruments	**40**		85	
— On revaluation of investment properties	**63,522**		12,709	
Total deferred tax charge for the year		**63,738**		13,759
Tax charge on profit on ordinary activities		**80,306**		28,976

(B) Taxation included in Other comprehensive income
The tax charge/(credit) is made up as follows:

	2020 £000	2019 £000
Total deferred tax charge/(credit) for the year		
— Actuarial gain/(loss) on pension scheme	**1,267**	(209)

(C) Factors affecting tax charge for the year
The tax charge for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	**46,238**	160,872
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**8,785**	30,566
Effects of:		
Change in tax rates	**72,304**	(1,495)
Indexation deductible for tax purposes	**11**	269
Capital allowances in excess of depreciation	**(1,204)**	(992)
Expenses not deductible for tax purposes	**139**	98
Adjustments to tax charge in respect of previous years	**275**	539
Income not taxable for tax purposes	**(9)**	–
Other permanent differences	**5**	(9)
Total tax charge for the year	**80,306**	28,976

10. Taxation (continued)

(D) Deferred taxation

	2020 £000	2019 £000
Included in provision for liabilities and charges	**(677,355)**	(612,350)

The liability for deferred tax comprises the following:		
— Decelerated capital allowances	**300**	405
— Investment properties	**(678,715)**	(615,193)
— Pension costs	**636**	1,974
— Transition adjustments on financial instruments	**424**	464
	(677,355)	(612,350)

The movements in the deferred tax provision have been charged to Total comprehensive income as follows:

	2020 £000	**2020 £000**	2019 £000	2019 £000
At 1 April		**(612,350)**		(598,800)
Profit and loss	**(63,738)**		(13,759)	
Other comprehensive income	**(1,267)**		209	
		(65,005)		(13,550)
At 31 March		**(677,355)**		(612,350)

(E) Factors that may affect future tax charges

The UK corporation tax rate was 19% for the year ended 31 March 2020. The rate was scheduled to reduce to 17% from April 2020 and the Group's deferred tax liabilities were calculated using the 17% rate at 31 March 2019. The reduction to 17% has been cancelled and the rate of corporation tax will remain at 19% from April 2020, as substantively enacted in the March 2020 budget. In accordance with Accounting Standards, the impact of this higher rate has been reflected in the Group's financial statements at the year end.

11. Dividends

	2020 £000	2019 £000
Ordinary shares		
£6.82 per share paid on 4 April 2019 (2019: £6.50 per share paid on 9 April 2018)	**18,153**	17,289
£3.41 per share paid on 2 October 2019 (2019: £3.25 per share paid on 2 October 2018)	**9,077**	8,644
£3.76 per share paid on 6 December 2019 (2019: £3.25 per share paid on 7 December 2018)	**10,000**	8,644
	37,230	34,577
'A' Shares		
Nil paid in the year (2019: £15.03 per share paid on 2 October 2018)	**–**	8,000
	37,230	42,577

After the year end, dividends of £12,000,000 on ordinary shares (2019: £18,153,000) were approved and paid on 22 May 2020. Those dividends are not included in these accounts.

12. Investment properties (Group)

	Freehold £000	Leasehold £000	Total £000
Valuation			
At 1 April 2019	4,573,338	32,228	4,605,566
Additions	130,358	960	131,318
Disposals	(10,762)	–	(10,762)
Revaluation	(53,637)	5,987	(47,650)
At 31 March 2020	4,639,297	39,175	4,678,472
Net book value			
At 31 March 2020	**4,639,297**	**39,175**	**4,678,472**
At 31 March 2019	4,573,338	32,228	4,605,566

12. Investment properties (Group) (continued)

The historical cost of investment properties for the Group at 31 March 2020 was £1,099,234,000 (2019: £967,989,000).

The valuation of investment properties at 31 March 2020 and 31 March 2019 was jointly overseen by the Group's Property Director and the Group's Property Investment & Strategy Director. The valuations have been prepared on the basis of market value in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards). The underlying rent and yield assumptions used in the valuation were independently reviewed by CBRE Limited and were considered to be appropriate. The key assumptions used to determine the fair value of investment property are shown in the table below.

For the 31 March 2020 valuation, the rapid spread of COVID-19 has disrupted activity in property markets, creating heightened valuation uncertainty. As a result, the valuation assumptions report from CBRE Limited includes a clause which highlights a 'material valuation uncertainty' which is as follows:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review."

Property type	Key inputs	ERV Range £psf	Yield range %
Medical[(1)]	ERV psf, Floor area, Capitalisation yields	£60.00-£85.00	3.85-4.40%
Residential[(2)]	Capital values psf, Floor area, Annual rental income	£750.00-£2,250.00	2.75-5.00%
Office[(1)]	ERV psf, Floor area, Capitalisation yields	£55.00-£85.00	3.85-4.40%
Retail[(1)]	ERV Zone A psf, Floor area, Capitalisation yields	£100.00-£400.00	3.50-4.00%
Restaurant[(1)]	ERV Adjusted psf, Floor area, Capitalisation yields	£60.00-£110.00	4.25%
Educational[(1)]	ERV psf, Floor area, Capitalisation yields	£45.00-£75.00	4.25-4.50%
Other[(1)]	ERV psf, Capitalisation yields	£nil-£50.00	3.50-8.00%
General deferment yields	–	–	3.62-5.00%

[(1)] Valuation method: income and capitalisation.
[(2)] Investment value.

Investment property rental income earned during the year was £144,428,000 (2019: £135,885,000) (note 5).

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

13. Tangible fixed assets (Group)

	Land and buildings £000	Other assets £000	Total £000
Cost			
At 1 April 2019	1,248	1,743	2,991
Additions	3,780	769	4,549
Disposals	–	(612)	(612)
At 31 March 2020	5,028	1,900	6,928
Depreciation			
At 1 April 2019	26	1,129	1,155
Charge for the year	43	371	414
Eliminated on disposal	–	(579)	(579)
At 31 March 2020	69	921	990
Net book value			
At 31 March 2020	**4,959**	**979**	**5,938**
At 31 March 2019	1,222	614	1,836

The Group's permanent office building and temporary office building included within land and buildings are held at cost. The directors consider the fair value of our permanent office building to be £23,886,000 (2019: £20,749,000) as determined using the same assumptions and basis as detailed in note 12. No provision has been made for the tax which would arise should the Group dispose of its permanent office building at the fair value listed above. Tax would be payable on disposal to the extent that rollover relief would not be available. The potential tax liability which would arise on the sale of the Group's permanent office building is approximately £3,436,000 (2019: £3,184,000).

14. Investments (Company)

	Shares in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
Cost			
At 1 April 2019	1,336	196,399	197,735
Net payments	–	15,709	15,709
At 31 March 2020	**1,336**	**212,108**	**213,444**

Interests in subsidiaries

The Company holds 100% of the shares and voting rights of Howard de Walden Estates Limited, which directly and indirectly holds all of the other interests in the subsidiary companies. During the year, two new wholly owned subsidiaries: Howard de Walden Estates (TLC LP2) Limited and Howard de Walden Estates (TLC GP) Limited, were incorporated. A new Limited Partnership, The London Clinic Limited Partnership, was also established as part of a new joint venture arrangement, wholly owned within the Group. At the year end, the Company had interests in the following subsidiaries which are all registered in England and Wales:

Company	Type of Business	Proportion of voting rights & shares held
Howard de Walden Estates Limited	Property investment	100%
Portland Industrial Dwelling Company Limited*1	Property investment	100%
18 Marylebone Mews Limited	Property investment	100%
Howard de Walden Telecommunications Limited*1	Property investment	100%
Marylebone Village Limited*1	Property investment	100%
Howard de Walden Estates (TLC) Limited	Property investment	100%
Howard de Walden Estates (TLC LP2) Limited*5	Property investment	100%
The London Clinic Limited Partnership*5	Property investment	100%*4
Howard de Walden Estates (TLC GP) Limited*5	Property management	100%
Howard House Limited	Property management	N/A*3
Stone House Management Limited*1	Property management	100%
HDWPM Limited*1	Property management	100%
Howard de Walden Management Limited*2	Dormant	100%

*1 Company is exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts by virtue of section 479A.
*2 Company is exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts by virtue of section 480.
*3 Howard House Limited is a company limited by guarantee over which the Company has dominant influence.
*4 Proportion of voting rights held only.
*5 Figures for these entities are unaudited as the first period of accounts will be long periods ending 31 March 2021.

The registered office for each subsidiary is 27 Baker Street, London, W1U 8EQ.

15. Debtors (Group)

	2020 £000	2019 £000
Due within one year:		
Trade debtors	**19,181**	8,972
Other debtors	**1,013**	15,248
Prepayments and accrued income	**19,840**	16,475
Capitalised arrangement fees	**734**	855
	40,768	41,550
Due after more than one year:		
Other debtors	**2,090**	1,319
	42,858	42,869

16. Creditors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade creditors	**2,861**	3,630	**–**	–
Other creditors	**586**	570	**–**	–
Corporation tax	**2,158**	8,143	**–**	329
Other taxation and social security	**1,532**	2,465	**–**	–
Accruals and deferred income	**43,411**	40,762	**28**	25
	50,548	55,570	**28**	354

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

	2020 £000	2019 £000
Bank loans and other borrowings (note 18)	**716,055**	643,889
Accruals and deferred income	**396**	385
	716,451	644,274

18. Analysis of borrowings (Group)

Unsecured loan notes (A):	**2020 £000**	**2020 £000**	2019 £000	2019 £000
Issued 25 August 2010				
$25m loan notes expiring 16 July 2022 – 4.99%	**20,192**		19,169	
$86m loan notes expiring 16 July 2025 – 5.23%	**69,416**		65,898	
£25m loan notes expiring 16 July 2030 – 5.61%	**24,935**		24,929	
		114,543		109,996
Issued 16 September 2011				
$52m loan notes expiring 16 September 2021 – 4.32%	**42,008**		39,881	
$64m loan notes expiring 18 September 2023 – 4.46%	**51,680**		49,062	
$73m loan notes expiring 16 September 2026 – 4.66%	**58,912**		55,926	
£30m loan notes expiring 16 September 2021 – 4.52%	**29,988**		29,980	
		182,588		174,849
Issued 9 October 2014				
£20m loan notes expiring 16 October 2024 – 3.43%	**19,987**		19,984	
£40m loan notes expiring 16 October 2029 – 3.58%	**39,946**		39,940	
£40m loan notes expiring 16 October 2034 – 3.79%	**39,917**		39,912	
		99,850		99,836
Issued 14 September 2016				
£40m loan notes expiring 14 September 2031 – 2.54%	**39,915**		39,907	
£60m loan notes expiring 14 September 2036 – 2.74%	**59,817**		59,806	
		99,732		99,713
Issued 9 January 2019				
£40m loan notes expiring 9 January 2034 – 3.01%	**39,924**		39,918	
£30m loan notes expiring 9 January 2039 – 3.11%	**29,922**		29,918	
£45m loan notes expiring 9 January 2044 – 3.20%	**44,851**		44,845	
£45m loan notes expiring 9 January 2049 – 3.29%	**44,820**		44,814	
£35m loan notes expiring 14 November 2034 – 3.11%	**34,917**		–	
£10m loan notes expiring 14 November 2039 – 3.21%	**9,968**		–	
£15m loan notes expiring 14 November 2044 – 3.30%	**14,940**		–	
£30m loan notes expiring 9 September 2042 – 3.61%*1	**–**		–	
£30m loan notes expiring 9 September 2048 – 3.57%*1	**–**		–	
		219,342		159,495
Total unsecured borrowings		**716,055**		643,889

*1 To be drawn 9 September 2021.

Borrowings are repayable as follows:	**2020 £000**	2019 £000
Instalments due:		
Within one year	**–**	–
Two to five years	**163,855**	138,092
Greater than five years	**552,200**	505,797
	716,055	643,889

18. Analysis of borrowings (Group) (continued)

(A) Unsecured loan notes

On 25 August 2010 the Group issued unsecured loan notes in a private placement. The Group has entered into derivative contracts in respect of the fixed rate US dollar loan notes totalling $111 million (£75 million equivalent), swapping the payments on the loan notes into sterling floating rates at a blended margin of 1.28% over LIBOR. The derivative contracts are in place to fix the amount of borrowings repayable at £100 million.

On 16 September 2011 the Group issued unsecured loan notes in a private placement. The Group has entered into derivative contracts in respect of the fixed rate loan notes swapping the payments on the loan notes into sterling floating rates at a blended margin of 1.15% over LIBOR. The derivative contracts are in place to fix the amount of borrowings repayable at £147.1 million.

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

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

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

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

The Group's borrowings are made up of:	**2020 £000**	2019 £000
Drawn loan debt in a mixture of US dollars and pounds sterling at forward contracted rates	**667,100**	607,100
Foreign currency exchange adjustments on the US dollar debt	**50,324**	38,102
Capitalised arrangement fees	**(1,369)**	(1,313)
	716,055	643,889

(B) Bank loans and overdrafts

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

At 31 March 2020 the Group also had committed but undrawn credit facilities of £100,000,000 (2019: £100,000,000) under a revolving credit facility. The term expires December 2024 having been extended this year by an additional twelve months. There is a further annual extension option to extend the term to December 2025 available next year. The margin payable is dependent on the level of utilisation with non-utilisation fees of 0.3675%. The minimum margin payable on this facility is 1.05% with the highest margin payable 1.40%. Arrangement fees capitalised under the revolving credit facility agreement are amortised over the term of the facility and are included within prepayments at the year end.

19. Called up share capital (Group and Company)

	2020 £000	2019 £000
Allotted, called up and fully paid		
2,661,780 ordinary shares of £1 each	**2,662**	2,662
532,356 'A' shares of 1p each	**5**	5
	2,667	2,667

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

20. Reserves (Group and Company)

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

Revaluation reserve
This non-distributable reserve is used to record:
— Cumulative fair value gains and losses on investment properties.
— Cumulative deferred tax on fair value gains and losses on investment properties.

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

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

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

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

	2020 £000	2019 £000
(Loss)/profit for the year after taxation	**(34,068)**	131,896
Adjustments to reconcile (loss)/profit for the year after taxation to cash generated from operations:		
Loss/(gain) on revaluation of investment properties	**47,650**	(70,909)
Impairment of investment properties	**–**	5
Depreciation of tangible fixed assets	**414**	267
Loss/(gain) on disposal of tangible fixed assets	**33**	(194)
Profit on sale of investment properties	**(2,018)**	(3,579)
Difference between pension charge and cash contributions	**(618)**	(580)
Interest receivable and similar income	**(730)**	(359)
Interest payable and similar charges	**23,177**	18,607
Fair value gain on derivative financial instruments	**(26,490)**	(21,534)
Loss on foreign currency exchange	**12,222**	16,725
Decrease/(increase) in debtors	**75**	(16,619)
Increase in creditors	**814**	1,430
Tax on profit on ordinary activities	**80,306**	28,976
Cash generated from operations	**100,767**	84,132

(B) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 £000	2019 £000
Cash at bank and in hand	**48,637**	92,905

(C) Analysis of change in net debt

	At 1 April 2019 £000	**Cash flows £000**	**Other non-cash changes £000**	**At 31 March 2020 £000**
Cash and cash equivalents				
Cash	92,905	(44,268)	–	48,637
Overdrafts	–	–	–	–
Cash equivalents	–	–	–	–
	92,905	**(44,268)**	**–**	**48,637**
Borrowings				
Debt due within one year	–	–	–	–
Debt due after one year	(643,889)	(59,822)	(12,344)	(716,055)
	(643,889)	**(59,822)**	**(12,344)**	**(716,055)**
Total	**(550,984)**	**(104,090)**	**(12,344)**	**(667,418)**

22. Pensions (Group)

Defined benefit pension scheme

The Group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2020 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown on the following pages.

The Group currently pays contributions at the rate of 53.3% (increasing to 63.3% from 1 April 2020) of pensionable earnings plus £850,000 per annum deficit reduction contributions.

Present values of scheme liabilities, fair value of assets and deficit

	2020 £000	2019 £000
Fair value of plan assets	**34,603**	34,936
Present value of scheme liabilities	**(37,947)**	(45,325)
Defined benefit pension liability	**(3,344)**	(10,389)

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

	2020 £000	2019 £000
Fair value of scheme assets at start of year	**34,936**	33,961
Interest income	**845**	872
Actuarial (losses)/gains	**(1,758)**	968
Contributions by the Group	**1,280**	1,302
Benefits paid and expenses	**(700)**	(2,167)
Fair value of scheme assets at end of year	**34,603**	34,936

The actual return on the scheme assets over the year ending 31 March 2020 was a loss of £913,000 (2019: gain of £1,840,000).

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

	2020 £000	2019 £000
Scheme liabilities at start of year	**45,325**	43,588
Current service cost	**662**	722
Interest expense	**1,087**	1,114
Actuarial (gains)/losses	**(8,427)**	2,068
Benefits paid and expenses	**(700)**	(2,167)
Scheme liabilities at end of year	**37,947**	45,325

Total expense recognised in the Statement of Comprehensive Income

	2020 £000	2019 £000
Current service cost	**662**	722
Net interest cost	**242**	242
	904	964

22. Pensions (Group) (continued)

Total expense recognised in Other comprehensive income

	2020 £000	2019 £000
Gains/(losses) arising on:		
Return on plan assets – (loss)/gain	**(1,758)**	968
Experience gains/(losses) arising on the plan liabilities	**2,680**	(20)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain/(loss)	**5,747**	(2,048)
	6,669	(1,100)

Assets

	2020 £000	2019 £000
Equity	**11,260**	11,798
Bonds	**16,235**	15,647
Index linked gilts	**1,929**	1,881
Property	**2,179**	2,197
Cash/other	**3,000**	3,413
Total assets	**34,603**	34,936

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

Assumptions

	2020 % per annum	2019 % per annum
Discount rate	**2.30**	2.40
Inflation (RPI)	**2.60**	3.25
Salary growth	**4.10**	4.75
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**2.60**	3.25
Allowance for pension in payment increases of RPI or 5% p.a. if less	**2.60**	3.25
Allowance for commutation of pension for cash at retirement	**No allowance**	No allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies at age 62 (in years):

Male retiring in 2020	25.4
Female retiring in 2020	27.2
Male retiring in 2040	26.8
Female retiring in 2040	28.8

Group Personal Pension Plan

The Group makes contributions to a Group Personal Pension Plan. Contributions for the financial year were £696,000 (2019: £622,000).

23. Financial instruments (Group)

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

Financial Assets	2020 £000	2019 £000
Measured at fair value through profit or loss:		
— Derivative financial assets (note 24)	**84,724**	56,175
Financial Liabilities		
Measured at fair value through profit or loss:		
— Derivative financial liabilities (note 24)	**30,387**	28,328

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

Fair value gains/(losses)		
On derivative financial assets measured at fair value through profit and loss	**28,549**	21,705
On derivative financial liabilities measured at fair value through profit and loss	**(2,059)**	(171)
	26,490	21,534

24. Derivative financial instruments (Group)

Due after more than one year:	**2020 £000**	2019 £000
Assets		
Interest rate swaps	**1,200**	1,656
Cross currency interest rate swaps	**83,524**	54,519
	84,724	56,175
Liabilities		
Interest rate swaps	**30,387**	28,328

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

25. Lease commitments

The Group had the following annual commitments under non-cancellable operating leases in respect of investment properties at the year end:

Due:	**2020 £000**	2019 £000
Within one year	**99**	156
Between one and five years	**50**	333
More than five years	**156**	3,620
	305	4,109

The Group had the following future minimum operating lease receivables under non-cancellable operating leases in respect of investment properties at the year end:

Due:	**2020 £000**	2019 £000
Within one year	**117,281**	109,420
Between one and five years	**304,264**	288,450
More than five years	**1,245,507**	1,144,424
	1,667,052	1,542,294

The Group had the following annual commitments under non-cancellable operating leases in respect of land and buildings at the year end:

Due:	**2020 £000**	2019 £000
Within one year	**471**	360
Between one and five years	**–**	471
More than five years	**–**	–
	471	831

The Group had the following annual commitments under non-cancellable operating leases in respect of other assets at the year end:

Due:	**2020 £000**	2019 £000
Within one year	**149**	44
Between one and five years	**111**	104
More than five years	**–**	–
	260	148

26. Control and related party transactions

The principal family trust which controls the Group is the Lord Howard de Walden and Seaford's Marriage Settlement Children's Trust. The Trust received dividends on ordinary shares of £22,256,000 (2019: £20,752,000) and dividends on 'A' shares of £nil (2019: £4,756,000) during the year.

During the year £187,000 (2019: £130,000) was paid by the Group in respect of costs incurred by the Howard de Walden Estates Limited Retirement Benefit Scheme.

Five year summary

Based on the financial statements for the years ended 31 March

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Group Statement of Comprehensive Income					
Rental income*	**144.4**	135.9	127.5	117.8	107.5
Revenue profit before tax**	**77.6**	81.6	75.4	67.7	61.4
Group Statement of Financial Position					
Investment properties	**4,678.5**	4,605.6	4,427.2	4,236.6	3,944.5
Shareholders' funds	**3,382.5**	3,448.4	3,360.0	3,209.9	2,999.3
Gearing	**18.3%**	14.9%	11.3%	11.4%	10.6%

*Includes lease premiums.

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

Definitions

Annual General Meeting (AGM)
Gathering of the directors and shareholders once a year to discuss the previous year's activities and accounts.

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

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

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

Estimated rental value (ERV)
The open market rent which, on the valuation date, could be expected to be obtained on a new letting or rent review of a property.

Gearing
Net debt as a percentage of Shareholders' funds.

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

Health and Safety Executive (HSE)
The body responsible for the encouragement, regulation and enforcement of workplace health, safety and welfare, and for research into occupational risks in the UK.

Interest cover
Performance profit divided by net finance costs.

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

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

Institution of Occupational Safety and Health (IOSH)
Chartered body for health and safety professionals.

Key performance indicators (KPIs)
Measures used by the Group to ensure that our business model is effective and our strategic objectives are met.

Last year
The financial year ended 31 March 2019.

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

London Inter-Bank Offer Rate (LIBOR)
The average rate at which a selection of banks on the London money market are prepared to lend to one another.

Net debt
Total borrowings at forward contracted rates minus cash held.

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

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

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

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

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

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

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

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

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)
2013 Statutory Instrument of the Parliament of the United Kingdom. It regulates the statutory obligation to report deaths, injuries, diseases and 'dangerous occurrences', including near misses that take place at work or in connection with work.

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

Scope 1 & 2 (location-based)
A location-based method reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.

Scope 1 & 2 (market-based)
A market-based method reflects emissions from electricity that the Group have purposefully chosen.

Shareholders' funds
The value of Shareholders' investment in the Group.

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

STFR
Single total figure of remuneration.

This year
The financial year ended 31 March 2020.

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

Yield
The anticipated income return from an investment property.

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