2017

ANNUAL REPORT

Berkeley Group

Berkeley Group

BERKELEY'S BUSINESS IS ABOUT PLACEMAKING; IT'S ABOUT CREATING STRONG COMMUNITIES WHERE PEOPLE ENJOY A GREAT QUALITY OF LIFE.

Berkeley has a strategic appreciation of the cyclical nature of the property market and recognises that there are significant operational risks in identifying, designing, building and selling homes and creating places.

Berkeley mitigates these risks by focusing on development in London and the South East of England, markets which it knows and understands, and forward selling new homes wherever possible. In doing this, Berkeley maintains a strong balance sheet, keeps financial risk low and carefully allocates resources to the right projects at the right time, matching supply to demand wherever it can.

ABOUT THIS REPORT

Welcome to the 2017 Annual Report of the Berkeley Group Holdings plc ("the Berkeley Group", "Berkeley", "the Group"), a publicly owned company, listed on the London Stock Exchange. The Strategic Report explains Berkeley's strategy, business model, risk management processes and provides an overview of current performance and outlook. The Governance section covers the role and activities of the Board in running the business and their remuneration. The detailed Financials, accompanied by a report from the Group's auditors, complete the Annual Report.

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FINANCIALS

Front cover: The refurbished Chapel at St Joseph's Gate combining classical Grade II listed period features with modern, bespoke interior design.

Inside Front Cover: Dickens Yard, W5 – A stylish combination of heritage buildings, cutting edge design and public open spaces providing a vibrant new urban quarter for Ealing.

2017 PERFORMANCE HIGHLIGHTS

FINANCIAL KEY PERFORMANCE INDICATORS

PROFIT BEFORE TAX

£812.4 MILLION

2017	£812.4m
2016	£530.9m
2015	£539.7m
2014	£380.0m
2013	£270.7m

This is our core measure of profitability, our absolute return from the sale and delivery of new homes in the year.

BASIC EARNINGS PER SHARE

467.8P

2017	467.8p
2016	295.8p
2015	313.0p
2014	221.8p
2013	160.0p

This measure of profitability allows for total profit after tax and takes into account the weighted average number of shares in issue during the year. Earnings cover is illustrated by showing the proportion of earnings per share paid as dividends per share in the year.

RETURN ON EQUITY

41.1%

2017	41.1%
2016	30.8%
2015	35.1%
2014	27.5%
2013	22.4%

The efficiency of the returns generated from shareholder equity in the business is measured by calculating profit before tax as a percentage of the average of opening and closing shareholders' funds.

NET ASSET VALUE PER SHARE

£15.56

2017	£15.56
2016	£13.14
2015	£11.99
2014	£10.66
2013	£10.09

This balance sheet measure reflects the value of shareholders' interests in the net assets of the business on an historical cost basis.

FINANCIAL OUTLOOK KEY PERFORMANCE INDICATORS

CASH DUE ON FORWARD SALES

£2,743 MILLION

2017	£2,743m
2016	£3,259m
2015	£2,959m
2014	£2,274m
2013	£1,453m

This measures cash due from customers during the next three financial years under unconditional contracts for sale, and provides good visibility over future cash flows.

GROSS MARGIN ON LAND HOLDINGS

£6,378 MILLION

2017	£6,378m
2016	£6,146m
2015	£5,272m
2014	£4,514m

This provides a measure of expected value in the Group's existing land holdings in the event that the Group successfully sells and delivers the developments planned for.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

NET PROMOTER SCORE

70.8 (2016: 71.2)

The six-month rolling Net Promoter Score is an indicator of the success of the customer journey and is used across all industry sectors. Our high levels of customer satisfaction, as a result of our continued efforts to provide world-class customer service, are evidenced through the Net Promoter Score.

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ACCIDENT INCIDENT RATE PER 1,000 PEOPLE

1.83 (2016: 2.40)

Managing health and safety on our sites is a priority, to protect the wellbeing of our staff and contractors. This measure relates the number of reportable injuries to the number of direct employees across the Group and the number of contractors working on our sites.

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APPRENTICES AND TRAINING

11.7% (2016: n/a)

Calculated as the percentage of our direct and indirect workforce that is undertaking an apprenticeship or vocational training, this is a measure of the skills development opportunities that are available across the business and the contractors working on our sites.

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GREENHOUSE GAS EMISSIONS INTENSITY

1.76 (2016: 2.29)

This measure relates our annual greenhouse gas emissions to the number of direct employees across the Group and the number of contractors working on our sites. This provides a more meaningful measure than absolute emissions as it takes changes in productivity into account.

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ANOTHER YEAR OF EXCELLENT FINANCIAL AND NON-FINANCIAL PERFORMANCE WHILST MAINTAINING A STRONG BALANCE SHEET TO SUPPORT FUTURE DELIVERY.

01 STRATEGIC REPORT

One Tower Bridge

CHAIRMAN'S STATEMENT

"BERKELEY HAS BUILT 19,000 NEW HOMES IN THE LAST FIVE YEARS AND OUR CONTRIBUTION TO HOUSEBUILDING, JOB CREATION AND THE WIDER ECONOMY REMAINS STRONG."

Berkeley's unique operating model is focused on developing complex sites, which others are not willing or able to take on, creating fantastic, sustainable places with homes built to a high quality in which our customers want to live and with which planning authorities are proud to be associated. This is what differentiates Berkeley. The additional operational risk associated with this model requires Berkeley to maintain its financial strength at all stages in the cycle and this is reflected in today's strong results and financial position.

The housing market has stabilised in London and the South East but, while Berkeley is in excellent shape with further additions to our unrivalled land bank in the period, it is an inescapable fact that we are facing a number of headwinds and a period of prolonged uncertainty. Brexit and wider global macro instability impact both confidence and sentiment and will result in constrained investment levels.

£0.5BN

AFFORDABLE HOUSING AND WIDER CONTRIBUTIONS

- Berkeley has contributed in excess of £0.5 billion in Affordable Housing subsidies and wider community and infrastructure benefits in the year.

At the same time, the headwinds from changes in recent years to SDLT and mortgage interest deductibility, coupled with the planning environment's increasing demands from the combination of Affordable Housing, CIL, Section 106 obligations and review mechanisms, are resulting in reduced levels of new housing starts in London.

For Berkeley, this leads to greater uncertainty around the timing of delivery of homes from our land bank but will not change our absolute focus on the quality of the homes and places we create. Notwithstanding the uncertainty, Berkeley's strong forward sales position and land bank provide sufficient visibility to reiterate its previous guidance of delivering at least £3.0 billion of pre-tax profit in the five years beginning 1 May 2016, assuming prevailing market conditions persist.

Berkeley has built 19,000 new homes in the last five years and our contribution to housebuilding, job creation and the wider economy remains strong. In London this year, we have again built 10% of all new homes, including 10% of new Affordable Housing, and our contributions to Affordable Housing and wider community and infrastructure benefits exceeded £0.5 billion. Over the five previous years to 30 April 2016, Berkeley has contributed a total of £2.3 billion to the Treasury through direct and wider taxation and we currently support 13,000 jobs across our business. Meanwhile, since its inception in 2011, the Berkeley Foundation has committed £11.2 million to more than 100 charities, of which over £3 million has been raised by Berkeley's staff.

Last year, Berkeley made a series of strategic commitments designed to create value for our business, for our shareholders and for society, as part of a ten year plan for the company. We have had more than 650 apprentices on our sites and in our teams over the last year, a figure that has nearly doubled in the last 12 months. With an ageing construction workforce, a substantial amount of which in London comes from Europe, introducing the next generation to the sector is a top priority for our industry, working in partnership with Government and Further Education colleges. Our Net Promoter Score, which measures customer service, is in the top quartile, sitting alongside the UK's leading retail brands. Our safety record is the best in our history and people's life satisfaction on estates like Kidbrooke Village, which ten years ago were beset by crime and inequality, is now more than 20% higher than the UK average, thanks to the regeneration led by Berkeley in partnership with the local authority.

At the half year, Berkeley introduced flexibility to the delivery of its Shareholder Returns Programme so that future returns could be made from either dividends or share buy-backs. Since then we paid the £1 per share announced in December on schedule in March, equating to £138.8 million; £117.7 million as dividend and £21.1 million through share buy-backs. In February, we announced that the next £138.8 million (£1 per share) will be returned by 30 September 2017, again through a mix of dividends and share buy-backs. To date, £23.2 million of share buy-backs have been made against this commitment.

In closing, Berkeley has delivered another strong performance in a fast-changing environment. We have a deep understanding of our market and real clarity about the fundamental hallmarks of our business: quality, community and a long-term focus on value creation. This is possible because of the hard work and expertise of our people to whom I am ever grateful for their outstanding contribution to this business. It is greatly appreciated. I would also like to thank Greg Fry, who retired from the Board on 31 December 2016, for his loyal service to Berkeley and St George over some 30 years and I wish him every happiness in the future.

Tony Pidgley CBE
Chairman

BERKELEY'S CONTRIBUTION TO HOUSEBUILDING, JOB CREATION AND THE WIDER ECONOMY REMAINS STRONG.

£2.6BN

CONTRIBUTION TO ECONOMY

- Berkeley's contribution to UK GDP was £2.6 billion in 2016, up 20% from 2015 and the 8th consecutive year of growth.

30,000

JOBS SUPPORTED

- Berkeley supported through its business and supply chain a total of 30,000 jobs in 2016. Berkeley supports more than five jobs for every new home built.
- The total number of jobs supported by Berkeley has more than doubled over the last five years (up 190%), compared with a 10% growth in employment in London and the South East over the same period.

£11.2M

COMMITTED TO OVER 100 CHARITIES

- £11.2 million has been committed by the Berkeley Foundation to over 100 charities since 2011.

19,000

HOMES BUILT

- Berkeley has built a total of 19,000 homes over the last five years.

£2.3BN

CONTRIBUTED TO THE TREASURY

- Berkeley has contributed a total of £2.3 billion to the Treasury over the last five years, through direct and wider taxation.
- Berkeley contributes to the UK public finances both through the taxes it pays directly and the taxes paid by its suppliers and customers. In 2016, the total tax paid was £642 million, an increase of 227% from 2012.

Data for five years to 30 April 2016, unless otherwise stated.

Berkeley Group

Proud to be a member of the Berkeley Group of Companies

Berkeley
Designed for life

St George
Designed for life

St James
Designed for life

St Edward
Designed for life

St William
Designed for life

St Joseph
Designed for life

CHIEF EXECUTIVE'S STATEMENT

£285.5M
NET CASH

£2.7BN
CASH DUE ON FORWARD SALES

£6.4BN
GROSS MARGIN ON LAND HOLDINGS

SUMMARY OF PERFORMANCE

Berkeley has delivered pre-tax earnings of £812.4 million for the year, an increase of 53.0% on last year. This is from the sale of 3,905 homes (2016: 3,776) at an average selling price of £675,000 (2016: £515,000), reflecting the mix of properties sold in the year.

This result, taken together with the £530.9 million delivered last year, means Berkeley has now delivered £1.3 billion of the £2.0 billion pre-tax earnings target for the three financial years ending 30 April 2018 that it set in June 2015. Berkeley has good visibility of the forthcoming financial year and beyond, with total cash due on forward sales over the next three years of £2.74 billion. Berkeley also reiterates its earnings guidance for the five years ending 30 April 2021 of at least £3.0 billion of pre-tax earnings, anticipating earnings for 2017/18 of at least the level of 2016/17.

The housing market in London stabilised in the second half of the year, following the disruption either side of the EU Referendum, and reservations for the 2017 calendar year have recovered to 2015 levels. Notwithstanding this, uncertainty over Brexit remains and this, coupled with the impact of high SDLT and multiple demands from the planning system in London, mean that supply in our capital will remain constrained and not reach the levels required.

We have acquired sixteen new sites in the year, of which nine are on a conditional basis, totalling some 7,200 plots. We have also secured ten new planning consents and in excess of 30 revised consents. This activity has seen our land holdings rise to 46,351 plots with an estimated future gross margin of £6.4 billion, up from 42,858 plots and £6.1 billion a year ago. Since the year-end we have acquired our first site in St Joseph, in Birmingham's Gun Quarter, where we plan to develop some 400 new homes.

"WE HAVE ACQUIRED SIXTEEN NEW SITES IN THE YEAR, OF WHICH NINE ARE ON A CONDITIONAL BASIS, TOTALLING SOME 7,200 PLOTS."


Fulham Reach

STRATEGIC DELIVERY

As reported in December 2016, during the first half of the year the Board of Berkeley reviewed the mechanism for making the £10.00 per share of shareholder returns, remaining to be paid at that time, in light of its assessment that the short-term macro volatility was preventing the long-term value of Berkeley being recognised by the market. The payments were re-characterised as an absolute value per annum and are now to be made through a combination of share buy-backs and dividends, rather than solely dividends. The absolute value will be increased appropriately for any new shares issued.

Since the interim results announcement on 2 December 2016, Berkeley has spent £44.4 million on share buy-backs across 1.53m shares, at an average cost of £28.96 per share (range: £28.08 - £30.97 per share). When combined with dividend payments of £117.7 million in March, £21.1 million of this was part of the £138.8 million announced in December 2016 to be returned by 31 March 2017. The remaining £23.3 million will contribute to the £138.8 million returns to be made by 30 September 2017, as announced on 23 February 2017. The amount to be paid as a dividend will be announced on 17 August 2017 and payable on 15 September 2017 to shareholders on the register on 25 August 2017, taking account of any further share buy-backs made in the intervening period.

Given the change to the Shareholder Returns Programme there were consequential amendments made to the rules of the 2011 LTIP and Berkeley also sought to introduce annual caps for Executive remuneration within the context of a new Remuneration Policy, both of which were approved by shareholders at the Company's Extraordinary General Meeting held on 23 February 2017. The new Remuneration Policy was approved by 97%, and the changes to the 2011 LTIP by 93%, of shareholders who voted.

THE QUEEN'S AWARDS FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT 2014
The Berkeley Group Holdings plc

	Shareholder Return		Return Mechanism	
	Per share	**Value**	**Dividends**	**Buy-backs**
To 30 September 2016	£6.34	£854.9m	£854.9m	–
To March 2017	£1.00	£138.8m	£117.7m	£21.1m
By September 2017	£1.00	£138.8m	*	£23.3m*
Returns – announced	£8.34	£1,132.5m	£972.6m	£44.4m
By 30 September 2018	£2.00	£277.7m		
By 30 September 2019	£2.00	£277.7m		
By 30 September 2020	£2.00	£277.7m		
By 30 September 2021	£2.00	£277.7m		
Returns – to come	£8.00	£1,110.8M		
Total returns	**£16.34**	**£2,243.3m**		

*As of 20 June 2017. The amount to be paid as a dividend in September 2017 will depend upon the extent of any further share buy-backs prior to the announcement of the dividend in August 2017.

CHIEF EXECUTIVE'S STATEMENT

Vista, Battersea

HOUSING MARKET

The housing market in London and the South East has stabilised in the second half of the year, following the significant market dislocation around the EU Referendum last summer. Taking the year as a whole, including the period around the EU Referendum, the value of reservations is 25% lower than in 2015/16, but this decline has now fully reversed with the return to more stable market conditions in which reservation cancellation rates are at normal levels.

While these conditions are adequate to meet our profit guidance, they do not support the much needed growth in housing delivery in London and we have seen the number of new starts fall by some 30% across the Capital, according to latest figures released by the NHBC and Molior. This is a result of both demand and supply side pressures. The high levels of property taxation, reduction in mortgage cost deductibility and the uncertainty that Brexit creates combine to dampen sentiment and demand. While the planning environment, with increased demands from a combination of Affordable Housing, CIL, Section 106 obligations and review mechanisms, acts as a restriction on supply.

We continue to see distortions in the market from these policy measures with UK investors most acutely affected by the taxation changes, offset by overseas customers seeing relative value in the London market. The new build market is a small proportion of the overall housing market but drives the delivery of additional housing stock and, importantly, new affordable homes. The capital intensive nature of regenerating the complex sites that remain to be developed in London requires the certainty of cash flow and de-risking that forward sales to investors generate. It is therefore important that London remains the open, diverse and aspirational global city that contributes so strongly to the UK's prosperity.

"THE HOUSING MARKET IN LONDON AND THE SOUTH EAST HAS STABILISED IN THE SECOND HALF OF THE YEAR."

Berkeley began the year with a record £3.25 billion of cash due on forward sales and has performed well in the current trading environment to sustain forward sales above £2.74 billion in a year of record revenue delivery. This has been assisted by launches at West End Gate in Paddington and The Dumont on Albert Embankment as well as new phases on our regeneration schemes and development outside the Capital in the South East. Prices remain at or above business plan levels. Sales continue to be split broadly evenly between owner occupiers and investors and include just 157 Help to Buy reservations (2016: 96).

Build costs have increased at a similar rate to last year, around 6%, with currency movements impacting materials pricing. There is a recognised skills gap in the UK construction workforce and it is hard to predict how build costs will be affected by Brexit as approximately half of London's site labour comes from the EU. This needs to be addressed by a combination of continued access to EU labour, skills training and innovation in construction if the industry is to achieve its medium-term production aspirations.

Woodberry Down, Finsbury Park

OUR VISION

Berkeley aspires to be a modern world-class business. Through the framework of "Our Vision", we articulate our strategy across our five areas of strategic focus: Customers; Homes; Places; Operations and Our People.

CUSTOMERS

Berkeley seeks to provide exceptional service to all of our customers, placing them at the heart of our decisions. Our performance is independently assessed using the Net Promoter Score (NPS) and we compare our results with other well-known brands using the Institute of Customer Service's UK Customer Satisfaction Index (UK CSI) results. In March 2017 our six month rolling average NPS was 70.8 on a scale of -100 to +100 (2016: 71.2), which places Berkeley in the top quartile for all retail brands across all sectors. 98% of our customers would recommend Berkeley to a friend.

We continually engage with our customers to find out what matters most to them. At all stages of the customer experience, the emphasis for our teams is to put the customer first and they are empowered to treat each customer as an individual. We run Sales and Customer Service Academies which bring talented individuals from other industries to Berkeley and ensure the highest standards are set and maintained.

HOMES

Over the past five years we have delivered some 19,000 homes, each one with a focus on individual design and quality. Three of our developments were recently category winners within the London Evening Standard New Homes Awards and we were proud to win overall Best Large Housebuilder as well as development-specific accolades in the WhatHouse? Awards 2016.

Our current focus within Our Vision is on developing more resilient, future-proof homes. We are the first developer to respond to the industry-wide issue of overheating by using a risk assessment methodology on all sites. Our aim is to build homes where people can live comfortably in the future with expected changes in climate. We are also future-proofing our homes for increasingly connected lifestyles.

We now have minimum fibre broadband infrastructure and wiring standards which will enable customers to 'plug in' emerging technologies according to their wishes and as and when they become available. This would not be possible without working in close collaboration with Openreach and we were delighted to be awarded the Openreach Property Developers Award 2017 for Innovation – Most Supportive Trialist. During 2018 we will continue to research applicable smart technologies, from appliances to security systems and heating and lighting controls.

This year we have successfully used off-site construction to deliver the Urban House concept at Kidbrooke Village, reducing site complexity and time of build in addition to having positive environmental impacts.

"OVER THE PAST FIVE YEARS WE HAVE DELIVERED SOME 19,000 HOMES, EACH ONE WITH A FOCUS ON INDIVIDUAL DESIGN AND QUALITY."

CHIEF EXECUTIVE'S STATEMENT

Fitzroy Gate, Old Isleworth

PLACES

We aim to create great places where residents enjoy a good quality of life, now and in the future including, on many of our larger sites, a variety of retail and other commercial uses. We continue to use our toolkit, Creating Successful Places, as a framework for applying the ideas of social sustainability to a new development. Community plans are now in place at 12 of our developments to provide a structured approach to help communities to thrive for the long-term. This supports the ongoing delivery of new community facilities, including three schools which opened in September 2016. Many of our developments also host short-term community events during construction, such as a pop-up park and exhibition at London Dock.

Our long-standing commitment to environmental sustainability has also been reinforced by becoming the first developer to commit to achieving a net biodiversity gain on every new site. Put simply, this means there will be more nature when we finish on site than when we begin. We believe that landscaping can be beautiful whilst providing amenity value and enhancing biodiversity.

OPERATIONS

In April 2017 we had more than 13,000 people working on around 58 live construction sites across London and the South East of England. With such levels of activity, it is critical that we undertake the build process with consideration of the workforce, the communities in which we operate and the environment. Testament to this is that almost half of our sites won a Considerate Constructors Scheme Award this year, compared to just 10% nationally.

We recognise the role business must play in tackling global climate change and are delighted to be the first housebuilder to commit to becoming carbon positive. As part of this, we are targeting a 10% reduction in 2018 emissions compared to 2016 levels and are adopting cleaner energy sources.

There needs to be a joined-up approach to tackling the industry's skills crisis and prestige problem. We are now a client member of Build UK, which we see as playing a vital role in reversing the current trend of more people leaving the industry than joining it. Through working closely with our contractors, we have significantly increased the amount of training within our workforce; in 2017 more than 1,650 people were in formal training. Of these, over 650 were apprentices, with the remainder undertaking vocational training. We were pleased to be able to recognise some of the great work which is being achieved in this area at the inaugural Berkeley Apprenticeship Awards in autumn 2016.

"IN APRIL 2017 WE HAD MORE THAN 13,000 PEOPLE WORKING ON AROUND 58 LIVE CONSTRUCTION SITES ACROSS LONDON AND THE SOUTH EAST OF ENGLAND."

Chelsea Creek

OUR PEOPLE

Berkeley's talented and varied people are our strongest resource. Through Our Vision, there has been a focus in 2017 on providing a healthy and supportive working environment for all of our employees. Our commitment to providing healthy workplaces has led to the launch of a number of new initiatives across the business and resulted in Berkeley St Edward being recognised as a 'most improved workplace' within Vitality's Britain's Healthiest Workplace Awards in 2016. Each of our divisions also run personal development and talent management programmes.

Safety is of critical importance to the company and we are honoured to have been awarded the Sir George Earle Trophy in one of our divisions, an international award from RoSPA for premier performance in occupational health and safety; the first time this prestigious award has been won by a housebuilder. Over the last ten years we have worked extremely hard to ensure that all our contractors, suppliers and partners share our commitment to promoting safe and healthy work practices. As a result, we have seen a year-on-year reduction in the number of incidents. In 2017 our Accident Incident Rate was 1.83 (2016: 2.4), less than half the industry average and meaning there were fewer than two incidents during the year for every 1,000 people working on our construction sites.

We continue to support the charitable work of the Berkeley Foundation, which we see as integral to being a modern world-class business, and are thankful for the dedication and enthusiasm of our staff who, once again, have raised large amounts of money and given their time to support such valuable causes. We are delighted that the Foundation's work has been recognised at the 2017 Third Sector's Business Charity Awards, where it received the Corporate Foundation Award for the year.

OUTLOOK

Providing an outlook statement today is by nature challenging, given the level of prevailing macro uncertainty, but Berkeley is in great shape. We have added to our unrivalled land bank in the year. We have net cash of £285.5 million and our forward sales of £2.74 billion give good visibility of profitability and cash flow as we begin a new financial year. The housing market in London and the South East remains under-supplied with low interest rates, good mortgage availability and robust underlying demand. Taken together, this enables Berkeley to reiterate its guidance of delivering at least £3.0 billion of pre-tax profit over the five years to 2021, assuming the return to normal market conditions continues.

A thriving housing market is underpinned by confidence and sentiment. In a cyclical sector this is always finely balanced, more so in times of uncertainty and heightened macro risk, and this needs to be recognised and reflected in the planning and taxation environments. Otherwise, looking to the long-term, this could impact the size of Berkeley's business and the speed with which we deliver the homes and value in the land bank. For London, the effect could be profound and we are already seeing a reduction in new starts at a time when production needs to, and should, increase.

The combination of Brexit, global economic and political instability, increasing planning requirements and the recent increases in property taxation serves to increase the risk profile for developers and this needs to be recognised if the housing challenge in London and the South East is to be addressed. We need conditions for growth that reduce barriers to entry and encourage accelerated development from existing market participants to support increased delivery across all tenures.

Rob Perrins
Chief Executive

BERKELEY'S STRATEGIC FRAMEWORK

OUR ASPIRATION

TO BE A MODERN, WORLD-CLASS BUSINESS GENERATING LONG-TERM VALUE BY CREATING SUCCESSFUL, SUSTAINABLE PLACES WHERE PEOPLE ASPIRE TO LIVE

OUR STRATEGY

TO ENSURE WE REMAIN FIRMLY FOCUSED ON ACHIEVING OUR ASPIRATION, OUR STRATEGIC PLAN IS ARTICULATED THROUGH THE FRAMEWORK OF OUR VISION.

For Berkeley to generate long-term value, the skills, commitment and approach of our people throughout the business are critical. We need to ensure we create the right environment to enable them to work towards a common set of goals.

The framework of Our Vision helps to empower our people, gives them clear direction across every discipline of the business and enables them to contribute to the ongoing success of the business.

STRATEGIC FOCUS AREAS

- CUSTOMERS
- HOMES
- PLACES
- OPERATIONS
- OUR PEOPLE

Our vision for the future

Our Vision sets out our underlying core company values, together with five key strategic focus areas. Every two years we set targeted, challenging headline commitments to meet in each of the five focus areas, alongside our everyday actions. This enables us to continually improve our business activities, as well as respond to global and industry trends and any stakeholder concerns.

Our commitments identify aspects of our business that we focus on to ensure Berkeley remains a market leader across all areas of its operations and is challenged further to be a modern world-class business. Achieving these commitments contributes to generating long-term value.

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OUR BUSINESS MODEL

OUR BUSINESS IS ABOUT PLACEMAKING; IT'S ABOUT CREATING BESPOKE, HIGH QUALITY DEVELOPMENTS AND STRONG, THRIVING COMMUNITIES.

Our business model is delivered through a structure of autonomously managed operating companies, each underpinned by a common focus on quality and attention to detail, strong commitment to health and safety, the environment and customer service, and ultimately having a positive impact in the communities within which we operate.

PRINCIPAL BUSINESS ACTIVITIES

- IDENTIFYING AND ACQUIRING LAND
- DESIGNING AND PLANNING NEW HOMES AND PLACES
- BUILDING NEW HOMES AND PLACES
- MARKETING AND CUSTOMER SERVICE
- PLACEKEEPING AND STEWARDSHIP

Through undertaking our activities in a responsible way and with a long-term focus, we aim to deliver value for all our stakeholders, including our partners, customers, local communities, shareholders and our people.

We aim to continue to enhance our reputation as a trusted developer which delivers on our commitments and to ensure that our developments remain great places in which to live for decades to come.

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OUR RISK MANAGEMENT

OUR ONGOING OPERATIONAL AND MARKET RISK MANAGEMENT UNDERPINS OUR BUSINESS MODEL.

Identifying the risks that a business is exposed to is paramount to its success. However, understanding and setting the appropriate level of appetite for risk is even more critical.

OPERATIONAL RISKS

Berkeley recognises that our value added approach means we have an emphasis towards long-term regeneration, which presents a complex array of operational challenges on each of our sites.

Consequently, risk management is embedded throughout the business and our autonomous, talented operational teams are required to carefully manage each individual scheme, regardless of size, to a bespoke design, and embrace Berkeley's core values and qualities in their approach.

MARKET RISK

Berkeley has always, and continues to, recognise that the property market is inherently cyclical, where market sentiment and transaction levels can change quickly.

Consequently, we operate in London and the South of England, markets that we know and understand. We believe that recognising the importance of relationships and applying local knowledge gives us a competitive advantage and enables us to deliver new places which are socially, environmentally and economically successful.

Furthermore, Berkeley keeps financial risk low, by maintaining a strong balance sheet, forward selling new homes where possible and carefully allocating resources to the right projects.

This ensures that the business is always well placed, with the financial flexibility to take advantage of a breadth of opportunities as they arise.

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BERKELEY ANNUAL REPORT 2017 **STRATEGIC REPORT**

“ HOUSEBUILDING IS NOT JUST ABOUT PROVIDING PEOPLE WITH SHELTER. IT’S ABOUT CREATING FANTASTIC PLACES THAT TRANSFORM PEOPLE’S QUALITY OF LIFE. ”

Holborough Lakes, Kent

OUR VISION

BERKELEY ASPIRES TO BE A MODERN, WORLD-CLASS BUSINESS. THROUGH THE FRAMEWORK OF OUR VISION WE ARTICULATE OUR STRATEGY ACROSS OUR FIVE AREAS OF STRATEGIC FOCUS: CUSTOMERS; HOMES; PLACES; OPERATIONS; AND OUR PEOPLE.

Our Vision provides clear direction and enables the whole business to work to a common set of goals, the overarching aim of which is to be a modern, world-class business. Five areas of strategic focus are set out under Our Vision: Customers; Homes; Places; Operations; and Our People. To drive improvements in performance, we continually review and develop our strategy across our five focus areas to address the key challenges and opportunities facing Berkeley, our industry and other business sectors.

Every two years we launch new headline commitments identifying our next set of priority actions. These are determined through an in-depth review of key industry, national and global issues, together with consultation with each of our autonomous companies and specialist committees.

Some themes continue to feature prominently within our headline commitments as they require continual work to drive incremental performance improvements; in these instances, our commitments evolve to challenge us further to be a world-class business. Previous headline commitments are embedded into our ongoing processes and activities as leading and business-as-usual commitments. Commitments apply across all our brands: Berkeley; St George; St James; St Edward; St William; and St Joseph.

Underpinning Our Vision is a core set of company values: having integrity; being passionate about what we do; showing respect for people; thinking creatively; and achieving excellence through detail.

EMBEDDING COMMITMENTS INTO OUR BUSINESS

HEADLINE COMMITMENTS

New commitments launched every two years to ensure Berkeley continues to aspire to be a leading and world-class business

LEADING COMMITMENTS

Existing commitments that were previously headline commitments and are still considered leading, either within the industry or across wider business sectors

BUSINESS-AS-USUAL COMMITMENTS

Commitments that are no longer considered leading but that continue to push the company to ensure it is consistently a top performer within the industry or across wider business sectors

NORMAL PRACTICE

Actions that are fully integrated as part of business activities and that do not necessarily set Berkeley apart from others within the industry or across wider business sectors

WE CONTINUALLY REVIEW AND DEVELOP OUR STRATEGY TO ADDRESS THE KEY CHALLENGES AND OPPORTUNITIES FACING BERKELEY, OUR INDUSTRY AND OTHER BUSINESS SECTORS.

Learn more about Our Vision at www.berkeleygroup.co.uk/our-vision

OUR VISION

To be a modern, world-class business generating long-term value by creating successful, sustainable places where people aspire to live.

FIVE FOCUS AREAS

Provide exceptional service to all of our customers and put them at the heart of our decisions.

Develop individually designed, high quality homes with low environmental impact.

Create great places where residents enjoy a good quality of life, now and in the future.

Make the right long-term decisions whilst running the business efficiently and working with our supply chain.

Develop a highly skilled workforce who run autonomous businesses, operate in a safe and supportive working environment and contribute to wider society.

OUR CULTURE AND VALUES

HAVE INTEGRITY	BE PASSIONATE	RESPECT PEOPLE	THINK CREATIVELY	EXCELLENCE THROUGH DETAIL

Our vision for the future

OUR VISION APPROACH AND COMMITMENTS

THROUGH THE DETAILED REVIEW OF EMERGING OPPORTUNITIES AND CHALLENGES ON A TWO-YEAR CYCLE, BERKELEY IS ABLE TO EVALUATE AND PROGRESS THE ACTIONS UNDER OUR FOCUS AREAS TO ENSURE OUR COMMITMENTS CONTINUE TO BE RELEVANT, LEADING AND WORLD-CLASS.

The regular review of our approach enables new priority themes to be incorporated within our headline commitments and ultimately our normal business activity.

In May 2016, we launched a new set of ten stretching commitments to achieve by April 2018. Progress updates for each of our 2016-2018 headline commitments are provided on pages 22 to 41.

CUSTOMERS

PROVIDING EXCEPTIONAL SERVICE TO ALL OF OUR CUSTOMERS AND PUTTING THEM AT THE HEART OF OUR DECISIONS.

Our approach in this area has evolved from ensuring that customer-facing teams provide exceptional service, to a strong emphasis on all employees placing the customer at the heart of every decision.

The expectations of our customers are continually changing. Whilst continuing to provide world-class customer service, through another headline commitment we aim to enhance our engagement with customers and obtain a more in-depth insight into their needs.

2016-2018 HEADLINE COMMITMENTS:

COMMITMENT PROGRESS

Deliver world-class customer service as evidenced by a top quartile Net Promoter Score compared to UK Customer Satisfaction Index results

Run a programme of engagement and research to further enhance our product and processes based on the needs of our customers

See page 22

HOMES

DEVELOPING INDIVIDUALLY DESIGNED, HIGH QUALITY HOMES WITH LOW ENVIRONMENTAL IMPACT.

Our approach in this area has evolved from a focus on developing homes with low environmental impact to creating more resilient, future-proof homes.

Our longstanding commitment to the environment is reinforced through our focus on building homes where people can live comfortably in the future with expected changes in climate. We are also aware of rapid changes in technology so it is vital that we keep up-to-date with emerging technology and provide the necessary infrastructure within our homes.

2016-2018 HEADLINE COMMITMENTS:

COMMITMENT PROGRESS

Design our homes to consider future climate change to ensure continued thermal comfort

Understand the evolution of smart technology and connectivity in homes and on developments

See page 26

01 STRATEGIC REPORT
02 GOVERNANCE
03 FINANCIALS

PLACES

CREATING GREAT PLACES WHERE RESIDENTS ENJOY A GOOD QUALITY OF LIFE, NOW AND IN THE FUTURE.

Our approach in this area has evolved from a longstanding focus on placemaking to understanding how to create a place that endures over time.

We now have a greater appreciation of how important it is to consider quality of life right from the outset and our new commitment to creating community plans provides a structured approach to help communities to thrive for the long-term, where people are happy and self-reliant. We have also become the first developer to set a commitment to improving biodiversity on every site.

2016-2018 HEADLINE COMMITMENTS:

COMMITMENT PROGRESS

Implement community plans on our developments to facilitate thriving communities

Develop and apply an approach to ensure that all new developments create a net biodiversity gain

See page 30

OPERATIONS

MAKING THE RIGHT LONG-TERM DECISIONS WHILST RUNNING THE BUSINESS EFFICIENTLY AND WORKING WITH OUR SUPPLY CHAIN.

Our approach in this area has evolved from established financial success to ensuring that, at the same time, we make a positive contribution to both society and the environment.

We undertake our construction activities with consideration of the workforce, the communities in which we operate and the environment. We believe that all companies should take action to reduce their impact on climate change and are delighted to be the first housebuilder to commit to becoming carbon positive. We are also focused on how we can help to ease the industry skills crisis.

2016-2018 HEADLINE COMMITMENTS:

COMMITMENT PROGRESS

Reduce our operational carbon emissions intensity by 10% and introduce a programme to become carbon positive

Ensure at least 1,500 people across our direct and indirect workforce undertake an apprenticeship or vocational training

See page 34

OUR PEOPLE

DEVELOPING A HIGHLY SKILLED WORKFORCE WHO RUN AUTONOMOUS BUSINESSES, OPERATE IN A SAFE AND SUPPORTIVE WORKING ENVIRONMENT AND CONTRIBUTE TO WIDER SOCIETY.

Our approach in this area has evolved from ensuring safe working environments to also promoting health and wellbeing and enhancing talent management across the business. We continue to support the charitable work of the Berkeley Foundation.

Attracting, developing and retaining talent is imperative to our business. It is therefore vital that we provide the right opportunities within the business to enable people to grow and flourish. At the same time, we want to provide the right working environments to enhance staff health and wellbeing.

2016-2018 HEADLINE COMMITMENTS:

COMMITMENT PROGRESS

Launch and implement a new programme to promote the wellbeing of our staff and create healthy workplaces

Invest in training and development through our talent management programmes to realise the potential of our people across all areas of the business

See page 38

CUSTOMERS

PROVIDING EXCEPTIONAL SERVICE TO ALL OF OUR CUSTOMERS AND PUTTING THEM AT THE HEART OF OUR DECISIONS.

2016-2018 HEADLINE COMMITMENTS

NET PROMOTER SCORE
Deliver world-class customer service as evidenced by a top quartile Net Promoter Score compared to UK Customer Satisfaction Index results

CUSTOMER INSIGHT
Run a programme of engagement and research to further enhance our product and processes based on the needs of our customers

2016-2018 LEADING COMMITMENTS

Use *MyHome Plus* as an interactive way of communicating with our customers

Market all developments in the UK first

2016-2018 BUSINESS-AS-USUAL COMMITMENTS

Include information on Our Vision and the Berkeley Customer Satisfaction Commitment in marketing material

Include site-specific sustainability information in marketing material

Ensure *Living Guides* include information that enables occupants to understand and operate their home efficiently

Sales and Marketing Suite at Mill Hill

NET PROMOTER SCORE

Deliver world-class customer service as evidenced by a top quartile Net Promoter Score compared to UK Customer Satisfaction Index results

The service we provide is professional, efficient and helpful to make the home-buying process as straightforward and enjoyable as possible. We aim to exceed our customers' expectations, starting from the moment a customer first enquires about a property. Each customer receives tailored information relating to their purchase and has a dedicated person to guide them through their buying journey and beyond.

We have created a 'customer first' mindset and empowered teams to think and act differently. This is supported by a range of staff training, from creative thinking to exemplary brochure design, and the continuation of our Sales Academy to bring talented individuals from other industries into the business. This year we have also produced a new publication on the *Berkeley Difference*.

We use the Net Promoter Score to benchmark the levels of service we provide against well-regarded companies across all sectors. Our six-month rolling average Net Promoter Score of 70.8 compares favourably with other exemplary companies and we are pleased to be meeting our target of performing within the top quartile of UK Customer Satisfaction Index results.

WE HAVE CREATED A 'CUSTOMER FIRST' MINDSET AND EMPOWERED TEAMS TO THINK AND ACT DIFFERENTLY.

Fitzroy Gate, Old Isleworth

Customers at Royal Wells Park, Kent

CUSTOMER INSIGHT

Run a programme of engagement and research to further enhance our product and processes based on the needs of our customers

Key to the ongoing success of our business is that we listen to, understand and respond to the needs of our customers. During 2017 we began to use an analytics tool to evaluate commentary from customer survey data in more detail. We have also extended an online sharing portal which was originally implemented in our St James business to enable lessons learnt to be shared across the business.

KEY TO THE ONGOING SUCCESS OF OUR BUSINESS IS THAT WE LISTEN TO, UNDERSTAND AND RESPOND TO THE NEEDS OF OUR CUSTOMERS.

The views and feedback of potential customers who choose not to buy are also invaluable in helping to shape our future product. To date, 50 surveys have been completed at Kidbrooke Village and Royal Arsenal Riverside and a wider programme of engagement with prospective customers will now be implemented. This site-specific information supports our annual brand research of what is important to people when selecting a new home.

In addition, we seek to proactively enhance the homes we build through keeping up-to-date with the latest advances in specification and design.

CUSTOMERS

Our vision for the future

IN ADDITION TO PROGRESSION OF OUR HEADLINE COMMITMENTS, WE HAVE THE FOLLOWING KEY HIGHLIGHTS FOR THE YEAR.

myHome PLUS

COMMUNICATING WITH CUSTOMERS

We enhanced our website in 2017 in order to strive for seamless communication with customers from the moment they first contact us. We are also trialling a new search tool, *My View*, which enables prospective home buyers to search based on preferred lifestyle choices such as being close to a park or a theatre.

Once a customer has chosen to buy a new home they are given the opportunity to use our interactive online system, *MyHome Plus*. Its functionality has now been extended to cover a range of features, from selecting choices and options to receiving updates on construction progress and the *Living Guide* on completion.

We continue to promote sustainable living at all stages of the customer journey. At Broadacres we have brought sustainability to the heart of our sales suite with an exciting and interactive presentation platform.

CUSTOMERS ARE GIVEN THE OPPORTUNITY TO USE OUR INTERACTIVE ONLINE SYSTEM, *MYHOME PLUS*.

UK FIRST

Our *UK First Policy* has been in place since 2014 for all developments, requiring that every individual home is made available in the UK either first or at the same time as launching overseas. This enables UK customers to have the opportunity to buy our homes, whilst also appreciating the vital role that international investors play in generating the cash flow and confidence required to begin construction.

Learn more about Customers at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/customers

2017 HIGHLIGHTS

70.8

Net Promoter Score (on a scale of -100 to +100)

ServiceMark Accredited from April '15 - April '18 The Institute of Customer Service

Institute of Customer Service ServiceMark across all businesses

98%

customers would recommend us to a friend

Woodhurst Park, Warfield

HOMES

DEVELOPING INDIVIDUALLY DESIGNED, HIGH QUALITY HOMES WITH LOW ENVIRONMENTAL IMPACT.

2016-2018 HEADLINE COMMITMENTS

THERMAL COMFORT
Design our homes to consider future climate change to ensure continued thermal comfort

SMART HOMES
Understand the evolution of smart technology and connectivity in homes and on developments

2016-2018 LEADING COMMITMENTS

Enable fibre broadband on all our new homes and provide community Wi-Fi

Continue the research and development programme to drive innovation in design and performance

2016-2018 BUSINESS-AS-USUAL COMMITMENTS

Guarantee space standards for all new homes

Provide internal recycling facilities for every home

THERMAL COMFORT

Design our homes to consider future climate change to ensure continued thermal comfort

The potential for overheating in new homes has become a growing issue for the industry as standards for energy efficiency and air tightness have increased. We are taking a proactive approach in this area to ensure that we deliver high quality homes which our customers can live in comfortably for decades to come, with expected changes in climate.

During 2017 we developed a thermal comfort risk assessment tool based on existing industry research and feedback from our own staff and external experts on the subject. The tool, which will now be used on all new sites, takes into account factors which can affect overheating, such as location and building type. It then highlights site-specific risks and suggested actions to reduce these. No other developer has an approach which is applied across all sites.

Several of our projects are already incorporating measures to minimise risk within their design. These range from solar control glazing at Fulham Gasworks, to amended balcony design to provide shading at Goodman's Fields, to additional insulation of pipework at Hartland Park.

Following previous work undertaken with the Zero Carbon Hub, we have recently contributed to a Good Homes Alliance working group on overheating.

IT IS CRITICAL THAT WE TAKE A PROACTIVE APPROACH TO DELIVER HIGH QUALITY HOMES WHICH OUR CUSTOMERS CAN LIVE IN COMFORTABLY FOR DECADES TO COME.

190 Strand

Merano Residences, Albert Embankment

SMART HOMES

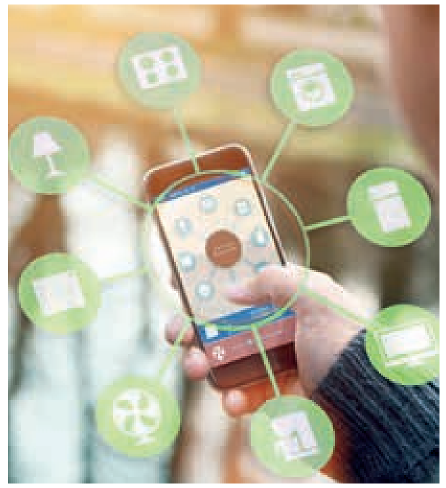
Understand the evolution of smart technology and connectivity in homes and on developments

We are increasingly living in a connected world, with our customers expecting access to the internet and good connectivity from the first day they move in. Technology continues to develop, from enabling us to control temperature of our homes through a smart phone, to intelligent devices learning our behaviours and movements. This commitment helps us to explore infrastructure and technology and ensure we continue to provide a high quality and unique product to our customers.

WE ARE INCREASINGLY LIVING IN A CONNECTED WORLD, WITH OUR CUSTOMERS EXPECTING ACCESS TO THE INTERNET AND GOOD CONNECTIVITY FROM THE FIRST DAY THEY MOVE IN.

Incorporating the right broadband and cabling infrastructure is critical to future-proof homes and developments and enable our customers to adopt new technologies as they emerge. In 2017 we have developed new minimum infrastructure recommendations for all new sites to enable high speed broadband provision and the transfer of data to each habitable room. This enables customers to benefit from the freedom of being able to 'plug in' technologies that they wish as they become available. This would not be possible without working in close collaboration with Openreach and we were delighted to be awarded the Openreach Property Developers Award 2017 for Innovation – Most Supportive Trialist.

During 2018 we will continue to investigate emerging technologies which our customers may like to be included in their home. These could range from smart appliances to heating and lighting controls and security technologies.



HOMES

Our vision for the future

IN ADDITION TO PROGRESSION OF OUR HEADLINE COMMITMENTS, WE HAVE THE FOLLOWING KEY HIGHLIGHTS FOR THE YEAR.

The Urban House interior at Kidbrooke Village

RESEARCH AND DEVELOPMENT

Research and development continually occurs across the business. To meet the demands of more high quality homes in the UK that are adaptable to lifestyle changes, Berkeley has developed the Urban House type. Homes at our Kidbrooke Village and Green Park Village developments have been built to this design type which has adaptable space and allows the retention of a typical street appearance while increasing housing density. We are now investigating the use of battery storage in conjunction with solar photovoltaic panels as part of a 'hybrid home' concept. Not only should this reduce customers' bills, it could also help manage electricity demand peaks on the National Grid.

RESEARCH AND DEVELOPMENT IS CRITICAL TO ENSURE WE CONTINUE TO IMPROVE OUR PRODUCT AND OFFER HIGH QUALITY HOMES TO OUR CUSTOMERS.

We regularly seek to collaborate with external organisations and are pleased to have contributed to and hosted the launch of the UK Green Building Council's (UK-GBC) work on healthy homes. We are also part of the Chartered Institution of Building Services Engineers' (CIBSE) Homes for the Future Group.

SPACE STANDARDS

In 2014, we were the first private developer to commit to minimum space standards covering three core aspects in every home: master bedroom depth; floor-to-ceiling height; and storage. Since this time, the Government's nationally described space standards have been adopted in some of the areas in which we work.

In the absence of consistent requirements we have continued to apply our own minimum standards, including a generous ceiling height of 2.5 metres.

Wimbledon Hill Park

Bersted Park, North Bersted

ENVIRONMENTAL FEATURES

Our aim is to seamlessly integrate environmental features into all homes as standard. We begin by applying the energy hierarchy in design and also incorporate low energy and water use fittings and features such as internal recycling bins.

OUR AIM IS TO SEAMLESSLY INTEGRATE ENVIRONMENTAL FEATURES INTO ALL HOMES.

The specification of materials is also key. In the last year, we have actively fed into the UK Green Building Council's (UK-GBC) guidance, *Embodied Carbon: Developing a Client Brief*, aimed at enabling built environment clients to write effective briefs for measuring embodied carbon. We are also part of the Construction Industry Research and Information Association (CIRIA) working group developing practical guidance on how buyers can minimise risk through responsible procurement of key materials.

Learn more about Homes at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/homes

2017 HIGHLIGHTS

WINNER WhatHouse? AWARDS 2016

WhatHouse? Awards 2016: Best Luxury Development (Bronze) and Best Apartment Scheme (Bronze) for One Tower Bridge

100%

homes submitted for planning designed to incorporate recycling facilities

64%

completed homes provided with smart meters

14%

improvement in the average internal water efficiency of completed homes compared to Building Regulations requirements

69%

completed homes supplied with energy from low carbon or renewable technology

PLACES

Our **vision** for the future

CREATING GREAT PLACES WHERE RESIDENTS ENJOY A GOOD QUALITY OF LIFE, NOW AND IN THE FUTURE.

2016-2018 HEADLINE COMMITMENTS

COMMUNITY PLANS
Implement community plans on our developments to facilitate thriving communities

NET BIODIVERSITY GAIN
Develop and apply an approach to ensure that all new developments create a net biodiversity gain

2016-2018 LEADING COMMITMENTS

- Measure and increase people's quality of life by applying Berkeley's framework for social sustainability
- Apply Berkeley's climate change adaptation checklist to all developments' pre-planning and implement measures that address overheating, flooding and water shortages

2016-2018 BUSINESS-AS-USUAL COMMITMENTS

- Follow Berkeley's Community Engagement Strategy on all planning applications we submit and develop a Statement of Community Involvement
- Consult an ecologist pre-planning on all developments and implement key recommendations to protect and enhance ecology
- Provide at least one electric car charging point in all residential communal car parks
- Provide cycle storage on all new developments
- Harvest rainwater for reuse on all new developments
- Ensure that all commercial space, student accommodation and senior living housing (where relevant), achieves at least BREEAM Very Good
- Install living roofs on all residential apartment roof spaces

EACH COMMUNITY PLAN IS DIFFERENT, REFLECTING LOCAL NEEDS AND ASPIRATIONS, AND PROVIDES A CLEAR PLAN FOR THE COMMUNITY TO DEVELOP AND ULTIMATELY BE SELF-RELIANT.


Woodhurst Park

COMMUNITY PLANS

Implement community plans on our developments to facilitate thriving communities

Our commitment to implement community plans further strengthens Berkeley's approach to creating successful places and is an evolution of our leading work on social sustainability. The aim is to provide a structure to help facilitate the development of the community, setting out an overall vision which is underpinned by a strategy to engage with local people to create a sense of ownership and belonging for the place.

We have developed guidance for our teams on the elements a plan should cover and on areas of consideration, such as how to set up effective community governance, how to assign a community concierge and how to set up a community fund. Plans have now been completed for 12 developments, ranging in scale, location and mix of housing type. Each is different, reflecting local needs and aspirations, and provides a clear plan for the community to develop and ultimately be self-reliant. Initiatives include setting up local community groups, establishing markets and existing residents initiating a survey to better understand what their community needs and wants.

During 2018 we will begin to implement the plans to gain a deeper understanding of the success of differing community governance models and varying events, communications and initiatives.


Kidbrooke Village

NET BIODIVERSITY GAIN

Develop and apply an approach to ensure that all new developments create a net biodiversity gain

We are the first developer to commit to achieving a net biodiversity gain on all sites. New development provides the opportunity to enhance biodiversity and offers multiple benefits to customers including promoting wellbeing. Through this commitment we will ensure there is more nature on site after development than before, building on our focus on providing high-quality public realm and green infrastructure.

Working with external experts, we have developed a biodiversity toolkit which will now be used by our project teams and their appointed ecologists on every site. The toolkit provides a baseline score for biodiversity before any work occurs and demonstrates how a net gain will be achieved. A new document, *The Nine Concepts: Making Space for Nature and Beauty*, provides guidance on overarching design principles that support the toolkit and the delivery of biodiverse developments.

WE WILL ENSURE THERE IS MORE NATURE ON SITE AFTER DEVELOPMENT THAN BEFORE

This year, our efforts to enhance biodiversity were once again recognised by the Construction Industry Research and Information Association (CIRIA) BIG Biodiversity Challenge Awards, with One Tower Bridge winning the 'Pollinator Award' for the installation of four bee hives. We have also been collaborating with wider industry through sponsorship and participation in CIRIA's biodiversity gain principles project.

PLACES

Our vision for the future

IN ADDITION TO PROGRESSION OF OUR HEADLINE COMMITMENTS, WE HAVE THE FOLLOWING KEY HIGHLIGHTS FOR THE YEAR.

PLACEMAKING

The Berkeley approach is to put people first on every development. This starts from the outset, with each site developing a strategy for community engagement and involvement. It is also a long-term approach on how we not only create places, but can play a valuable role in enabling a thriving community.

We continue to use our social sustainability toolkit, *Creating Successful Places*, as a structured approach to placemaking and a way to demonstrate the success of our developments. As we gain more experience, we are increasingly working with our managing agents whose role is also evolving to help facilitate the growth of the community.

To create a place that is thriving, we include more than just homes; we build infrastructure that supports the community. Three new schools opened on our sites in September 2016; at 375 Kensington High Street, Royal Wells Park and Woodhurst Park. In January 2017, a four-screen cinema was opened at Goodman's Fields and, later this year, The Bridge Theatre at One Tower Bridge will open its doors for the first time.

THE BERKELEY APPROACH IS TO PUT PEOPLE FIRST ON EVERY DEVELOPMENT.

During the construction phase there is often the potential to create temporary facilities to benefit the local community. At London Dock, a pop-up park has hosted street food markets and there has been a temporary exhibition on the development's heritage and public art installation, *Trading Words*.

In July 2016, we published new research with the London School of Economics (LSE) exploring how urban villages could help the Capital's housing crisis. *New London Villages* makes a series of recommendations for placemaking in London.

Summer screening at Woodberry Down

Kensington Primary Academy

SUSTAINABLE PLACES

We aim to create places where residents can live a sustainable lifestyle. We focus on brownfield sites, with scope for good public transport, and then deliver mixed-use, mixed-tenure development with high quality public realm. As well as access to local public transport options, we encourage cycle storage and electric car charging to be provided on all sites. In 2017, 100% of completed developments provided cycle storage. At 250 City Road, which is located at a pivotal point in London's cycle network, we will be providing a workshop area and bicycle lifts in addition to almost 20% more cycle spaces than required by the planning authority.

As part of our approach to reduce the effects of climate change we incorporate green infrastructure such as open space, parks, gardens and living roofs. Over 500 trees have already been planted and a new country park and greenway delivered at our Woodhurst Park development which welcomed its first residents this year.

Learn more about Places at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/places

2017 HIGHLIGHTS

3
schools opened on Berkeley developments in September 2016

12
developments produced community plans

91%
developments with homes within 500 metres of a transport node

93%
developments incorporated features that benefit nature

WhatHouse? Awards 2016: Best Large Housebuilder (Gold); Best Mixed-Use Development (Gold) for Fulham Reach

London Evening Standard New Homes Awards 2016: Best Large Development for Goodman's Fields

CIRIA's BIG Biodiversity Challenge Awards 2016: Pollinator Category Winner for One Tower Bridge

OPERATIONS

Our vision for the future

MAKING THE RIGHT LONG-TERM DECISIONS WHILST RUNNING THE BUSINESS EFFICIENTLY AND WORKING WITH OUR SUPPLY CHAIN.

2016-2018 HEADLINE COMMITMENTS

CARBON POSITIVE
Reduce our operational carbon emissions intensity by 10% and introduce a programme to become carbon positive

APPRENTICES AND TRAINING
Ensure at least 1,500 people across our direct and indirect workforce undertake an apprenticeship or vocational training

2016-2018 LEADING COMMITMENTS

- Broaden the scope of Berkeley's Innovation Fund
- Map our supply chain risks and implement a sustainable specification and procurement strategy

2016-2018 BUSINESS-AS-USUAL COMMITMENTS

- Procure contractors on best overall value
- Register all sites with the Considerate Constructors Scheme and achieve a minimum score of 38/50 in each audit
- Undertake sustainability assessments on each site
- Ensure all timber is certified
- Reduce construction waste by 10% and reuse or recycle at least 90% of total waste
- Reduce site water consumption by 5%
- Reduce paper consumption by 20%
- Undertake sustainability reviews for each permanent office

BERKELEY IS THE FIRST MAJOR HOUSEBUILDER IN BRITAIN COMMITTED TO BECOME CARBON POSITIVE.

CARBON POSITIVE

Reduce our operational carbon emissions intensity by 10% and introduce a programme to become carbon positive

In May 2016, in a landmark announcement for the housing industry, Berkeley committed to becoming the first major housebuilder in Britain to be carbon positive.

In the last year we have focused on increasing understanding of consumption across our day-to-day activities on site, in offices and in sales suites. Our construction sites are the main contributor to our carbon emissions and guidance has been issued on how to address out-of-hours electricity consumption together with minimum energy efficiency recommendations for site set up and operation. These have been supported by awareness campaigns and increased sharing of best practice.

Achievement of the 10% reduction target will be based on 2018 performance compared to our baseline emissions intensity in 2016. Our performance in 2017 indicates good progress towards meeting our target next year. Greenhouse gas emissions data is provided on page 109.

At the same time as taking action to reduce energy consumption, we have been looking into investing in cleaner energy sources and offsetting schemes. We will develop this work further in the next year and introduce a programme to become carbon positive.


Construction at Royal Arsenal Riverside, Woolwich

APPRENTICES AND TRAINING

Ensure at least 1,500 people across our direct and indirect workforce undertake an apprenticeship or vocational training

We consider the skills crisis to be one of the most significant risks facing the industry and we have a role to play in encouraging new people into the industry and upskilling the workforce.

Significant progress has been made since we set our initial commitment three years ago. In the last year alone, more than 650 apprentices were working on our sites and almost 1,000 additional people undertook other types of vocational training. To promote action in this area we have a network of dedicated staff across the company who provide day-to-day support to our project teams and contractors in offering appropriate training.

To celebrate the successes of apprentices working within our supply chain, the first Berkeley Group Apprenticeship Awards were held in November 2016. Within the year we also took on our first cohort of direct trade apprentices within Berkeley Capital and the *Berkeley Apprenticeship Scheme* model previously adopted at Kidbrooke Village is now being replicated in West London, in partnership with Ealing, Hammersmith and West London's College and with the support of Ealing Council.

IN THE LAST YEAR, MORE THAN 1,650 PEOPLE ACROSS OUR WORKFORCE HAVE BEEN UNDERTAKING AN APPRENTICESHIP OR VOCATIONAL TRAINING.


Apprentice at Goodman's Fields, Aldgate

OPERATIONS

Our vision for the future

IN ADDITION TO PROGRESSION OF OUR HEADLINE COMMITMENTS, WE HAVE THE FOLLOWING KEY HIGHLIGHTS FOR THE YEAR.

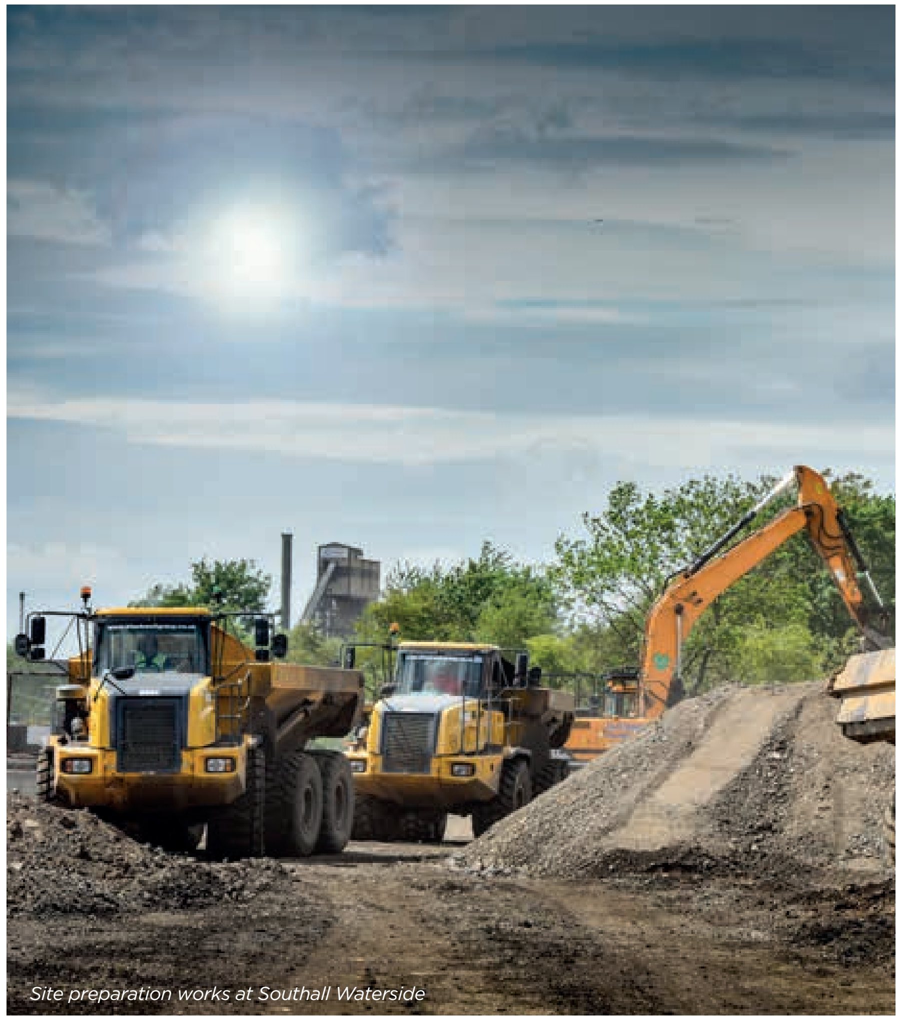
SUSTAINABLE PROCUREMENT

There is growing interest in the construction industry's sourcing of labour, services, materials and products. Our sites now display posters outlining the warning signs of modern slavery. Further details on actions taken to combat modern slavery can be found on our website: https://www.berkeleygroup.co.uk/modern-slavery-statement.

Since becoming a partner of the Supply Chain Sustainability School, we have been an active participant of the Homes Leadership Group, assisting in determining direction and priority topics. We have also been a speaker at supplier days to highlight the challenges faced by the sector and the supply chain's role in addressing these.

Royal Arsenal Riverside, Woolwich

Kidbrooke Village



Site preparation works at Southall Waterside

INNOVATION

We continue to work with 12 external projects that received support through our health and safety Innovation Fund launched in January 2015. We are pleased to be able to support research and products to reduce construction-related risk and are reviewing whether we could extend our support to broader innovation ideas in the future.

Off-site construction increases build efficiency, with minimised material management and waste on-site, reduced disruption to neighbours and improved health and safety. This year, we have used a fully-fitted modular system built off-site to deliver homes of our Urban House type, reducing on-site delivery time to 14 weeks. There is scope to broaden the use of off-site methods in the future.

RESOURCE EFFICIENCY

In November 2016, we held a waste campaign to raise awareness of the quantity produced and encourage practices that lead to reductions. An internal material exchange board was launched, enabling our construction sites, offices and sales suites to share excess materials with the ultimate aim of reducing waste disposal costs, material procurement costs and environmental impact.

We are also working towards targets to reduce site water consumption and office paper consumption.

CONSIDERATE CONSTRUCTION

We aim to manage sites with consideration of our workforce, the local community and the environment. Each site is registered to the Considerate Constructors Scheme (CCS) and is independently assessed. Our average audit score was 42/50 in 2017, demonstrating performance beyond the industry average of 36/50. Our approach continues to be recognised, with 33 awards received at the CCS National Site Awards 2017.

Learn more about Operations at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/operations

2017 HIGHLIGHTS

33
Considerate Constructors Scheme 2017 National Site Awards

BUILDUK Leading the Construction Industry

Joined Build UK as a Client group member

13%
reduction in absolute site carbon emissions compared to 2016

650+
apprentices across our workforce

17%
reduction in construction waste produced per person compared to 2016

OUR PEOPLE

Our vision for the future

DEVELOPING A HIGHLY SKILLED WORKFORCE WHO RUN AUTONOMOUS BUSINESSES, OPERATE IN A SAFE AND SUPPORTIVE WORKING ENVIRONMENT AND CONTRIBUTE TO WIDER SOCIETY.

2016-2018 HEADLINE COMMITMENTS

HEALTHY WORKPLACES
Launch and implement a new programme to promote the wellbeing of our staff and create healthy workplaces

TALENT MANAGEMENT
Invest in training and development through our talent management programmes to realise the potential of our people across all areas of the business

2016-2018 LEADING COMMITMENTS

Pay at least the Living Wage Foundation's 'Living Wage' to all direct employees

Encourage and support every member of staff in contributing every year to the Berkeley Foundation

2016-2018 BUSINESS-AS-USUAL COMMITMENTS

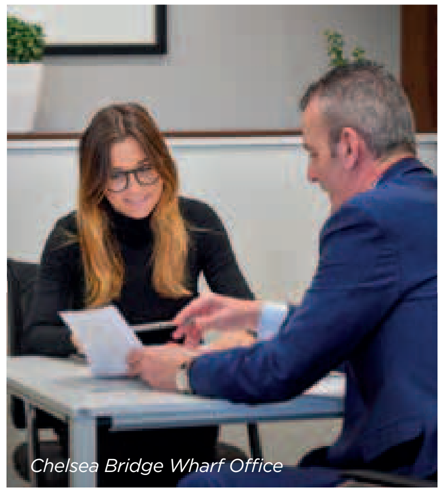
Provide all direct employees with an individual training assessment and allocate training based on their job role

Ensure Directors undertake weekly health and safety visits to all live projects under construction

Annually review the Group Health and Safety Standards and implement them locally

Continue to aspire to operate incident and injury free and target an Accident Incident Rate (AIR) of 3.00 and an Accident Frequency Rate (AFR) of 0.14

AS INDIVIDUALS SPEND A NOTABLE AMOUNT OF TIME IN THE WORKPLACE WE HAVE THE POTENTIAL TO SIGNIFICANTLY INFLUENCE THE WELLBEING OF OUR EMPLOYEES.


Chelsea Bridge Wharf Office

HEALTHY WORKPLACES

Launch and implement a new programme to promote the wellbeing of our staff and create healthy workplaces

A person's wellbeing can be influenced by their surroundings. Through our commitment to providing healthy workplaces we seek to improve the quality of life of our employees and improve employee satisfaction and productivity.

A checklist has been developed based on recognised frameworks such as the Mayor of London's Healthy Workplace Charter and the WELL Building Standard. We have also utilised our links with Bupa to set out a framework approach to individual health which can be adopted by our operating companies.

Health and wellbeing programmes are in operation across a number of our divisions and there are plans to implement them across the whole business by April 2018. Initiatives to date are varied and include health assessments, exercise classes, encouragement of healthy eating and sessions on managing stress and personal finances.

We are delighted that Berkeley St Edward has been recognised as a 'most improved workplace' within Vitality's Britain's Healthiest Workplace Awards for its *Investing in Our Future* programme. The programme running within St James has also been a resounding success, with Bupa noting an outstanding level of engagement from staff.

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Berkeley apprentice

TALENT MANAGEMENT

Invest in training and development through our talent management programmes to realise the potential of our people across all areas of the business

Our talented workforce is our strongest resource; it is vital that that we provide the right opportunities within the business to enable people to grow and flourish.

IT IS VITAL THAT WE PROVIDE THE RIGHT OPPORTUNITIES TO ENABLE PEOPLE TO GROW AND FLOURISH.

As a minimum, individuals should have a thorough induction into the company and then have a training assessment and personal development review available to them. This is then supplemented, where appropriate, by more detailed programmes. Our autonomous companies have developed approaches tailored to suit their businesses and staff.

A real strength has been identified in the opportunities available for progression and the tendency to promote from within the business. A recently launched personal career development programme in St George provides further structure around job descriptions and progression, together with prompts for individuals to learn more about their working style and to set development goals. Within Berkeley St Edward a range of programmes are in place, focusing on developing all levels of staff from junior employees through to senior managers.

During 2018 we will be embedding these initiatives further and ensuring that each employee across all parts of the business has access to a programme to aid their development.


Prince of Wales Drive, Battersea

OUR PEOPLE

Our vision for the future

IN ADDITION TO PROGRESSION OF OUR HEADLINE COMMITMENTS, WE HAVE THE FOLLOWING KEY HIGHLIGHTS FOR THE YEAR.

HEALTH AND SAFETY

We are committed to operating incident and injury free and aspire to have a positive health impact on all those employed and affected by what we do. Over the last 10 years we have worked hard to ensure that our people, contractors, suppliers and partners share this commitment. Showing effective leadership is critical, as is empowering our workforce to take responsibility for their own safety as well as the safety of others. Group standards and detailed local management systems set clear direction and each site receives a weekly health and safety visit from a director in addition to at least eight audits per year from an independent Group assessment team.

WE ASPIRE TO HAVE A POSITIVE HEALTH IMPACT ON ALL THOSE EMPLOYED AND AFFECTED BY WHAT WE DO.

We have seen an annual decrease in our Accident Incident Rate (AIR) for more than five years, including a significant drop of 24% this year. During 2017 there were fewer than two incidents for every 1,000 people working on our construction sites, less than half of the industry average (4.26, Health and Safety Executive (HSE) October 2016 figure).

We are delighted that our approach continues to be recognised externally. This year was our most successful on record at the Royal Society for the Prevention of Accidents (RoSPA) Awards and we are honoured that Berkeley East Thames won the pinnacle of the awards, the Sir George Earle Trophy. This is internationally recognised as the premier performance award for health and safety. Of the two categories (Large Builder and Multi-Storey Builder) that Berkeley featured in at the National House Building Council's (NHBC) 2016 Health and Safety Awards, we were the National Best Site winners in both.

We are also pleased to collaborate with wider industry initiatives such as the Health and Safety Executive's Construction Industry Advisory Committee (HSE's CONIAC). In 2017, we have been leading on the production of new health and safety guidance on the planning, design and construction of tall buildings.

Year	Accident Incident Rate
2017	1.83
2016	2.40
2015	2.46
2014	2.92
2013	2.99

Accident Incident Rate
(number of RIDDOR reportable injuries per 1,000 people)

GRADUATE SCHEME

Our successful graduate scheme brought 23 young people into the business in 2017 and we are recognised as one of the top 100 graduate employers by TheJobCrowd. The scheme includes a thorough induction followed by a period of rotation across our departments and an opportunity to pursue professional accreditation to bodies such as the Royal Institution of Chartered Surveyors (RICS).

In 2018, we will welcome around 30 new graduates into the business and will be implementing our first formal sandwich placement scheme. This will allow undergraduates to gain essential experience as part of their study and an opportunity to secure a graduate role with us before they complete their final year at university.

Site induction at Kidbrooke Village

Fundraising through Dragon Boat Racing

INCLUSIVITY

We have almost 2,500 direct employees working in a range of roles across around 60 sites and 20 permanent offices. Over a third of our employees are female, as are a quarter of our Board directors and senior management. Our graduate scheme aims for half of all new recruits to be female. We are delighted that one of St James' Assistant Site Managers, Rachel Darvall (above), won the Best Construction Newcomer category at the Women in Build Awards 2016 after joining the scheme in 2015.

In addition to our direct employees, we support a large and varied workforce through our contractors with more than 10,500 people working on our sites in April 2017. We believe that the industry offers real potential for a more diverse workforce and throughout our work we aim to promote the breadth of roles available in an industry which is increasingly cutting edge, worthwhile and rewarding.

	Female	Male	Total
Total Employees	930	1,559	2,489
Reporting to Senior Management	34	168	202
Senior Management	2	6	8
Board of Directors	3	9	12

At 30 April 2017

Learn more about Our People at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/our-people

THE BERKELEY FOUNDATION

Berkeley employees continue to provide an incredible level of support to the Foundation, with over 1,400 people getting involved in volunteering, fundraising or Give As You Earn this year. Our aim is to inspire all employees to do something every year to support the Foundation.

In 2017, staff raised £876,000 through fundraising and Give As You Earn. Staff also volunteered their time to act as mentors, deliver workshops and training sessions, and much more.

All of this activity is made possible by the team of representatives across the business who coordinate events and encourage their colleagues to get involved.

More information on the Foundation can be found on page 42.

2017 HIGHLIGHTS

RoSPA Health and Safety Awards 2017: Sir George Earle Trophy for Berkeley East Thames

NHBC Health and Safety Awards 2016: National Best Site Awards for Highwood (Large Builder) and Vista (Multi-Storey Builder)

24%

reduction in our Accident Incident Rate compared to 2016

37%

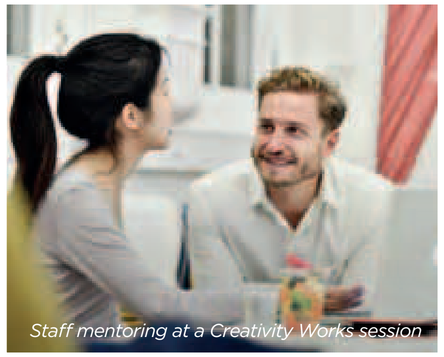
direct employees are female

Women in Build Awards 2016: Best Construction Newcomer for Rachel Darvall

Payroll Giving Platinum Award 2017 achieved as over 30% of employees donate through Give As You Earn (GAYE)

BERKELEY FOUNDATION

THE BERKELEY FOUNDATION WAS LAUNCHED IN 2011 TO SUPPORT YOUNG PEOPLE AND THEIR COMMUNITIES IN LONDON AND THE SOUTH OF ENGLAND. IT SUPPORTS PROJECTS WHICH TACKLE HOMELESSNESS, HELP PEOPLE DEVELOP THEIR SKILLS AND MOVE INTO WORK, AND CREATE OPPORTUNITIES FOR DISABLED PEOPLE AND THOSE WITH LIFE-LIMITING ILLNESSES.


Staff mentoring at a Creativity Works session

The Foundation has grown significantly in 2017, investing more in its charity partnerships than ever before. This expansion was made possible through funds raised at the Foundation's fifth birthday celebrations in spring 2016. The Foundation has now committed £11.2 million to more than 100 charities, reaching over 12,000 people.

Three major new programmes have been launched during the last year: a partnership with MyBnk to provide money management training to care leavers; a pilot project with the Prince's Trust and Mind to test the delivery of mental health support within Prince's Trust centres; and an educational outreach programme with Teens and Toddlers which aims to re-engage young people with school and develop soft skills.

Existing partnerships are also going from strength to strength. The Lord's Taverners Disability Cricket Championship, which provides year-round cricket coaching and competition for disabled young people has grown from four to 23 London Boroughs since its launch, and is expected to reach all 32 Boroughs by 2018. Partnerships with Crisis and The Change Foundation have each been renewed until 2019.

THE FOUNDATION HAS NOW COMMITTED £11.2 MILLION TO MORE THAN 100 CHARITIES, REACHING OVER 12,000 PEOPLE.


Young people enjoying Longridge on Thames activities

In addition, each Berkeley business supports its own Designated Charity. These local charity partnerships give staff the opportunity to get involved in the communities where they live and work, and provide a focus for staff fundraising and volunteering activities.

In January 2017 the Foundation launched its revised strategic plan, following a period of consultation with partner charities and other civil society stakeholders. The updated strategy sets out ten clear priority areas for the Foundation going forward, with a set of measurable targets against each.

We are delighted that the Foundation's work has been recognised through a number of awards, including the 'Commitment to the Community' award at the 2016 Better Society Awards and the 'Best Organisation' award at the 2016 Mayor's Fund for London Awards. The Street Elite programme, delivered in partnership with The Change Foundation, also won the 'Sport for Employability and Enterprise' category at the 2016 Beyond Sport Awards. Most recently, the Foundation was named 'Best Corporate Foundation' at the 2017 Business Charity Awards.

Learn more about the Berkeley Foundation at: www.berkeleyfoundation.org.uk

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The Lord's Taverners


Young people enjoying Outward Bound Trust activities


Street Elite festival at Westway Sports Centre


Creativity Works graduation

2017 HIGHLIGHTS

5,500
people supported through Berkeley Foundation funded programmes

Business Charity Awards 2017 Winner

Third Sector Business Charity Awards 2017: Corporate Foundation Award

Better Society 2016 AWARDS WINNER Commitment to the Local Community Award

Better Society Awards 2016: Commitment to the Local Community Award

BEYOND SPORT AWARDS'16 WINNER

Beyond Sport Awards 2016: Sport for Employability and Enterprise Award for Street Elite

BERKELEY ANNUAL REPORT 2017 **STRATEGIC REPORT**

Woodberry Down, Finsbury Park

OUR BUSINESS MODEL

BERKELEY'S BUSINESS IS ABOUT PLACEMAKING; IT'S ABOUT CREATING STRONG COMMUNITIES WHERE PEOPLE ENJOY A GREAT QUALITY OF LIFE.

UNDERSTANDING THE MARKET

Berkeley has a strategic appreciation of the cyclical nature of the property market, recognising that sentiment and transaction levels can change quickly and there are significant operational risks in identifying, designing, building and selling homes and creating places.

Berkeley mitigates these risks by focusing on development in London and the South of England, markets which it knows and understands, and forward selling new homes wherever possible.

In doing this, Berkeley maintains a strong balance sheet, keeps financial risk low and carefully allocates resources to the right projects at the right time, matching supply to demand wherever it can.

OUR BUSINESS STRUCTURE

We operate through a network of autonomous brands with management teams that understand their local markets.

Berkeley Group

Proud to be a member of the Berkeley Group of Companies

Berkeley
Designed for life

St George
Designed for life

St James
Designed for life

St Edward
Designed for life

St William
Designed for life

St Joseph
Designed for life

GREAT PLACES ARE DELIVERED BY BRINGING TOGETHER TEAMS OF TALENTED PEOPLE WITH A REAL PASSION FOR CREATING THE BEST DEVELOPMENTS.

OUR PRINCIPAL BUSINESS ACTIVITIES

IDENTIFYING AND ACQUIRING LAND

WE ACQUIRE LAND SELECTIVELY WITH A FOCUS ON LONG-TERM, COMPLEX SCHEMES WHERE WE CAN USE OUR EXPERTISE TO ADD VALUE THROUGH CREATING NEW PLACES.

See page 48

DESIGNING AND PLANNING NEW HOMES AND PLACES

WE WORK WITH LOCAL AUTHORITIES, COMMUNITIES AND CONSULTANTS AND AIM TO TO CREATE UNIQUE PLACES CHARACTERISED BY THE QUALITY OF THEIR DESIGN, PUBLIC REALM, SUSTAINABILITY AND WHERE PEOPLE CAN ENJOY A GOOD QUALITY OF LIFE, NOW AND IN THE FUTURE.

See page 49

BERKELEY ANNUAL REPORT 2017 **STRATEGIC REPORT**

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BUILDING NEW HOMES AND PLACES

THE QUALITY OF EACH INDIVIDUAL HOME WE BUILD AND OUR FOCUS UPON PLACEMAKING ARE AT THE FOREFRONT OF ALL OUR ON-SITE ACTIVITIES.

See page 50

MARKETING AND CUSTOMER SERVICE

WHETHER FIRST-TIME BUYERS, FAMILIES, EXPERIENCED INVESTORS, RETAILERS, OUR PARTNERS IN HOUSING ASSOCIATIONS OR PROVIDERS OF STUDENT ACCOMMODATION, BERKELEY STRIVES TO ENSURE THAT ITS CUSTOMERS RECEIVE AN UNPARALLELED SERVICE WHEN BUYING FROM BERKELEY.

See page 51

PLACEKEEPING AND STEWARDSHIP

WE ARE PROUD OF OUR PRODUCT AND TAKE A LONG-TERM VIEW ON CUSTOMER SERVICE AND PLACEKEEPING TO ENSURE PEOPLE ASPIRE TO LIVE IN THE PLACES WE BUILD FOR DECADES TO COME.

See page 52

WHAT SETS US APART

- An unrivalled reputation to deliver, based on more than 40 years of experience
- A passion for great placemaking and stewardship of the places we create
- Quality and attention to detail is at the forefront of everything we do
- A bespoke approach to every development
- An opportunistic approach to land acquisitions in the right locations
- A focus on regeneration of underutilised, complex sites into thriving communities
- A highly experienced and skilled workforce that provides a significant level of knowledge and expertise
- We offset high operational risk of complex sites with low financial risk through a strong balance sheet

IDENTIFYING AND ACQUIRING LAND

WE ACQUIRE LAND SELECTIVELY WITH A FOCUS ON LONG-TERM, COMPLEX SCHEMES WHERE WE CAN USE OUR EXPERTISE TO ADD VALUE THROUGH CREATING NEW PLACES.


Land at Winchester


Prince of Wales Drive, Battersea

LOCATION

Our experienced land teams understand our focus on investing selectively in the right locations where there is underlying demand for new homes, good transport links and the scope to create successful new places.

APPRAISAL

We undertake a rigorous internal appraisal process to assess the opportunities and risks of potential acquisitions and pre-authorise all land offers at Board level, which enables us to act innovatively and decisively, and deliver on our offers.

RELATIONSHIPS

We believe that recognising the importance of strong relationships and applying local knowledge gives us a competitive advantage and enables us to deliver new places which are socially, environmentally and economically successful.

COMPLEX DEVELOPMENTS

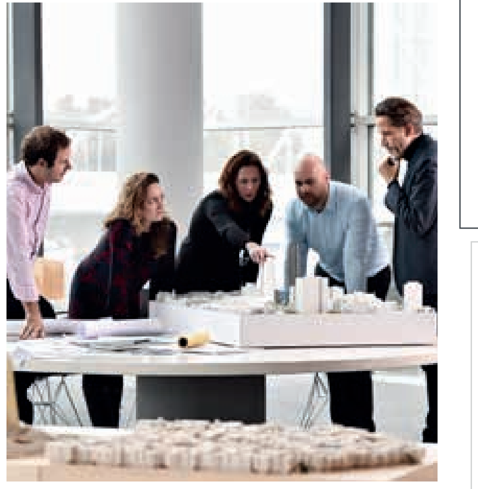
The Group thrives in adopting an entrepreneurial approach in taking on complex, challenging, brownfield land which others are often reluctant to undertake, but only where there are the right commercial fundamentals, offering the potential to add value and where we have the vision to create special places.

FINANCIAL AGILITY

We ensure that the business is operated with low financial risk through maintaining a strong balance sheet. This ensures that the business has the available resources to act both quickly and opportunistically.

DESIGNING AND PLANNING NEW HOMES AND PLACES

WE WORK WITH LOCAL AUTHORITIES, COMMUNITIES AND CONSULTANTS AND AIM TO CREATE UNIQUE PLACES CHARACTERISED BY THE QUALITY OF THEIR DESIGN, PUBLIC REALM, SUSTAINABILITY AND WHERE PEOPLE CAN ENJOY A GOOD QUALITY OF LIFE, NOW AND IN THE FUTURE.




Highwood, Horsham

HOMES FOR ALL

Berkeley builds for everyone, from families to first-time buyers, students to senior people, and luxury living to affordable housing.

BESPOKE

There is no generic Berkeley development; every design is bespoke, something which is uncommon within the industry. Attention to detail in design is paramount to ensure homes meet the needs of our customers and our specifications are planned to meet the varied needs of all types of homebuyers.

QUALITY

With the knowledge gained from our completed developments, we strive to design schemes which are of high quality, sensitive to their heritage and surroundings and meet the aspirations of our customers and local and other stakeholders.

PARTNERSHIPS

We engage closely with our partners in the local authorities and surrounding communities to understand stakeholders' needs and prevailing sensitivities and reflect these in our designs. We continue to strengthen our reputation for quality and for delivering on our commitments.

COMMUNITY

We create places which will endure as settled, vibrant communities long into the future. These are places where people choose to live, work and spend their time, and that directly encourage people's wellbeing and quality of life.

SUSTAINABILITY

We incorporate sustainable features into our homes as standard, providing homeowners with the opportunity to live more sustainably.

BUILDING NEW HOMES AND PLACES

THE QUALITY OF EACH INDIVIDUAL HOME WE BUILD AND OUR FOCUS UPON PLACEMAKING ARE AT THE FOREFRONT OF ALL OUR ON-SITE ACTIVITIES.

Edenbrook, Hampshire

INTENSIVE MANAGEMENT

Each of our developments is led by a dedicated project team responsible for all aspects of detailed design, delivery, quality, health and safety, commercial appraisal and technical detail. The coordination of professional teams of consultants and contractors and strong communication are critical to ensuring the smooth delivery of every project.

SKILLED WORKFORCE

Recruiting and retaining a high calibre workforce is crucial. We look to recognise employees' performance and potential and provide support and development opportunities, whilst also supporting our wider contractor workforce and helping to get more people into the industry.

SUPPLY CHAIN RELATIONS

The support of our supply chain is critical to the success of our business. Engagement with our suppliers is therefore key to remaining a client of choice and achieving high quality outcomes, on time and on budget.

INNOVATIVE BUILD SOLUTIONS

We combine our experience from our previous developments with the knowledge of our talented workforce to enable us to successfully build complex schemes. Our marketing suites are used as the benchmark for build quality.

HEALTH AND SAFETY

We place the utmost importance on the health, safety and wellbeing of our people and our contractor teams on-site. Dedicated health and safety managers oversee all of our developments and health and safety matters are prioritised, monitored and debated at every Board meeting in every company within the business.

CONSIDERATE CONSTRUCTION

The reputation of Berkeley amongst its partners and stakeholders relies on all of our project teams engaging with surrounding communities, being a responsible and considerate neighbour and conducting our day-to-day operations in an environmentally efficient manner.

MARKETING AND CUSTOMER SERVICE

WHETHER FIRST-TIME BUYERS, FAMILIES, EXPERIENCED INVESTORS, RETAILERS, OUR PARTNERS IN HOUSING ASSOCIATIONS OR PROVIDERS OF STUDENT ACCOMMODATION, BERKELEY STRIVES TO ENSURE THAT ITS CUSTOMERS RECEIVE AN UNPARALLELED SERVICE WHEN BUYING FROM BERKELEY.

CUSTOMER FOCUS

Our customers are at the heart of all our decisions. We aim to understand their needs and consistently meet or exceed their expectations, whilst providing a professional, efficient and helpful service to make the homebuying process as straightforward and enjoyable as possible.

Each customer receives tailored information relating to their purchase and has a dedicated point of contact throughout the customer journey. We benchmark our customer service performance not just against the sector but against the top businesses in the country, and look continually to improve our offering.

Sales teams across the business have an in-depth knowledge of their developments and help our customers find the right home to suit their needs. They have the knowledge and understanding to explain the intricacies of every development, from the specification of each new home and the technical details to the on-site amenities and wider context of the scheme.

UK FIRST

Whilst we appreciate that international investment plays a vital role in generating the cash flow and confidence to commence construction, all of our homes are marketed in the UK either first, or at the same time as they are offered overseas.

MEETING DEMAND

Strong underlying demand allows us to forward sell our homes where possible. This approach underpins our financial performance and enables us to run the business with low financial risk.

PLACEKEEPING AND STEWARDSHIP

WE ARE PROUD OF OUR PRODUCT AND TAKE A LONG-TERM VIEW ON BOTH PLACEMAKING AND PLACEKEEPING TO ENSURE PEOPLE ASPIRE TO LIVE IN THE PLACES WE BUILD FOR DECADES TO COME.

CUSTOMER PEACE OF MIND

Dedicated customer relationship managers continue to provide a high level of care and service after completion, which we expect to match the quality of our product across all of our schemes. All homes are covered by a Berkeley warranty in addition to the ten year NHBC warranty.

FUTURE-PROOFING

We recognise that technology advances rapidly, sometimes more quickly than we can build our schemes, and that we need to be at the forefront of employing new techniques and enabling the right infrastructure and technology to serve our customers.

Woodberry Down, Finsbury Park


Residents' summer party at 375 Kensington High Street


Concierge at Merano

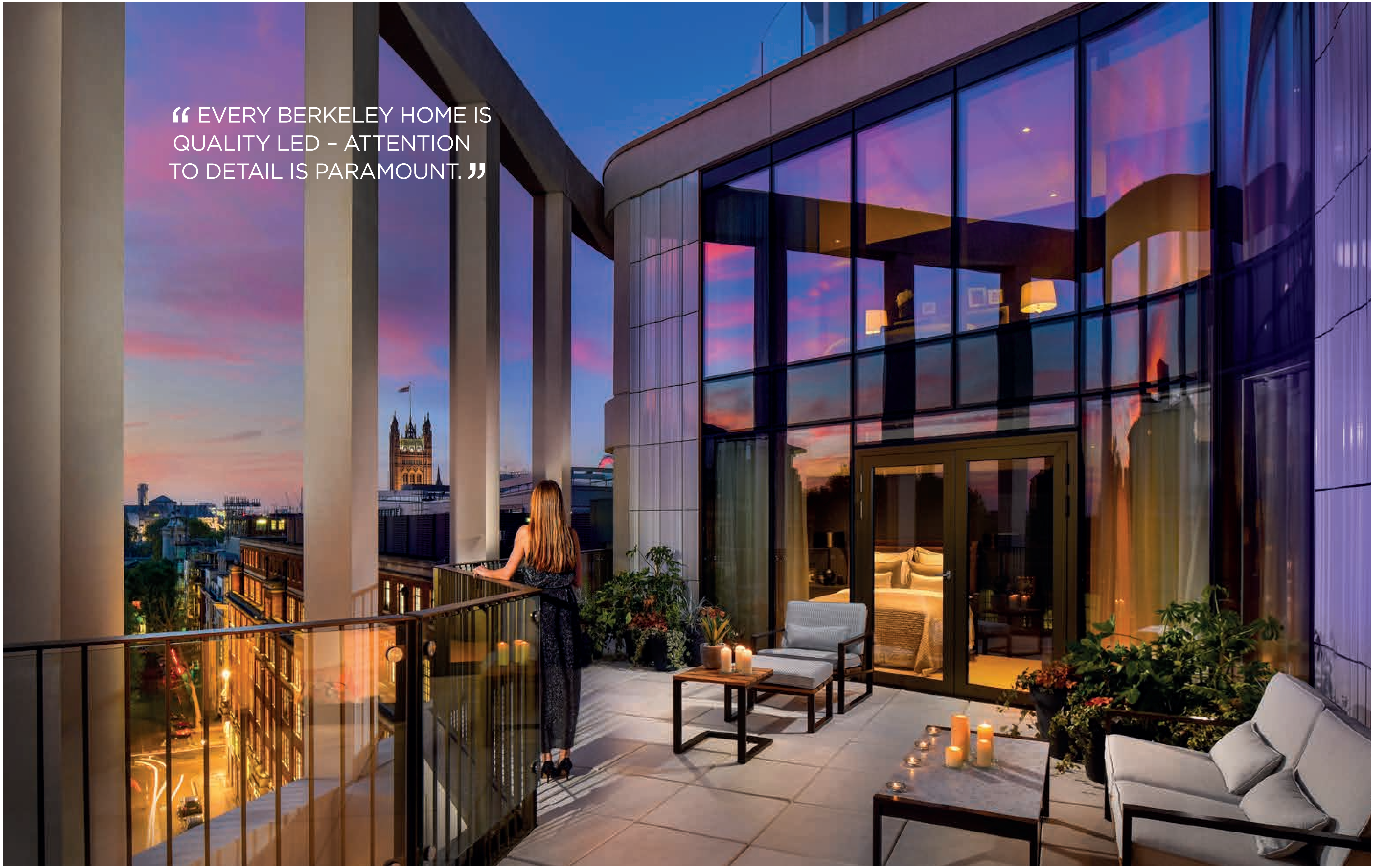
ESTATE MANAGEMENT

Our work on quality of life and social sustainability has identified that placekeeping is just as important as placemaking and that they should be thought of as two elements of the same process. We want to ensure that our developments remain great places in which to live for decades to come.

Successful places need the right long-term management strategy and we work closely with appointed managing agents to set the right tone for our schemes long after they have been completed. We are committed to investigating and implementing excellent forms of estate management and community governance on our schemes.


Brewery Wharf, Twickenham

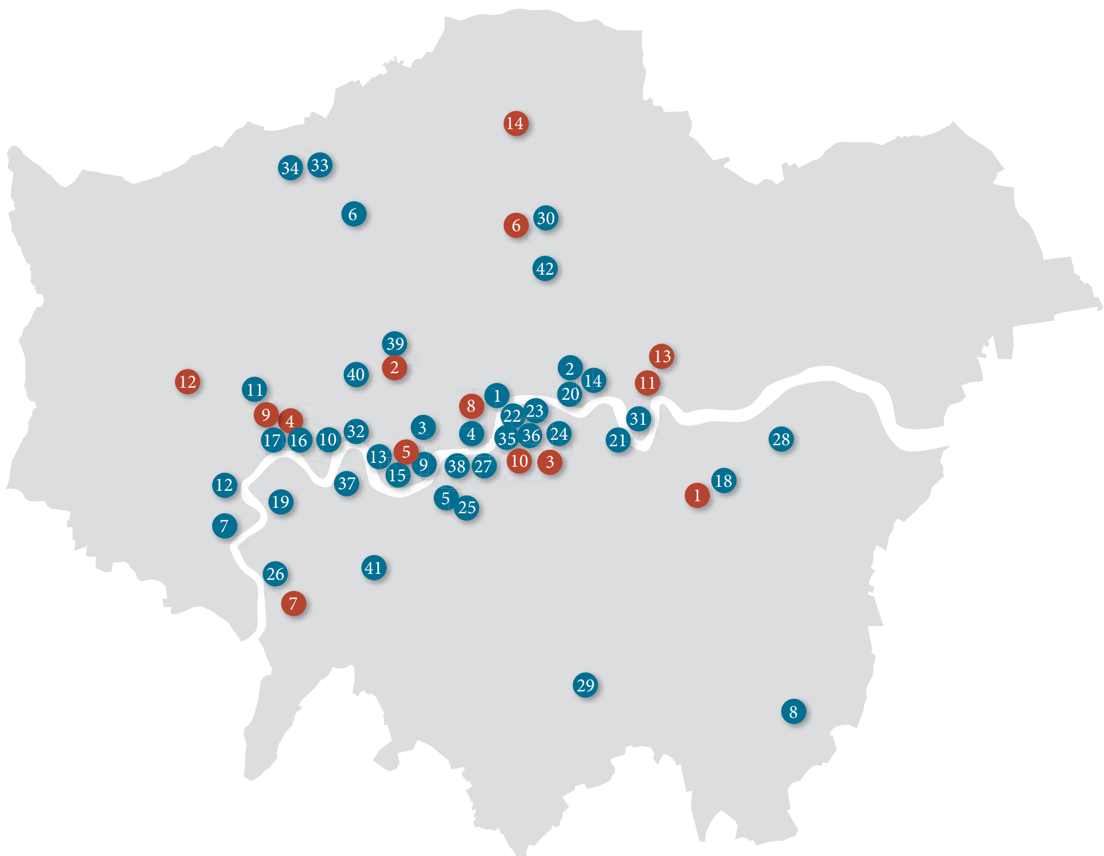
> “ EVERY BERKELEY HOME IS QUALITY LED – ATTENTION TO DETAIL IS PARAMOUNT. ”



Abell and Cleland, Westminster

WHERE WE OPERATE

LONDON



LONDON UNDER CONSTRUCTION

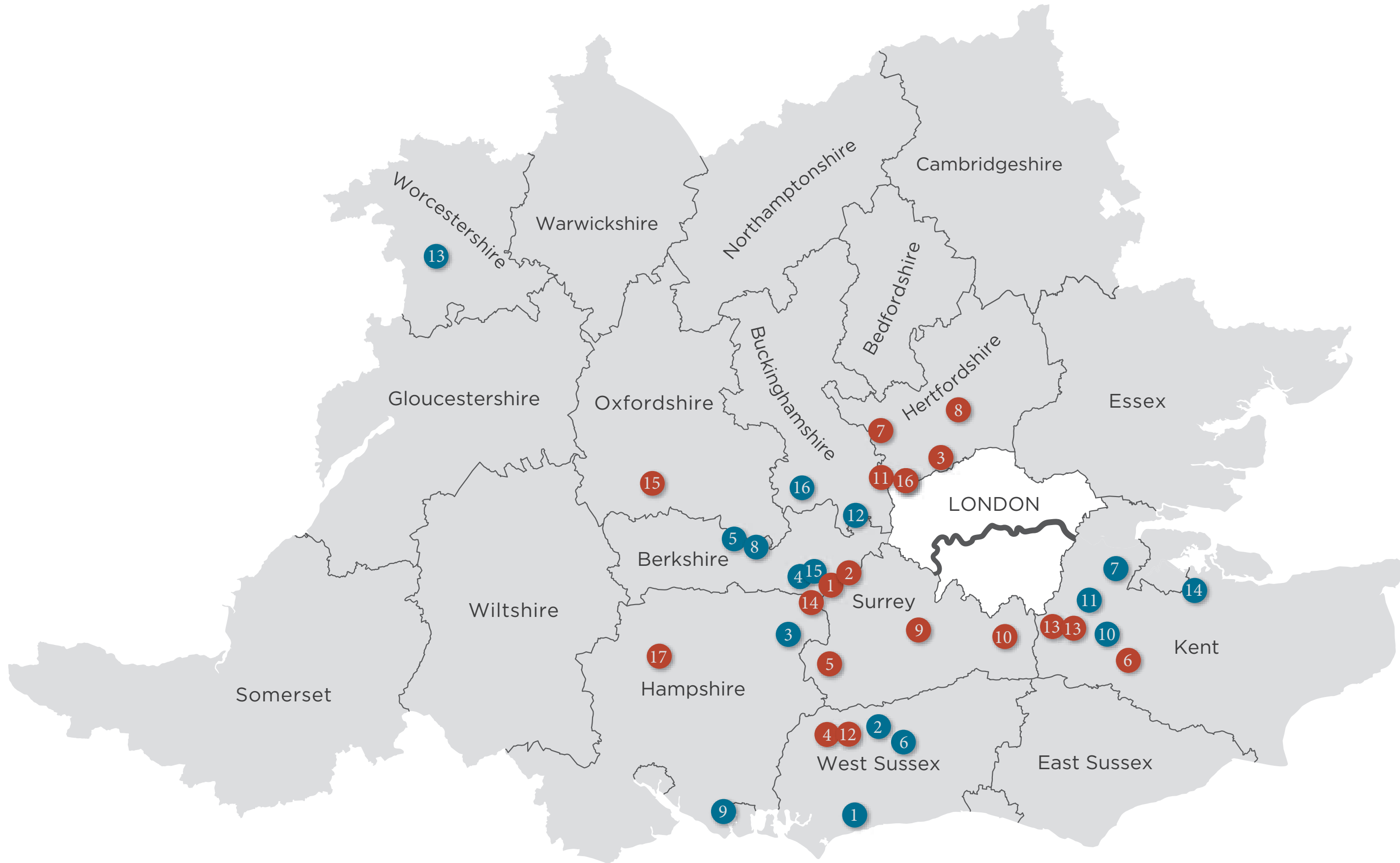
1. 190 Strand
2. 250 City Road, City of London
3. 375 Kensington High Street & Kensington Row
4. Abell & Cleland, Westminster
5. Battersea Reach
6. Beaufort Park, Hendon
7. Brewery Wharf, Twickenham
8. Brunswick Square, Orpington
9. Chelsea Creek
10. Chiswick Gate
11. Dickens Yard, Ealing
12. Fitzroy Gate, Isleworth
13. Fulham Reach, Hammersmith
14. Goodman's Fields, Aldgate
15. Hurlingham Gate & Walk, Fulham
16. Kew Bridge Road, Brentford
17. Kew Bridge West, Brentford
18. Kidbrooke Village
19. Latchmere House, Richmond
20. London Dock, Wapping
21. Marine Wharf, Deptford
22. Merano, Albert Embankment
23. One Blackfriars, Southwark
24. One Tower Bridge
25. Prince of Wales Drive, Battersea
26. Queenshurst, Kingston
27. Riverlight, Battersea
28. Royal Arsenal Riverside
29. Saffron Square, Croydon
30. Smithfield Square, Hornsey
31. South Quay Plaza, Docklands
32. Sovereign Court, Hammersmith
33. St Joseph's, Mill Hill
34. Stanmore Place, Harrow
35. The Corniche, Albert Embankment
36. The Dumont, Albert Embankment
37. The Villas, Barnes
38. Vista, Battersea
39. West End Green, Paddington
40. White City
41. Wimbledon Hill Park
42. Woodberry Park

LONDON FUTURE SITES

1. Blackheath
2. Centre House, Wood Lane*
3. Chambers Wharf, Southwark
4. Filmworks, Ealing*
5. Fulham Gasworks
6. Hornsey Gasworks
7. Kingston
8. Millbank, Westminster
9. Northfields*
10. Oval Gasworks
11. Poplar Gasworks*
12. Southall
13. Stephenson Street
14. Trent Park, Cockfosters

*New sites contracted for acquisition during the year

SOUTH OF ENGLAND



SOUTH OF ENGLAND UNDER CONSTRUCTION

1. Bersted Park, North Bersted
2. Broadacres, Southwater
3. Edenbrook, Fleet
4. Eldridge Park, Wokingham
5. Green Park Village, Reading
6. Highwood, Horsham
7. Holborough Lakes
8. Kennet Island, Reading
9. Royal Clarence Marina, Gosport
10. Royal Wells Park, Tunbridge Wells
11. Ryewood Meadows, Sevenoaks
12. Taplow Riverside
13. The Waterside, Royal Worcester
14. Victory Pier, Gillingham
15. Warfield, Bracknell
16. Wye Dene, High Wycombe

SOUTH OF ENGLAND FUTURE SITES

1. Ascot
2. Ascot Gasworks*
3. Borehamwood Gasworks
4. Cranleigh*
5. Farnham*
6. Hawkenbury*
7. Hemel Hempstead Gasworks*
8. Hertford Gasworks*
9. Leatherhead*
10. Oxted Gasworks*
11. Rickmansworth Gasworks
12. Rudgwick*
13. Sevenoaks (2 sites)
14. Sunningdale Park*
15. Wallingford*
16. Watford Gasworks
17. Winchester

*New sites contracted for acquisition during the year

The Corniche, Albert Embankment

HOW WE MANAGE RISK

THE ASSESSMENT OF RISK AND EMBEDDING RISK MANAGEMENT THROUGHOUT BERKELEY IS A KEY ELEMENT OF SETTING AND DELIVERING THE GROUP'S STRATEGY.

RISK APPETITE

The Board is responsible for setting and monitoring the risk appetite for Berkeley when pursuing its strategic objectives. The Board's approach to, and appetite for risk is summarised below:

CYCLICAL MARKET

Berkeley's business model is centred on the Board's appreciation of the risks of the cyclical market in which the business operates, where market sentiment and transaction levels can change quickly, requiring us to adopt a flexible approach to our investment decisions.

OPERATIONAL COMPLEXITY

The business model also recognises the complexity of the planning and delivery of the sites Berkeley undertakes, and mitigates this risk by focusing its activities in London and the South East, recognising the importance of relationships and local knowledge and having highly skilled teams in place.

AUTONOMY AND VALUES

We have recognised brands and autonomous, talented and experienced teams who embrace Berkeley's core values in their approach. We create bespoke solutions for each site which requires experienced, intensive management and as such do not produce a standard product.

FINANCIAL STRENGTH

This translates into an approach that, at all times through the cycle, keeps financial risk low in recognition of the operational risks within the business (see page 61).

The Group's risk appetite is reviewed annually and approved by the Board. This review guides the actions we take to implement our strategy.

HOW WE MANAGE RISK

RISK MANAGEMENT FRAMEWORK

The Board takes overall responsibility for risk management, and the assessment of risk and embedding risk management into the business is a key element of setting and delivering our strategy. Our approach combines a top-down strategic review and feedback of risks by the Board, coupled with a bottom-up review and reporting of risk by each operating business.

The top-down assessment of risk by the Board includes a review of the external environment in which Berkeley operates, coupled with a deep seated knowledge of our industry and operations based on the substantial experience of the Board. This takes into account the likelihood and impact of risks, whether pre-existing or emerging, which may materialise in the short or longer-term.

A fundamental principle of the operating structure of the Group is that the prime responsibility for assessing, managing and monitoring the majority of the risks rests with operational management, thus ensuring risk management is embedded in our day-to-day operations.

Risk registers at operational level are overlain by wider strategic risks facing the Group, such as macro-economic risk. This is then assessed and managed by the Board and Executive Committee.

The Audit Committee has responsibility for ensuring the effectiveness of risk management and internal controls on behalf of the Board. The controls and processes surrounding how we assess risk across the Group are explained further in the Corporate Governance report on page 84.

The principal operating risks and our approach to mitigating them are described in more detail on pages 62 to 69.

VIABILITY STATEMENT

In accordance with provision C2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors have assessed the longer term viability of the Group.

The Directors have undertaken their assessment over a four year period from 1 May 2017 to 30 April 2021. The end of this period coincides with the end of the earnings guidance provided by the Board and broadly with the end of the current Shareholder Returns Programme. The majority of the Group's developments are long-term in nature and the Board's strategic planning reviews cover at least this timeframe. Furthermore, the Group owns or controls the land required for this period and accordingly there is sufficient detail within the individual site cash flow forecasts to enable a meaningful assessment over this period.

In making its assessment, the Directors have considered the principal risks facing the Group and how the Group mitigates such risks, which are summarised on pages 62 to 69 of the Strategic Review. The majority of risks to the Group are operational in nature primarily because the sites acquired are generally complex, long-term regeneration schemes and therefore risk management is appropriately embedded in the day-to-day business processes and controls. The individual site cash flow forecasts, which are used to prepare the Group's consolidated cash forecasts, take account of these individual site operational risks.

The Group's business model, as set out on pages 46 and 47 of the Strategic Review, recognises these operational risks, and that the property market is inherently cyclical, and accordingly a core risk management principal for the Group is to keep financial risk sufficiently low through forward selling where possible, maintaining a sound balance sheet and headroom within its financing activities. The Group's consolidated cash flow forecasts include appropriate allowances for discretionary investment and the quantum and timing of this is in turn subject to the delivery of the individual site operational cash flows. The viability assessment has considered the impact of reduced sales activity in the four year period from the business plan levels as a result of adverse macro-economic conditions and the Directors have also taken into account appropriate mitigating actions which may be instigated in response, primarily around curtailed discretionary investment, such as lower new land purchases or deferment of new site starts, amongst others.

Based on the assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four year period commencing 1 May 2017.

IN MAKING ITS ASSESSMENT, THE DIRECTORS HAVE CONSIDERED THE PRINCIPAL RISKS FACING THE GROUP AND HOW THE GROUP MITIGATES SUCH RISKS.

EXPOSURE TO FINANCIAL RISKS

The financial risks to which Berkeley is exposed include:

LIQUIDITY RISK

The risk that the funding required for the Group to pursue its activities may not be available.

MARKET CREDIT RISK

The risk that counterparties (mainly customers) will default on their contractual obligations, resulting in a loss to the Group. The Group's exposure to credit risk is comprised of cash and cash equivalents and trade and other receivables.

MARKET INTEREST RATE RISK

The risk that Group financing activities are affected by fluctuations in market interest rates.

OTHER FINANCIAL RISKS

Berkeley contracts all of its sales and the vast majority of its purchases in sterling, and so has no significant exposure to currency risk, but does recognise that its credit risk includes receivables from customers in a range of jurisdictions who are themselves exposed to currency risk in contracting in sterling.

MANAGEMENT OF FINANCIAL RISKS

Berkeley adopts a prudent approach to managing these financial risks.

TREASURY POLICY AND CENTRAL OVERVIEW

The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are coordinated centrally as a Group function. The treasury policy is intended to maintain an appropriate capital structure to manage the financial risks identified and provide the right platform for the business to manage its operating risks.

LOW GEARING

The Group is currently financing its operations through shareholder equity, supported by over £285 million of net cash on the balance sheet. This in turn has mitigated its current exposure to interest rate risk.

HEADROOM PROVIDED BY BANK FACILITIES

The Group extended its borrowing facilities in the year, and now has £750 million of committed credit facilities maturing in November 2021 (2016: £575 million). A term loan of £300 million was introduced and the revolving credit facility reduced from £575 million to £450 million. The facilities retain optional extensions to November 2023. Berkeley has a strong working partnership with the six banks that provide the facilities (listed on page 155) and is key to Berkeley's approach to mitigating liquidity risk.

FORWARD SALES

Berkeley's approach to forward selling new homes to customers provides good visibility over future cash flows, as expressed in cash due on forward sales which stands at £2,743 million at 30 April 2017. It also helps mitigate market credit risk by virtue of customers' deposits held from the point of unconditional exchange of contracts with customers.

LAND HOLDINGS

By investing opportunistically in land at the right point in the cycle, holding a clear development pipeline in our land holdings and continually optimising our existing holdings, we are not under pressure to buy new land when it would be wrong for the long-term returns for the business.

DETAILED APPRAISAL OF SPENDING COMMITMENTS

A culture which prioritises an understanding of the impact of all decisions on the Group's spending commitments and hence its balance sheet, alongside weekly and monthly reviews of cash flow forecasts at operating company, divisional and Group levels, recognises that cash flow management is central to the continued success of Berkeley.

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EXTERNAL RISKS

	RISK DESCRIPTION AND IMPACT	APPROACH TO MITIGATING RISK	LIKELIHOOD CHANGE DURING YEAR	IMPACT CHANGE DURING YEAR	COMMENTARY
ECONOMIC OUTLOOK	As a property developer, Berkeley's business is sensitive to wider economic factors such as changes in interest rates, employment levels and general consumer confidence. Some customers are also sensitive to changes in the sterling exchange rate in terms of their buying decisions or ability to meet their obligations under contracts. Changes to economic conditions in the UK, Europe and worldwide may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.	Recognition that Berkeley operates in a cyclical market is central to our strategy and maintaining a strong financial position is fundamental to our business model and protects us against adverse changes in economic conditions. Land investment in all market conditions is carefully targeted and underpinned by demand fundamentals and a solid viability case, respecting the cyclical nature of the property industry. Levels of committed expenditure are carefully monitored against forward sales secured, cash levels and headroom against our available bank facilities, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets. Production programmes are continually assessed, depending upon market conditions. The business is committed to operating at an optimal size, with a strong balance sheet, through autonomous businesses to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.	↗	↗	Although UK economic performance has been resilient over the last year, uncertainty remains over the economic outlook for the UK following the results of the EU referendum in June 2016 and US elections in November 2016. Following an inevitable hiatus immediately following the Brexit vote, markets have since stabilised, although there is no consensus view as to how both these events, and the recent UK General Election, will impact the UK economy in the short to medium-term. Foreign exchange markets remain volatile and whilst interest rates remain low, UK inflation is increasing, partly driven by the devaluation of sterling. Consequently, there is likely to be pressure on consumer earnings going forward. See pages 6 and 8 **2017 Performance Highlights see pages 2 and 3** - Net asset value per share - Profit before tax - Basic earnings per share - Return on equity - Basic EPS
POLITICAL OUTLOOK	Significant political events, including the impact of the vote to leave the EU, may impact Berkeley's business through, for instance, the reluctance of buyers to make investment decisions due to political uncertainty and, subsequently, specific policies and regulation may be introduced that directly impact our business model.	Whilst we cannot directly influence political events, the risks are taken into account when setting our business strategy and operating model. In addition, we actively engage in the debate on policy decisions.	↗	↗	There is significant uncertainty over the nature of Britain's exit from and future relations with the EU, alongside how this will impact the UK economy. The negotiations and transition are expected to take several years, creating uncertainty that may impact investment levels in the UK from both domestic and overseas customers and investors, and access to labour markets. See pages 6 and 8
REGULATION	Adverse changes to Government policy on areas such as taxation, housing and the environment could restrict the ability of the Group to deliver its strategy. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	Berkeley is focused geographically on London and the South of England, which limits our risk when understanding and determining the impact of new regulation across multiple locations and jurisdictions. The effects of changes to Government policies at all levels are closely monitored by operating businesses and the Board, and representations made to policy-setters where appropriate. Berkeley's experienced teams are well placed to interpret and implement new regulations at the appropriate time through direct lines of communication across the Group, with support from internal and external legal advisors. Detailed policies and procedures are in place where appropriate to the prevailing regulations and these are communicated to all staff.	→	→	Following the increased level of risk highlighted last year resulting from the increased level of property taxes and other regulatory changes, the risk this year remains at a similar level. Given the ongoing under supply of new housing in London and the impact this has on London remaining an inclusive and open global city, the Government's White Paper and the Mayor's continued focus on housing are welcomed, albeit that these will take some time to effect change given competing priorities. See pages 6 and 8

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HOW WE MANAGE RISK

INTERNAL RISKS

	RISK DESCRIPTION AND IMPACT	APPROACH TO MITIGATING RISK	LIKELIHOOD CHANGE DURING YEAR	IMPACT CHANGE DURING YEAR	COMMENTARY
LAND AVAILABILITY	An inability to source suitable land to maintain the Group's land holdings at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.	Understanding the markets in which we operate is central to Berkeley's strategy and, consequently, land acquisition is focused on Berkeley's core markets of London and the South of England, markets in which it believes that the demand fundamentals are strong. Berkeley has experienced land teams with strong market knowledge in their areas of focus, which gives us the confidence to buy land without an implementable planning consent and, with an understanding of local stakeholders' needs, positions Berkeley with the best chance of securing a viable planning consent. Berkeley acquires land opportunistically, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise. Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the greatest chance of securing targeted land. The Group maintains its land holdings to mitigate against significant impacts from market changes or delayed build activity.	→	→	The Group continues to focus on enhancing the value of the land bank through a combination of acquiring new sites, enhancing the value of existing sites and bringing sites through the strategic pipeline of long-term options. Investment decisions are affected by the uncertainty in the political and economic outlook as well as complexitie in the planning system. The risk remains unchanged in the year, with Berkeley remaining selective in terms of acquiring new sites. In addition, the Group continues to work closely with National Grid to identify sites from across its portfolio to bring into the St William joint venture. See pages 48 and 75 **2017 Performance Highlights see page 3** - Gross margin on land holdings
PLANNING PROCESS	Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings. This could have a direct impact on the Group's ability to deliver its product and on its profitability.	The Group's strategic geographical focus and expertise places it in the best position to conceive and deliver the right consents for the land acquired. Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally. The planning status of all sites is reviewed at both monthly divisional Board meetings and Main Board meetings. The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.	→	↗	The planning process remains highly complex and time consuming with increased demands from a combination of affordable housing, the Community Infrastructure Levy, Section 106 obligations and review mechanisms. There are also further challenges in getting land ready for development once planning is secured, including utilities, remediation, easements, compulsory purchase orders and the discharge of planning conditions. These are an added impediment to increased delivery. This has led to an increase in the impact of this risk in the last year. See pages 49 and 75
RETAINING PEOPLE	An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities. Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage. .	We have developed a series of commitments within Our Vision, our plan for the business, to ensure that we retain and develop the best people to support the business in the long-term. This includes a talent management programme, investment in training and the implementation of health and wellbeing initiatives. Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel. Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive.	→	→	The motivation, retention and progression of our people remains fundamental to the delivery of our strategy. The Group continues to have a stable senior management team and despite the normal pressure of people retention, overall retention rates have improved in the last year as a result of the focus on talent management, career progression opportunities, training and health and wellbeing initiatives. See page 38 **2017 Performance Highlights see page 2** - Apprentices and training

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	RISK DESCRIPTION AND IMPACT	APPROACH TO MITIGATING RISK	LIKELIHOOD CHANGE DURING YEAR	IMPACT CHANGE DURING YEAR	COMMENTARY
SECURING SALES	An inability to match supply to demand in terms of product, location and price could result in missed sales targets and / or high levels of completed stock which in turn could impact on the Group's ability to deliver its corporate strategy.	Detailed market demand assessments of each site are undertaken before acquisition and regularly during delivery of each scheme to ensure that supply is matched to demand in each location. Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location. The Group has a diverse range of developments with homes available across a broad range of property prices to appeal to a wide market. The Group's ability to forward sell reduces the risk of the development cycle where possible, thereby justifying and underpinning the financial investment in each of the Group's sites. Completed stock levels are reviewed regularly.	→	→	Following an increase in the risk last year, and after the hiatus following the Brexit vote, transactions levels and pricing have normalised. The impact of changes in recent years to SDLT and buy-to-let mortgage interest deductibility has been partly offset by the continued availability of mortgage finance at low interest rates, and favourable currency exchange rates. Furthermore, the Group has well-located developments which are well presented and the design and mix of homes on each development are continually reviewed to ensure these respond to market demand. Customers are at the heart of all of our decisions, and Berkeley prioritises customer service through its Our Vision commitments, with levels of service comparable to other top performing companies. We are committed to understanding their needs and consistently meeting or exceeding their expectations. See pages 8, 22 and 51 **2017 Performance Highlights see pages 2 and 3** - Cash due on forward sales - Net Promoter Score
MORTGAGE AVAILABILITY	An inability of customers to secure sufficient mortgage finance now or in the future could have a direct impact on the Group's transaction levels.	Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio. The Group participates in the Government's Help to Buy scheme, which provides deposit assistance to first-time buyers, and has participated in other Government schemes historically. Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.	→	→	In line with last year, an economic environment of continued low interest rates, combined with resilient economic performance, has supported mortgage availability, resulting in a steady risk profile. The Group continues to monitor the lending criteria of the key financial institutions. **2017 Performance Highlights see page 3** - Cash due on forward sales
SUSTAINABILITY AND CLIMATE CHANGE	Berkeley is aware of the environmental and social impact of the homes and places that it builds, both throughout the development process and during occupation and use by customers and the wider community. The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials, and our customers and communities could be adversely affected through overheating, water shortages or flooding. Failure to address sustainability issues, including climate change, could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demands for sustainable homes.	The strategic direction for sustainability is set at a Group level. Our Vision includes specific commitments to enhance environmental and social sustainability considerations in the operation of our business and the delivery of our homes and places. We have commitments to both mitigate and adapt to climate change. Our sites and offices are encouraged to invest in energy efficiency measures, whilst climate change adaptation measures are considered for all new developments submitted for planning to build resilience into our homes and developments. Operational procedures and processes are regularly reviewed to ensure high standards and legal compliance are maintained. Dedicated sustainability teams are in place in each business and at Group, providing advice, monitoring performance and driving improvement.	→	→	In these areas of continually evolving risks, the Group continues to focus on commitments and initiatives that focus on the long-term success of our business and developments, and that differentiate Berkeley. This includes being the first major house builder to commit to be carbon positive and ensuring that all new developments create a net biodiversity gain. See pages 26, 30 and 34 **2017 Performance Highlights see page 3** - Greenhouse gas emissions intensity

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	RISK DESCRIPTION AND IMPACT	APPROACH TO MITIGATING RISK	LIKELIHOOD CHANGE DURING YEAR	IMPACT CHANGE DURING YEAR	COMMENTARY
HEALTH AND SAFETY	Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public. A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site-related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.	Berkeley considers this to be an area of critical importance. Berkeley's health and safety strategy is set by the Board. Dedicated health and safety teams are in place in each division and at Head Office. Procedures, training and reporting are all regularly reviewed to ensure high standards are maintained and comprehensive accident investigation procedures are in place. Insurance is held to cover the risks inherent in large-scale construction projects. The Group continues to implement initiatives to improve health and safety standards on site.	→	→	The Group remains in a period of high levels of production, with over 13,000 people on our sites every day. Health and safety remains an operational priority for Berkeley and our Accident Incident Rate has decreased further this year to stand at 1.83 at the year end, well below our target of 3.00 and remains one of the best in the industry. See page 40 **2017 Performance Highlights see page 2** - Accident Incident Rate
BUILD COST AND PROGRAMME	Build costs are affected by the availability of skilled labour and the price and availability of materials, supplies and contractors. Declines in the availability of a skilled workforce, and changes to these prices could impact on our build programmes and the profitability of our schemes.	A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition, whilst a further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction. Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month. The Group monitors its development obligations and recognises any associated liabilities which arise. Our Vision includes a specific commitment to promote apprenticeships and training across our workforce and the Group works closely with contractors, schools, colleges and training providers to promote the industry, reach talent and up-skill our workforce through the completion of relevant qualifications.	→	→	Build cost inflation has continued to moderate in the year, although pressures from skills shortages remain, with the UK construction industry facing a significant skills shortage, with more people leaving the industry than joining it. The impact of the vote to leave the EU on the ongoing supply of skilled labour is currently uncertain. The Group has successfully met its target for the numbers of people in apprenticeships or training and will continue to partner with our supply chain to champion this area further. The Group is also increasingly encouraging the recruitment of direct apprentices, utilising funds contributed via the Apprenticeship Levy which commenced in April 2017. See pages 34 and 50 **2017 Performance Highlights see page 2** - Apprentices and training
PRODUCT QUALITY	Berkeley has a reputation for high standards of quality in its product. If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased cost.	Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that product quality is maintained. Customer satisfaction surveys are undertaken on the handover of our homes, and feedback incorporated into the specification and design of subsequent schemes.	→	→	The Group's continued focus on improving the quality of design and product, with attention to every detail in our homes, remains at the heart of our delivery. We are constantly looking at ways to meet the demands of changing lifestyles, including the delivery of the Urban House, as well as the rapidly changing levels of expectations from our customers over the digital capacity of their homes by targeting connectivity from day one for all our homes. See pages 26 and 50 **2017 Performance Highlights see page 2** - Net Promoter Score
CYBER AND DATA RISK	The Group acknowledges that it places significant reliance upon the availability, accuracy and security of all of its underlying operating systems and the data contained therein. The Group could suffer significant financial and reputational damage because of the corruption, loss or theft of data, whether inadvertent or via a deliberate, targeted cyber-attack.	Berkeley's systems and control procedures are designed to ensure that data confidentiality and integrity are not compromised. Our Information Security Programme focuses primarily on stopping security breaches, and ongoing monitoring and scanning are also conducted. We also work closely with our suppliers and partners to improve the understanding of security best practices. An IT Security Committee meets monthly to address all cyber security matters. The Group has achieved Cyber Essentials Plus certification and implemented a Group-wide security awareness programme, which is refreshed on a regular basis to update employees on current cyber security trends. The Group operates multiple data centres, thereby ensuring that there is no centralised risk exposure and the adequacy of the IT disaster recovery plan is regularly assessed. The Group has Cyber insurance in place to mitigate against any financial impact.	↗	→	The threat from cyber attacks continues to increase with a number of high profile incidents in the last year, including attacks on banks and the NHS. The methods of attack continue to evolve and are becoming more sophisticated. Recent attacks have shown a step change in the methods and available technologies that can be used. These tools are now in the domain of smaller sized and less funded cyber criminals as well as the more advanced state sponsored organisations. With this step change in attack sophistication security companies are devising additional capabilities to deter, detect, protect and respond to threats. Technology companies continue to actively work to fix vulnerabilities before they are exposed by cyber criminals and the awareness and openness to sharing cyber incidents has meant organisations are more prepared to deal with cyber attacks.

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“PLACEMAKING IS A CRAFT. IT IS NOT A PRODUCTION LINE. AS WELL AS GREAT ARCHITECTURE AND STREETS, RESIDENTS ALSO WANT A GOOD SOCIAL LIFE.”

Fitzroy Gate, Old Isleworth

TRADING AND FINANCIAL REVIEW

TRADING PERFORMANCE

Revenue of £2,723.5 million in the year (2016: £2,047.5 million) arose primarily from the sale of new homes in London and the South of England. This included £2,667.4 million of residential revenue (2016: £1,965.2 million), £27.2 million from the sale of ground rent assets (2016: £53.4 million) and £28.9 million of commercial revenue (2016: 26.6 million). There were no land sales in the year (2016: £2.3 million).

3,905 new homes (2016: 3,776) were sold across London and the South of England at an average selling price of £675,000 (2016: £515,000). The anticipated increase in the average selling price is a result of product mix, with Berkeley completing a number of sales on schemes in central London in the year. The comparative financial year included the disposal of two student developments, one in Bath and one in London at Acton, which together comprised 638 units.

In the previous two financial years, Berkeley completed the disposal of its historical ground rent asset portfolios. Ground rent assets now being sold are predominantly from current sites and, accordingly, such disposals are considered part of the ongoing core business and absorb an appropriate allocation of development costs.

Revenue of £28.9 million from commercial activities (2016: £26.6 million) included the sale of some 85,000 sqft of office, retail and leisure space across a number of the Group's developments including Royal Well Park in Kent and Kew Bridge, Riverlight, Chelsea Creek, Fulham Reach and Goodman's Fields in London. The £26.6 million of revenue last year was from the sale of some 119,000 sqft of office, retail and leisure space.

The gross margin percentage of 34.5% is in line with last year's 34.3%.

Overheads of £183.6 million (2016: £199.8 million) decreased by £16.2 million in the year. This includes a net £22.3 million reduction in the charge to the income statement for the Group's share schemes, and an underlying increase of £6.1 million.

There are a number of factors resulting in the net £22.3 million reduction in share scheme charges, which includes the associated employer's National Insurance costs. The Company cash settled the tax and National Insurance liabilities arising on the vesting of options for participants in the 2011 LTIP on 30 September 2016 in lieu of issuing shares. The cash cost is recorded in overheads. However, this was more than offset by, firstly, the effect of the introduction of the caps on the Executive Director remuneration approved by shareholders at the EGM on 23 February 2017, effective from 1 May 2017, and secondly, the prior year included the costs associated with the second tranche of Part B of the 2009 LTIP which vested on 15 April 2016 which was also cash settled to the extent of the tax and National Insurance liabilities of participants.

The result is that the Group's operating margin has increased to 27.8% from 24.5% last year.

Berkeley's share of the results of joint ventures was a profit of £63.8 million (2016: £36.5 million) which reflects the first completions during the current financial year at 190 Strand and Green Park in Reading, as well as further completions at 375 Kensington High Street and Stanmore Place within St Edward, and pre-development costs within St William in the early stages of the joint venture.

The Group has remained cash positive on a net basis throughout the year. Net finance costs totaled £7.6 million for the year (2016: £7.5 million) due to facility fees and imputed interest on tax and land creditors.

Pre-tax return on equity for the year is 41.1%, compared to 30.8% last year. Basic earnings per share have increased by 58.1% from 295.8 pence to 467.7 pence, which takes into account the issue of a further 1.8 million shares in September 2016 to satisfy share awards under the 2011 LTIP scheme as well as the buy-back of 2.4 million shares at a cost of £64.5 million, including £20.1 million in June 2016 and £44.4 million under the Shareholder Returns Programme.

Income Statement for the year ended	30 April 2017 £'million		30 April 2016 £'million		Change £'million	Change %
Revenue	**2,723.5**		2,047.5		+676.0	+33.0%
Gross profit	**939.8**	**34.5%**	701.7	34.3%	+238.1	+33.9%
Operating expenses	**(183.6)**	**6.7%**	(199.8)	9.8%	+16.2	-8.1%
Operating profit	**756.2**	**27.8%**	501.9	24.5%	+254.3	+50.7%
Net finance costs	**(7.6)**		(7.5)		-0.1	
Share of joint venture results	**63.8**		36.5		+27.3	
Profit before tax	**812.4**	**29.8%**	530.9	25.9%	+281.5	+53.0%
Tax	**(167.3)**	**20.6%**	(126.8)	23.9%	-40.5	
Profit after tax	**645.1**		404.1		+241.0	+59.6%
Earnings Per Share – Basic	**467.8p**		295.8p		+172.0p	+58.1%
Dividend Per Share	**185.0p**		190.0p		-5.0p	-2.6%
Pre-Tax Return on Equity	**41.1%**		30.8%		+10.3%	

TAXATION

The Group has an overall tax charge of £167.3 million for the year (30 April 2016: £126.8 million) and an effective tax rate of 20.6% (30 April 2016: 23.9%). The Group manages its tax affairs in an open and transparent manner with the tax authorities and observes all applicable rules and regulations in the countries in which it operates. Factors that may affect the Group's tax charge in future periods include changes in tax legislation and the resolution of open issues.

The Group holds tax provisions in respect of the potential tax liability that may arise on the resolution of open tax issues, however, the amount ultimately payable may be higher or lower than the amount accrued thus reducing or improving the overall profitability and cash flow of the Group in future periods. The adjustments in respect of previous periods reflects the status of open issues on which significant progress has been made in the year.

FINANCIAL POSITION

Net assets increased over the course of the year by £324.1 million, or 17.9%, to £2,136.9 million (2016: £1,812.8 million). This is after payment of £254.6 million of dividends and the £64.5 million of share buy-backs. This equates to a net asset value per share of 1,556 pence, up 18.4% from 1,314 pence at 30 April 2016.

Inventories have increased by £227.3 million from £3,256.1 million at 30 April 2016 to £3,483.4 million at 30 April 2017. Inventories include £414.1 million of land not under development (30 April 2016: £384.1 million), £2,981.7 million of work in progress (30 April 2016: £2,853.9 million) and £87.6 million of completed stock (30 April 2016: £18.1 million).

Trade and other payables are £1,878.4 million at 30 April 2017 (£1,858.9 million at 30 April 2016). These include £974.9 million of on-account receipts from customers (30 April 2016: £1,105.8 million) and land creditors of £142.9 million (30 April 2016: £174.7 million). Provisions of £99.9 million (30 April 2016: £88.5 million) include post completion development obligations and other provisions.

The Group ended the year with net cash of £285.5 million (30 April 2016: £107.4 million). This is an increase of £178.1 million during the year (2016: decrease of £323.5 million) as a result of £769.8 million of cash generated from operations (2016: £530.8 million) and a net outflow of £232.8 million in working capital (2016: £436.8 million), before tax and other net cash outflows of £39.8 million (2016: £153.2 million), share buybacks of £64.5 million (2016: £4.8 million) and dividends of £254.6 million (2016: £259.5 million).

BANKING

During the year the Board reviewed the Group's banking arrangements, having regard to the size of the business and the investment opportunities emerging in the prevailing environment. As a consequence, Berkeley increased its committed corporate banking facilities to £750 million from £575 million as of 25 November 2016. The agreement was dated 25 November 2016 and has a five year term, with options over an additional two years. A term loan of £300 million was introduced and the revolving credit facility element reduced from £575 million to £450 million. The term loan was drawn down in February 2017.

Abridged cash flow for the year ended		30 April 2017 £'million		30 April 2016 £'million
Profit before tax		**812.4**		530.9
Increase in inventory	**(227.3)**		(602.0)	
(Decrease) / increase in customer deposits	**(130.9)**		184.9	
Other working capital movements	**125.1**		(21.2)	
Net investment in working capital		**(233.1)**		(438.3)
Net receipts from / (investment in) joint ventures		**15.0**		(63.2)
Tax paid		**(115.6)**		(100.8)
Other movements		**18.5**		7.4
Cash inflow / (outflow) before share buy-backs and dividends		**497.2**		(64.0)
Purchase of own shares		**(64.5)**		(4.8)
Dividends		**(254.6)**		(259.5)
Increase / (decrease) in net cash		**178.1**		(323.5)
Opening net cash		**107.4**		430.9
Closing net cash		**285.5**		107.4

TRADING AND FINANCIAL REVIEW

Abridged balance sheet as at	30 April 2017 £'million	Movements £'million	April 2016 £'million
Non-current assets			
- Investment in Joint Ventures	**135.0**	-15.0	150.0
- Other non-current assets	**99.4**	-13.2	112.6
Total non current assets	**234.4**	-28.2	262.6
Inventories	**3,483.4**	+227.3	3,256.1
Debtors	**229.5**	+17.2	212.3
Deposits and on account receipts	**(974.9)**	+130.9	(1,105.8)
Other trade payables	**(1,021.1)**	-189.8	(831.3)
Provisions	**(99.9)**	-11.4	(88.5)
Capital employed	**1,851.4**	+146.0	1,705.4
Net cash	**285.5**	+178.1	107.4
Net assets	**2,136.9**	+324.1	1,812.8
Net asset value per share	**1,556p**	+242p	1,314p

Analysis of inventory as at	30 April 2017 £'million	Movements £'million	30 April 2016 £'million
Land not under development	**414.1**	+30.0	384.1
Work in progress: land cost	**919.0**	-56.8	975.8
	1,333.1	-26.8	1,359.9
Work in progress: build cost	**2,062.7**	+184.6	1,878.1
Completed units	**87.6**	+69.5	18.1
Inventories	**3,483.4**	+227.3	3,256.1

Land holdings as at	30 April 2017	Variance	30 April 2016
Owned	**33,771**	-15	33,786
Contracted	**12,580**	+3,508	9,072
Plots	**46,351**	+3,493	42,858
Sales value	**£21,767m**	+£1,009m	£20,758m
Average selling price (ASP)*	**£520k**	-£9k	£529k
Average plot cost	**£62k**	-£1k	£63k
Land cost (%)	**13.2%**	+0.3%	12.9%
Gross margin	**£6,378m**	+£232m	£6,146m
GM%	**29.3%**	-0.3%	29.6%

* ASP reflects joint ventures at 100%

JOINT VENTURES

Investments accounted for using the equity method have decreased from £150.0 million at 30 April 2016 to £135.0 million at 30 April 2017. Berkeley's joint ventures include St Edward, a joint venture with Prudential plc, and St William, a joint venture with National Grid plc. The decrease in joint venture investments during the year reflects dividend distributions and loan repayments from St Edward of £91.1 million which exceeded joint venture net profits of £63.8 million and further funding into St William during the year of £12.3 million. In August 2016, St William entered into a £150 million facility agreement with Barclays, Lloyds, and HSBC for a term of three years with options over a further two years. Along with the joint venture partner funding already provided, St William has visibility over its financing arrangements as it continues to grow and develop its land bank.

St Edward has four schemes currently in development at Stanmore Place, 375 Kensington High Street, 190 Strand and Green Park in Reading. 251 homes were sold in the year at an average selling price of £1,322,000 (2016: 240 at £1,329,000), which continues to reflect the mix at the central London developments of 375 Kensington High Street and 190 Strand.

2,152 plots (2016: 1,868 plots) in Berkeley's land holdings relate to St Edward schemes. During the year a resolution to grant consent for a development in Wallingford has been obtained. The site has come through the strategic land holdings and is now included in the Group's land bank. St Edward also controls a commercial site in Westminster which has a detailed planning consent but will not move into development until the premises are vacated by the current tenant.

6,459 plots (2016: 3,599 plots) in Berkeley's land holdings relate to St William schemes, with five new schemes contracted in the year. During the year production commenced on St William's Prince of Wales Drive development in Battersea. Berkeley continues to work closely with National Grid to identify sites from across its portfolio to bring through into its land holdings. In total, there are now 11 St William developments included in the Group's land holdings, where joint ventures are reflected at the appropriate share of profit.

LAND

Berkeley has made strong progress in delivering value into and from its land holdings during the year, growing its estimated future gross margin to £6,378 million at 30 April 2017 from £6,146 million at the start of the year, despite a record year of profit delivery for the Group. This includes the Group's 50% share of the anticipated gross margin on joint venture developments. As at 30 April 2017, the Group (including joint ventures) controlled some 46,351 plots which compares to 42,858 plots at the start of the year.

Of the total land holdings plots, 33,771 plots (2016: 33,786) are owned and included on the balance sheet and 12,580 plots (2016: 9,072) are contracted sites which do not yet have a planning consent or are subject to vacant possession. The Group also holds a strategic pipeline of long-term options for in excess of 5,000 plots.

Excluding joint ventures, ten new sites have been added to the land bank in the year. These include six developments in the South East, all in high demand locations: Farnham, Leatherhead and Cranleigh in Surrey, Royal Tunbridge Wells in Kent, Rudgwick in West Sussex and Sunningdale in Berkshire. In London, we have acquired two sites unconditionally: the 21 acre Northfields industrial estate where Berkeley is preparing a planning application and a site in Ealing adjacent to the Group's existing Dickens Yard development. In addition, the Group has conditionally acquired a site on Wood Lane located immediately to the west of the existing White City development and a further conditional site in Paddington which will enhance the existing West End Gate development which was released to production during the year.

In addition, six joint venture sites have been added to the land bank in the year. This includes St Edward's development in Wallingford, which secured a resolution to grant consent in the year, and five former gasworks sites into St William. These five St William sites comprise some 3,000 homes but remain subject to planning, which the joint venture will pursue during the forthcoming financial year, and vacant possession. Accordingly, these sites are long-term in nature.

Berkeley has secured ten new planning consents this year, as well as a significant number of revised consents which have sought to improve the development solution for each scheme to add value and/or reduce risk, which is a key part of Berkeley's approach. The new consents include, in London, an adjacent phase to South Quay Plaza and developments in Kingston and Blackheath. In the South East Berkeley has secured new consents on schemes in Wokingham, St Edward's Wallingford development (resolution to grant), Leatherhead, Royal Tunbridge Wells, Rudgwick and, in St William, at Borehamwood and Rickmansworth.

The Group's land holdings at 30 April 2017 comprise some 90 sites, which is up from 77 a year ago. Of these, 58 (64%) have an implementable planning consent and are in construction and a further 14 (16%) have at least a resolution to grant planning but the consent is not yet implementable; typically due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. The remaining 18 sites (20%) are in the planning process, with 15 of these subject to conditional contracts which means there is low financial risk on balance sheet. These 15 sites comprise the 12,580 contracted plots and include Stephenson Street, Oval Gasworks, the new site acquired on Wood Lane adjacent to White City in the year, as well as the St William former gasworks sites at Fulham, Poplar and Hornsey.

The estimated future gross margin represents management's risk-adjusted assessment of the potential gross profit for each site, taking account of a wide range of factors, including: current sales and input prices; the political and economic backdrop; the planning regime; and other market forces; all of which could have a significant effect on the eventual outcome. The increase in gross margin in the year is due to both acquisitions and value added through improvements secured both to current and future schemes, a core part of the Group's activities.

Rob Perrins
Chief Executive

21 June 2017

BERKELEY ANNUAL REPORT 2017 **GOVERNANCE**

02 GOVERNANCE

Curzon cinema at Goodman's Fields, Aldgate

BOARD OF DIRECTORS

CHAIRMAN AND EXECUTIVE DIRECTORS

TONY PIDGLEY CBE N

Chairman

Date of appointment to the Board:

Co-founder of the Company in 1976 and appointed Chairman on 9 September 2009.

Committee memberships:

Chairman of the Nomination Committee

Skills and experience:

Tony left school at 15 to form his own company in haulage and plant hire. He later sold his business to Crest Homes where he became a Building Director. In 1975, Tony left Crest Homes with fellow director, Jim Farrer, to form Berkeley. Tony became Group Managing Director in 1976 and was appointed Group Chairman in 2009.

Tony's expertise has been used to advise the recent Estate Regeneration Advisory panel, Lord Heseltine's Thames Estuary Growth Commission, the Mayor on the Outer London Commission and the Government on the disposal of public sector land.

Tony was awarded the CBE in 2013 for services to the housing sector and the community. He was also awarded an Honorary Doctorate of Heriot-Watt University in 2013 in recognition of his outstanding contribution to house building and achievements in sustainable urban development.

Other appointments:

President, London Chamber of Commerce and Industry

Trustee, Open City London

Trustee, Sir Simon Milton Foundation

Vice President, Wildfowl & Wetlands Trust

ROB PERRINS BSC (HONS) FCA

Chief Executive

Date of appointment to the Board:

1 May 2001

Committee memberships:

None

Skills and experience:

Rob joined the Company in 1994 having qualified as a chartered accountant with Ernst & Young in 1991. He was appointed to the Group Main Board on 1 May 2001 on becoming Managing Director of Berkeley Homes plc. He became Group Finance Director on 2 November 2001, moving to his current role as Chief Executive on 9 September 2009.

In 2010 Rob launched Berkeley Group's "Our Vision" strategy with its aspiration for Berkeley to be a modern world-class business. Rob has 23 years' experience working in the property industry, he regularly contributes to public debates about the direction of housing policy and the property market and is a member of the Bank of England's Residential Property Forum.

Other appointments:

Council member, Aston University

Governor, Wellington College

RICHARD STEARN BSC (HONS) FCA

Finance Director

Date of appointment to the Board:

13 April 2015

Committee memberships:

None

Skills and experience:

Richard re-joined Berkeley on 13 April 2015 as Finance Director, having previously worked for the company from 2002 to 2011 as Group Financial Controller. In the intervening period, Richard spent three years at Quintain Estates and Development plc, becoming its Finance Director in July 2012. He originally trained and practiced for 12 years as a chartered accountant with PricewaterhouseCoopers.

Richard has 15 years' experience in the property and development industry. His responsibilities include oversight of the Group's finance, treasury, tax, risk management, internal audit and IT teams.

Other appointments:

None

KARL WHITEMAN BSC (HONS)

Executive Director

Date of appointment to the Board:

10 September 2009

Committee memberships:

None

Skills and experience:

Karl joined Berkeley in 1996 as a Construction Director and currently leads the Berkeley Homes (East and West Thames) division. He joined the Group Main Board on 10 September 2009 as a Divisional Executive Director.

Karl leads on the delivery of three of the largest regeneration projects in the UK – Kidbrooke Village, Royal Arsenal Riverside and Southall Waterside. He oversees the Sustainability strategy across the Group and chairs the Health & Safety committee.

Other appointments:

None

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SEAN ELLIS BSC (HONS)

Executive Director

Date of appointment to the Board:

9 September 2010

Committee memberships:

None

Skills and experience:

Sean joined Berkeley in 2004 with expertise in land and planning. He joined the Group Main Board on 9 September 2010 as a Divisional Executive Director. Sean is Chairman of St James Group, Berkeley Homes (Eastern Counties) and St William (the Joint Venture with National Grid) and has overall responsibility for the performance of these three businesses.

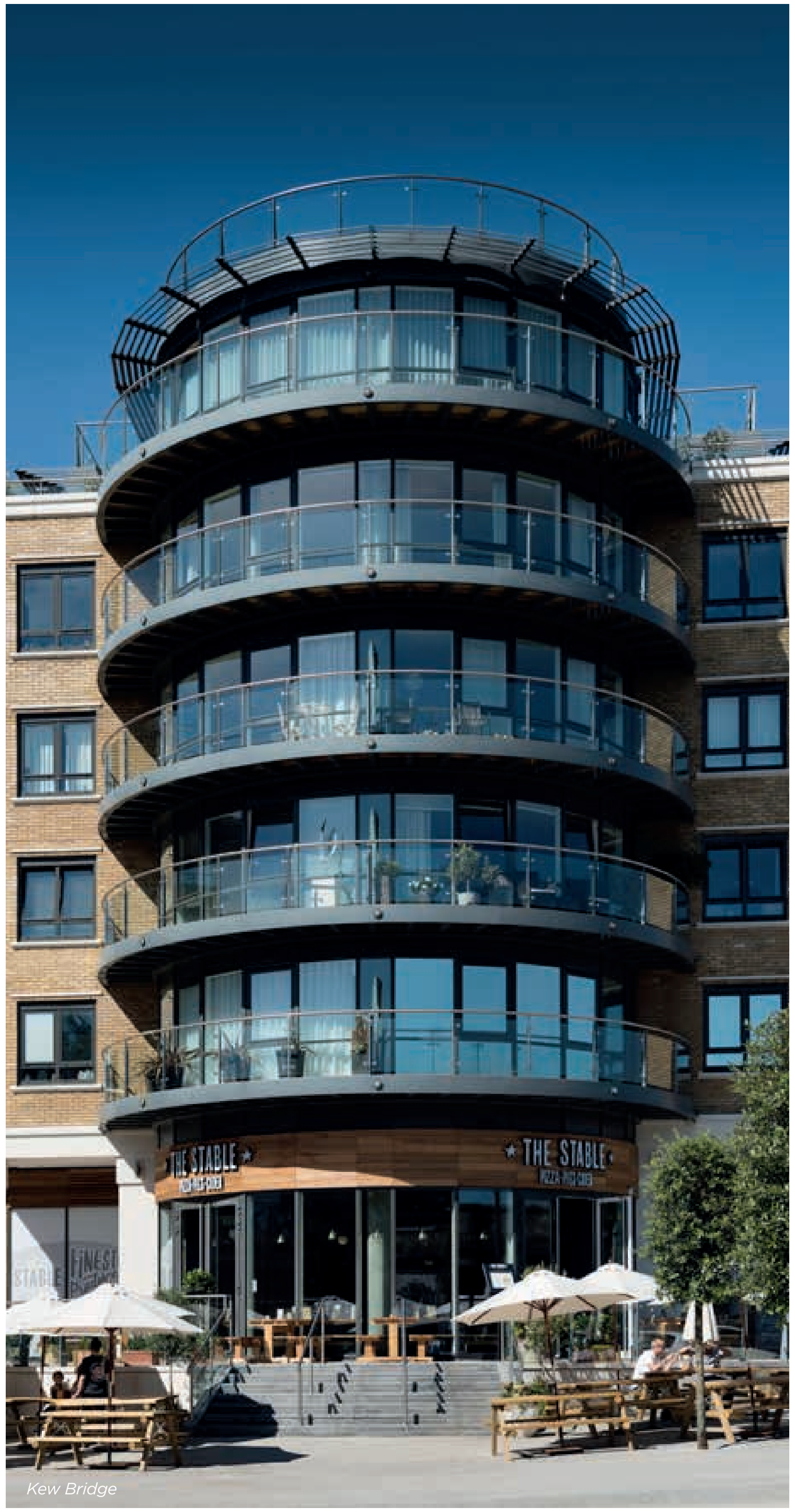
Sean began his career at Beazer Homes and prior to joining Berkeley held various senior positions at Laing Homes where he was appointed Managing Director in 1999. Until recently, Sean was the Chair of the Vauxhall Nine Elms Battersea (VNEB) Landowners Group and the VNEB Strategy Board.

Other appointments:

None

KEY

N Nomination Committee
A Audit Committee
R Remuneration Committee



Kew Bridge

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

SIR JOHN ARMITT N R

Deputy Chairman and Senior Independent Director

Date of appointment to the Board:

1 October 2007 and as Deputy Chairman on 5 September 2012

Committee memberships:

Member of the Nomination and Remuneration Committees

Skills and experience:

Sir John is currently Chairman of National Express Group PLC and the City & Guilds Group and Deputy Chairman of the National Infrastructure Commission. He is an Independent Non-executive Director of Expo 2020. Sir John was President of the Institution of Civil Engineers (2015 - 2016), Chairman of the Olympic Delivery Authority (2007 - 2014) and Chairman of the Engineering and Physical Science Research Council (2007 - 2012). From 2001 to 2007, he was Chief Executive of Network Rail and its predecessor, Railtrack and prior to that was Chairman of John Laing plc's international and civil engineering divisions.

Sir John is the Senior Independent Director. He has amassed extensive operational, commercial and technical experience throughout his career and, as a long-standing Non-executive Director, is able to use the experience he has gained to bring continual challenge to management. Sir John received a knighthood in 2012 for services to engineering and construction and was awarded the CBE in 1996 for his contribution to the rail industry.

Other appointments:

Chairman, National Express Group PLC

Chairman, the City & Guilds Group

Deputy Chairman, National Infrastructure Commission

Independent Non-executive Director, Expo 2020

ADRIAN LI MA (CANTAB), MBA, LPC

Independent Non-executive Director

Date of appointment to the Board:

2 September 2013

Committee memberships:

None

Skills and experience:

Adrian is Executive Director and Deputy Chief Executive of The Bank of East Asia, where he assists the Chief Executive with the overall management of the group. He holds a Master of Management degree from the Kellogg School of Management and an MA in Law from the University of Cambridge.

Adrian brings banking experience to the Board and provides valuable insight into the Far East property and finance markets as well as global macro-economic trends.

Other appointments:

Executive Director and Deputy Chief Executive of The Bank of East Asia, Ltd.

Independent Non-executive Director of three listed companies under the Sino Group (Sino Land Company Ltd., Tsim Sha Tsui Properties Ltd. and Sino Hotels (Holdings) Ltd.)

Independent Non-executive Director, China State Construction International Holdings Ltd.

Independent Non-executive Director, COSCO SHIPPING Ports Ltd.

ALISON NIMMO CBE A

Independent Non-executive Director

Date of appointment to the Board:

5 September 2011

Committee memberships:

Member of the Audit Committee

Skills and experience:

Alison is a Chartered Surveyor and Town Planner by training and is currently Chief Executive of The Crown Estate. Prior to joining The Crown Estate, she led the design and delivery of the London 2012 Olympic and Paralympic venues as Director of Regeneration and Design at the Olympic Delivery Authority and was the lead on sustainability and legacy for the Olympic Park. Her previous roles have included Chief Executive of Sheffield One and Project Director of Manchester Millennium Ltd.

Alison has significant experience of leadership and Government relations. She was awarded a CBE in 2004 for services to urban regeneration and is a Fellow of the Institute of Civil Engineers, an Honorary Fellow of the Royal Institute of British Architects and has an honorary degree from Sheffield Hallam University. In 2014, Alison was awarded the prestigious Royal Town Planning Institute Gold Medal for recognition of her services to town planning and sustainability throughout her career.

Other appointments:

Chief Executive, The Crown Estate

Member of Imperial College's Council and Chair of its White City Syndicate Board

Trustee of the UK Green Building Council

Chair of the CBI's Economic Growth Board

VERONICA WADLEY N A

Independent Non-executive Director

Date of appointment to the Board:

3 January 2012

Committee memberships:

Member of the Audit and Nomination Committees

Skills and experience:

Veronica is a Journalist by profession; she was Editor of the Evening Standard from 2002 to 2009 and previously Deputy Editor of the Daily Mail and The Daily Telegraph. She was Senior Adviser to the Mayor of London from 2012 to 2016 during which time Veronica oversaw the delivery of youth volunteering and employment programmes and developed new strategy for business relationships and sponsorship for the Greater London Authority.

Other appointments:

Independent Director, Times Newspapers Holdings Ltd

Chair of the Arts Council London

National Council member of Arts Council England

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GLYN BARKER BSC (HONS) FCA A R

Independent Non-executive Director

Date of appointment to the Board:

3 January 2012

Committee memberships:

Chairman of the Remuneration Committee and a member of the Audit Committee

Skills and experience:

Glyn is a Chartered Accountant and has extensive experience as a business leader and trusted adviser to FTSE 100 companies. He has a deep understanding of accounting and regulatory issues along with extensive understanding of transactional and financial services.

Glyn was appointed as a Non-executive Director of Berkeley following a 35 year career with PricewaterhouseCoopers LLP ("PwC"), where he held a number of senior posts including UK Vice Chairman, UK Managing Partner and UK Head of Assurance. He also established and ran PwC's Transactions Services business.

Other appointments:

Senior Independent Non-executive Director, Aviva plc

Independent Non-executive Director, Transocean Limited

Chairman, Irwin Mitchell Holdings Limited

Chairman, Interserve plc.

Senior Advisory Partner, Novalpina Capital

ANDY MYERS BEng, ACA A R

Independent Non-executive Director

Date of appointment to the Board:

6 December 2013

Committee memberships:

Chairman of the Audit Committee and a member of the Remuneration Committee

Skills and experience:

Andy qualified as a Chartered Accountant with KPMG in 1990. He has extensive finance and commercial skills and has been Chief Financial Officer at McLaren Technology Group since 2004 where he has responsibility for Finance, IT and Strategic Procurement.

Prior to joining McLaren, Andy held senior finance roles at Rolls Royce plc and at the BMW/Rover Group. He joined Rolls Royce Plc as Finance Director of the Combustion Business Unit in 2000 and was promoted to CFO of the Energy Sector, based in Washington DC two years later.

Other appointments:

Chief Financial Officer at McLaren Technology Group Limited

DIANA BRIGHTMORE-ARMOUR FCCA, MCT N

Independent Non-executive Director

Date of appointment to the Board:

1 May 2014

Committee memberships:

Nomination Committee

Skills and experience:

Diana is a Fellow of the Chartered Certified Accountants and a Fellow of the Association of Corporate Treasurers. She is currently the Chief Executive Officer, UK & Europe of The Australia and New Zealand Banking Group Ltd where she is responsible for oversight of the day-to-day activities of the branch, including the local execution of the Group's strategy, promoting a culture of compliance and ensuring appropriate standards of conduct and governance. Diana was previously CEO, Corporate Banking at Lloyds Banking Group (2004-2012) and spent her early career at The Coca Cola Company.

Diana has 30 years' international experience in banking, corporate finance, financial management, treasury and audit. She is a strong supporter of talent development and gender diversity.

Other appointments:

Chief Executive Officer, UK & Europe of The Australia and New Zealand Banking Group Ltd

COMPANY SECRETARY
G E M PARSONS FCIS

KEY

N Nomination Committee
A Audit Committee
R Remuneration Committee

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance. This section, including the Audit Committee Report, Directors' Remuneration Report and the Nomination Committee Report, details how the Company has applied the main principles and provisions of the UK Corporate Governance Code 2014 (the Code):

- Leadership
- Effectiveness
- Accountability
- Remuneration
- Relations with shareholders

The Company's business model is explained in the Strategic Report. It is the Board's view that it has been fully compliant with the Code throughout the 2016/17 financial year. A copy of the Code is available on the Financial Reporting Council's website www.frc.org.uk

LEADERSHIP

The Board has a collective responsibility for promoting the long-term success of the Company in a safe and sustainable manner in order to create shareholder value. The Board provides leadership and sets the Company's strategic long-term objectives.

Its duties are set out in a formal schedule of matters specifically reserved for decision by the Board, which include:

- Overall management of the Group, its strategy and long-term objectives;
- Approval of corporate plans;
- Approval of all material corporate transactions;
- Changes to the Group's capital structure;
- Approval of the Group's treasury policy;
- Approval of the Group's interim and annual results, dividend policy and shareholder distributions;
- Reviewing the Group's risks and system of internal control;
- Changes to the Board and other senior executive roles;
- Corporate Governance arrangements and the Board evaluation; and
- Approval of policies in key areas including Sustainability, Health & Safety, Business Ethics, Modern Slavery and Share Dealing.

EFFECTIVENESS

Composition and Independence

At the date of this report the Board comprises twelve Directors: the Chairman, four Executive Directors and seven independent Non-executive Directors. The biographies of these directors are set out on pages 78 to 81.

The Board has put in place the succession planning that all successful organisations require and, as explained in the Nomination Committee Report on page 88, the composition of the Board continues to be reviewed on a regular basis to ensure that an appropriate balance of skills and experience is maintained.

The Board reviews the independence of Non-executive Directors on an annual basis taking into account each individual's professional characteristics, behaviour and their contribution to unbiased and independent debate. The Non-executive Directors, led by the Senior Independent Director Sir John Armitt, have the skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. Each Non-executive Director is prepared to question and to challenge management. All of the Non-executive Directors are considered to have been independent throughout the year.

The Board recognises that Sir John Armitt reached a tenure of nine years as an independent Non-executive Director during the year which may lead some investors to question his independence. The Board considered this issue and agreed that Sir John continues to maintain and contribute an independent view in all Board deliberations. In addition, his knowledge of Berkeley and his deep and broad construction expertise and experience continues to be of value to the Board.

Comments have been made regarding the number of directorships Adrian Li holds and whether this may impact his ability to fulfil his duties as an Independent Non-executive Director of Berkeley. Adrian attends all Board meetings in person and plays an active role in Board discussions. As noted in his biography on page 80, three of Adrian's directorships are linked under the Sino Group which is a common corporate structure in South East Asia. There have been no changes to these commitments since he joined the Board in 2015 and the Board remains content that not only does Adrian have sufficient time to dedicate to the Group he also has capacity should anything unforeseen arise in connection with Berkeley which may demand more of his time.

The Executive Directors do not hold any Non-executive Director appointments or commitments required to be disclosed under the Code.

Chairman and Chief Executive

The roles of Chairman and Chief Executive are separately held and there are clear written guidelines to support the division of responsibility between them. The Chairman is responsible for the effective operation of the Board and shareholder general meetings, for overseeing strategy and for ensuring that each Director contributes to effective decision-making. The Chief Executive has day-to-day executive responsibility for the running of the Group's businesses. His role is to develop and deliver the strategy to enable the Group to meet its objectives and to develop the management team.

Meetings

The Board met formally four times during the year to 30 April 2017 and there were no absences.

In addition to the above formal meetings of the whole Board, the Non-executive Directors meet with the Chairman. The Chief Executive and Finance Director are invited to attend these meetings in part, to provide an update on the business activities of the Group. The Non-executive Directors meet at least annually without the Chairman present, chaired by the Senior Independent Director.

Board papers and agendas are sent out in the week prior to each meeting, thus allowing sufficient time for detailed review and consideration of the documents beforehand. In addition, the Board is supplied with comprehensive management information on a regular basis.

Election and re-election of Directors

The Articles of Association of the Company include the requirement for Directors to submit themselves to shareholders for re-election every three years. In addition, all Directors are subject to election by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

In accordance with the requirements of the Code, all Directors offer themselves for re-election at the Annual General Meeting to be held on 6 September 2017.

Induction and development

On appointment, Non-executive Directors are provided with a detailed induction programme. This covers an overview of the Group's operations and its policies, corporate responsibility and corporate affairs issues, legal matters, and the opportunity to meet with Directors and key staff and to visit the Group's sites.

Ongoing training is available to all Directors to meet their individual needs. Board members also receive guidance on regulatory matters and the corporate governance framework that the Group operates under for example, during this year Directors received training on the Market Abuse Regulations.

Members of the Audit and Remuneration Committees received briefings from our auditors and remuneration advisers respectively to ensure they remain up to date with current regulations and developments.

All Directors have access to advice from the Company Secretary and independent professional advisers, at the Company's expense, where specific expertise is required in the course of their duties.

Board evaluation

The Code requires that the Board undertakes an annual evaluation of its own performance and that of its committees and individual directors with an externally facilitated evaluation conducted at least every three years. As in 2016, the Board evaluation for 2017 was externally facilitated by Claire Howard Consultancies, who have no other connection with the Company. Following planning sessions with the Chairman, Group Solicitor and Company Secretary and having reviewed relevant documents, confidential face to face meetings were held with each of the Main Board Directors, the Group Solicitor and the Company Secretary. The Board evaluation meetings were free-flowing and covered, inter alia, the following areas:

- Strategic direction, medium-to-long term strategy and the role of the Board and its Committees in this context
- Board and Board Committee composition, dynamics and culture
- The evolution of certain central functions and the impact on the operation of the Board and its Committees and vice versa
- Future-proofing the Business and the role/working of the Board and its Committees in this context
- Conduct and outcome of last year's Board evaluation and how to get the best out of this and future reviews.

The review concluded that the performance of the Board and Board Committees remains effective and that all the Directors continue to be committed to the business and its future prospects. Recommendations from the previous year's Board Evaluation either had been, or were being, implemented.

The Board has a pivotal role in preserving the organisation's culture and ultimately its success. In line with all successful organisations, succession planning and talent management are seen as key success factors for the business and the Board continues to focus on this area. The autonomous structure of the Group also provides strength in depth which further mitigates this risk.

The report and recommendations from the 2016/17 Evaluation will be discussed by the Board with a view to agreeing actions to be implemented over the coming year as appropriate.

Conflicts of interest

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The decision to authorise a conflict of interest can only be made by non-conflicted Directors (those who have no interest in the matter being considered) and in making such a decision the Directors must act in a way they consider in good faith will be most likely to promote the Company's success.

The Company has established a procedure whereby actual and potential conflicts of interest of current and proposed roles to be undertaken by Directors of the Board with other organisations are regularly reviewed in respect of both the nature of those roles, and their time commitment, and for proper authorisation to be sought prior to the appointment of any new director. The Board consider these procedures to be working effectively.

Insurance

The Company had in place at 30 April 2017 an appropriate policy which insures Directors against certain liabilities, including legal costs, which they may incur in carrying out their duties. This remains in place.

Board Committees

The Board has delegated certain matters to individual Executives and to the specific Committees of the Board; audit, remuneration and nomination. The main three Board Committees operate within clearly defined Terms of Reference pursuant to the provisions of the Code. The Terms of Reference can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk). Copies are also available to shareholders on application to the Company Secretary.

The responsibilities of the key Board Committees are described below.

Executive Committee

The Executive Committee meets monthly and reviews the financial and operating performance of all Group divisions and companies. The Chief Executive, R C Perrins, chairs this Committee and other members comprise, A W Pidgley CBE, R J Stearn, K Whiteman and S Ellis alongside other senior management employees. G J Fry was a member of the Committee until his retirement on 31 December 2016.

Audit Committee

The Audit Committee is responsible for monitoring and reviewing the financial reporting and accounting policies of the Company, reviewing the adequacy of internal controls and the activities of the Group's internal audit function and overseeing the relationship with the external auditor. The Audit Committee comprises four independent Non-executive Directors. The Committee is chaired by A Myers and the other members at 30 April 2017 were A Nimmo CBE, G Barker and V Wadley.

A Myers and G Barker are both considered to have recent and relevant experience. A Myers is qualified as a chartered accountant and is currently Chief Financial Officer at McLaren Technology Group Limited and G Barker is also qualified as a chartered accountant, having previously held a number of senior posts within PwC including UK Managing Partner and Head of Assurance.

The Committee met formally on three occasions during the year to 30 April 2017 with no absences.

An explanation of the role and activities of the Audit Committee during the year is contained in the Audit Committee report on pages 86 and 87.

Remuneration Committee

The Remuneration Committee is responsible for determining the Company's policy for Executive remuneration and the precise terms of employment and remuneration of the Executive Directors.

CORPORATE GOVERNANCE REPORT

CONTINUED

At 30 April 2017, the Committee comprised G Barker, Sir J Armitt and A Myers who are all independent Non-executive Directors. The Committee was chaired by G Barker.

The Committee met formally on three occasions during the year to 30 April 2017 with no absences.

No Director is involved in deciding his or her remuneration. The Executive Directors decide the remuneration of the Non-executive Directors and the Committee takes into consideration the recommendations of the Chief Executive and Finance Director regarding the remuneration of their Executive colleagues.

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 89 to 107.

Nomination Committee
The Nomination Committee ensures that the membership and composition of the Board, including the balance of skills, is appropriate, as well as giving full consideration to succession planning on a regular basis.

The Committee is chaired by the Chairman, A W Pidgley CBE, and at 30 April 2017 included Sir J Armitt, V Wadley and D Brightmore-Armour who are all independent Non-executive Directors.

The Committee met formally on two occasions during the year to 30 April 2017 with no absences.

An explanation of the role and activities of the Nomination Committee during the year is contained in the Nomination Committee report on page 88.

ACCOUNTABILITY

Internal control and risk management
The Board acknowledges that it has overall responsibility for ensuring that the Group's system of internal control complies with the Code and for reviewing its effectiveness, at least annually.

Internal control procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are ongoing processes and procedures for identifying, evaluating and managing the significant risks faced by the Group. These processes and procedures were in place from the start of the financial year to the date on which the 2017 Annual Report and Accounts were approved and accord with Principles C.2.1 and C.2.3 of the Code and with the FRC's Guidance on Risk Management, Internal Control and Related Business Reporting.

The processes are regularly reviewed by the Board and include an annual review by the Directors of the operation and effectiveness of the system of internal control as part of its year end procedures. The key features of the system of internal control include:

Clear organisational structure
The Group operates through autonomous divisions and operating companies, each with its own board. Operating company boards meet on a weekly basis and divisional boards on a monthly basis, and comprehensive information is prepared for such meetings on a standardised basis to cover all aspects of the business. Formal reporting lines and delegated levels of authority exist within this structure and the review of risk and performance occurs at multiple levels throughout the operating companies, divisions and at a Group level.

Risk assessment
Risk reporting is embedded within ongoing management reporting throughout the Group. At operating company and divisional level, Board meeting agendas and information packs are structured around the key risks facing the businesses. These risks include health and safety, sales, production (build cost and programme), land and planning, retaining people, economic and political outlook, regulatory and site specific matters.

In addition, there is a formalised process whereby each division produces quarterly risk and control reports that identify risks, the potential impact and the actions being taken to mitigate the risks. These risk reports are reviewed and updated quarterly.

A Group Risk Management Report is presented at each Group Main Board Meeting, which overlays wider strategic risks than those covered by the operations. This sets out the annual changes in the risk profile of the Group, the impact and mitigation of these risks.

Financial reporting
A comprehensive budgeting and real-time forecasting system, covering both profit and cash, operates within the Group. This enables executive management to view key financial and operating data on a daily basis. On a weekly and monthly basis more formal reporting up to the Group Executives is prepared. The results of all operating units are reported monthly and compared to budget and forecast.

There is a consolidation process in place which ensures that there is an audit trail between the Group's financial reporting system and the Group's statutory financial statements.

Investment and contracting controls
The Group has clearly defined guidelines for the purchase and sale of land within the Group, which include detailed environmental, planning and financial appraisal and are subject to executive authorisation. Rigorous procedures are also followed for the selection of consultants and contractors. The review and monitoring of all build programmes and budgets are a fundamental element of the Company's financial reporting cycle.

Policies and procedures
Policies and procedures, including operating and financial controls, are detailed in policies and procedures manuals that are refreshed and improved as appropriate. Training to staff is given where necessary.

Central functions
Strong central functions, including Legal, Health & Safety and Company Secretarial, provide support and consistency to the rest of the Group. In addition, the principal treasury-related risks, decisions and control processes are managed by the Group Finance function, under the direction of the Finance Director.

Internal audit
Internal auditors are in place at Group level and divisional level as appropriate, to provide assurance on the operation of the Group's control framework.

Whistleblowing
The Group has a whistleblowing policy which has been communicated to all employees, where Directors, management, employees and external stakeholders can report in confidence any concerns they may have of malpractice, financial irregularity, breaches of any Group procedures, or other matters. The policy is available to view on the Group's website.

Bribery Act and Anti-Money Laundering Regulations
The Board has responsibility for complying with the requirements of the Bribery Act 2010 and The Money Laundering Regulations 2007 and is charged with overseeing the development and implementation of the Group's policies and procedures and monitoring ongoing compliance.

REMUNERATION

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 89 to 107.

RELATIONS WITH SHAREHOLDERS

The Company encourages active dialogue with its current and prospective shareholders through ongoing meetings or calls with institutional investors. In addition shareholders have the opportunity to meet all Directors after the Annual General Meeting.

Shareholders are also kept up to date with the Company's activities through the Annual Reports, Interim Results announcements and Trading Updates. In addition, the corporate website provides information on the Group and latest news, including regulatory announcements. The presentations made after the announcement of the preliminary and interim results are also available in the Investor Relations section of the website.

The Board is kept informed of the views of the shareholders through periodic reports from the Company's broker, UBS. Additionally, the Non-executive Directors have the opportunity to attend the bi-annual analyst presentations.

The Senior Independent Director is available to shareholders if they have concerns where contact through the normal channels has failed or when such contact is inappropriate.

During the year, G Barker, Chairman of the Remuneration Committee, led a shareholder consultation programme in connection with the 2017 Remuneration Policy which was approved by shareholders at the Extraordinary General Meeting held on 23 February 2017. Shareholders were supportive of the changes and 97.18% of proxy votes lodged prior to the meeting were in favour of the new policy. Further information is provided in the Directors' Remuneration Report.

Annual General Meeting
All shareholders are invited to participate in the Annual General Meeting ("AGM") on 6 September 2017 at 11:00am where the Chairman, the Chief Executive and the Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions and will also be available for discussions with shareholders both prior to and after the meeting.

In accordance with the Code, the Company arranges for the Annual Report and Accounts and related papers to be posted to shareholders so as to allow at least 20 working days for consideration prior to the AGM.

The Company complies with the provisions of the Code relating to the disclosure of proxy votes, which, including abstentions, are declared at the AGM after each resolution has been dealt with on a show of hands and are announced to the Stock Exchange shortly after the close of the meeting. The Company also complies with the requirements of the Code regarding the separation of resolutions and the attendance of the Chairmen of the Board Committees.

The terms and conditions of appointment for the Non-executive Directors, which set out their expected time commitment, in addition to the service contracts for the Executive Directors, are available for inspection at the AGM and during normal business hours at the Company's registered office.

AUDIT COMMITTEE REPORT

The Board of Directors presents its Audit Committee Report for the year ended 30 April 2017 which has been prepared on the recommendation of the Audit Committee ("the Committee").

The report has been prepared in accordance with the requirements of the UK Corporate Governance Code, Schedule 8 of the Large & Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, and the Listing Rules of the Financial Conduct Authority.

Details of the composition, experience and the number of meetings of the Committee are reported on page 83 of the Corporate Governance Report.

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board. The key responsibilities of the Committee are as follows:

- **Financial Reporting**
  Monitoring the integrity of the financial reporting of the Company and reviewing significant financial reporting matters and accounting policies;
- **Risk Management and Internal Control**
  Reviewing the adequacy and effectiveness of the Group's risk management and internal control systems and monitoring the effectiveness of the Group's internal audit function; and
- **External Audit**
  Overseeing the relationship with the external auditor, including appointment, removal and fees, and ensuring the auditor's independence and the effectiveness of the audit process.

This report considers each of these responsibilities in turn, and how the Committee has discharged them during the year.

FINANCIAL REPORTING

At each of the Audit Committee meetings, the Finance Director presented, and the Committee debated, the results and business plan of the Group and any significant financial reporting judgements relevant to this.

The Committee reviewed, prior to their publication, the financial disclosures in the Group's Annual Report and Accounts, Half Year and Year end Results Announcements and the contents of Trading Updates issued during the year. The Committee's review incorporated consideration of the appropriateness of the relevant accounting policies and financial reporting estimates and judgements adopted therein.

The Committee's review of the Annual Report concentrated on whether, taken as a whole, it was fair, balanced and understandable and provided the information necessary for users of the Annual Report to assess the Group's business strategy and performance.

The views of the Group's external auditor, which was in attendance at each meeting of the Committee during the year, were taken into account in reaching its conclusions on these matters.

The significant matters considered by the Committee during the 2016/17 financial year included:

- **Carrying value of inventories and margin recognition**
  Inventories comprise land not under development, work in progress and completed units, which are held in the balance sheet at the lower of cost and net realisable value. This requires a periodic assessment by management of each of Berkeley's sites which is sensitive to assumptions in terms of future sales prices and construction costs and recognises the inherently cyclical nature of the property market and the risks of delivery. These assumptions are also relevant to the determination of profit recognised on properties sold. The conclusions of this assessment were reported by exception to the Committee in a financial overview paper prior to release of the Group's annual results.
- **Provisions**
  The Committee recognises that accounting for provisions relies on management judgement in estimating the quantum and timing of outflows of resources to settle any associated legal or constructive obligations. The Group holds provisions for post-completion development obligations, onerous leases, estate liabilities and litigation. The basis for determining these provisions was presented to the Committee for their consideration. The Committee reviewed the relevant papers and discussed the assumptions underlying this determination with management and the Group's external auditor, and concluded that it was satisfied that the assumptions adopted were appropriate. A table of movements in provisions over the period is included in note 16 to the financial statements.
- **Revenue recognition**
  The Committee recognises that the Group's accounting policy for revenue recognition, namely that properties are treated as sold and profits are recognised when contracts are exchanged and building work is physically complete and the level of risk that a purchaser may be unable to complete the purchase, involves an element of judgement in determining the point at which building work is physically complete. The Committee reviewed the quantum of properties not yet legally completed at each balance sheet date, in conjunction with the review undertaken by the Group's external auditor and concluded that the judgements were appropriate.
- **Compliance with laws and regulations**
  The Committee recognises that the Company is subject to laws and regulations across a number of areas including, but not limited to, anti-bribery, anti-money laundering and sanctions checking. The Committee considered the Group's adherence to relevant regulations and approach to reviewing and updating its policies with respect to compliance with laws and regulations. In performing this review, it considered in conjunction with external legal advisors, all relevant and open legal matters, including those brought by the former Finance Director Mr Simpkin. The Committee was satisfied that there were no material instances of non-compliance with laws and regulations.

  Other matters considered by the Committee included management's assessment of the going concern status of the Group at the balance sheet date, and the Board's assessment of the viability statement. The Committee concurred with the approach adopted on all of these matters.

  Since the year end, the Committee has completed its review of the 2017 Annual Report and has confirmed to the Board that it considers it to be fair, balanced and understandable.

During the year, the Financial Reporting Council's Corporate Reporting Review team ("CRR") reviewed our Annual Report and Accounts for the year ended 30 April 2016. Following their review, the CRR entered into correspondence with the Group, seeking clarification on how we had complied with relevant financial reporting requirements in certain areas. All correspondence received and our responses were discussed with the

Company's Audit Committee and the Group's external auditors. Following the conclusion of the FRC's review we have agreed to improve the clarity of certain disclosures in this year's financial statements. We note that the FRC letters provide no assurance that our report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Committee undertook its annual review of the Group's Internal Control Framework during the year. This review focused on the system of risk management and internal control in place which is explained in more detail on page 84 of the Corporate Governance Report, and covered:

- the assessment of the principal risks facing the Group;
- the key elements of the Group's control processes to mitigate these risks;
- the operations and effectiveness of internal audit.

A paper was also presented to the Committee which summarised the Group's consideration, controls and monitoring of fraud risk across its activities.

The Committee also considered any internal control recommendations raised by the Group's auditors during the course of the external audit and the Group's response to dealing with such recommendations.

A report summarising the recent activities of the Internal Audit function was presented to each of the Committee meetings during the year. These reports covered:

- a summary of the key findings arising from the most recent internal audits undertaken;
- management responses to any control weaknesses identified, the closure of any open items and any recurring themes;
- the outcome of other operational review work undertaken by the internal audit function;
- the internal audit plan for the coming year, for debate with and the approval of the Committee.

The Committee was satisfied that the scope, extent and effectiveness of the Internal Audit function are appropriate for the Group.

EXTERNAL AUDIT

KPMG LLP ("KPMG") was appointed as the Company's auditor in the year ended 30 April 2014 by way of a competitive tender.

Approach
KPMG presented its audit strategy to the Audit Committee during the year. The strategy document identified its assessment of the risks and other areas of focus for the purpose of the audit, the scope of the audit work and updated the Committee on regulatory changes for the current year.

KPMG reported to the Committee at the year end, prior to the public announcement of the Company's results, in which it set out its assessment of the Company's accounting judgements and estimates in respect of these risks and any other findings arising from its work.

The external auditors have open recourse to the Non-executive Directors should they consider it necessary. There is private dialogue between the Chairman of the Audit Committee and the external auditors prior to each Audit Committee meeting and, after each meeting, the opportunity for the Committee to meet with the external auditors without the Executive Directors and management present.

Independence of the external auditors
As part of its audit strategy presentation, KPMG identified the safeguards in place within its internal processes and procedures to protect, in respect of its own role, the independence of its audit. The FRC's 2016 Revised Ethical Standard introduced further restrictions on the provision of non-audit services. This new standard applied to the Group from June 2016 and actions were taken with KPMG to ensure that any ongoing services prohibited by the new Standard had been discontinued as required by the Standard.

In order to safeguard auditor independence, the Committee has a policy on the provision of non-audit services by the external auditors. In accordance with that policy the ratio of audit fees to non-audit fees should be no greater than 1:1 and the ratio for the year ended 30 April 2017 was within this limit. Audit and non-audit fee disclosures are set out in note 4 of the Consolidated Financial Statements.

Any departure from this ratio will only be as a consequence of transactional work, where the Committee considers it is right for the auditors to undertake such work where the reasons for doing so are compelling, such as where:

i) it is proprietary to them;

ii) they have pre-existing knowledge and experience that precludes the use of alternative firms;

iii) the nature of the transaction is such that the Group's auditors are the only practical appointment.

Non-audit work carried out by all accounting firms, including the auditors, is formally reported to the Audit Committee at each meeting. There is open dialogue between KPMG and the Company's senior finance team to monitor any proposed new instructions.

The Committee has concluded that the auditors are independent.

Appointment of KPMG
On completion of the audit, the Committee reviewed the performance and effectiveness of KPMG with feedback from senior management. The Committee has resolved to propose KPMG's re-appointment at the 2017 Annual General Meeting.

The Committee remains mindful of evolving best practice under the UK Corporate Governance Code 2014 and 2016 and is subject to the new requirements of the Financial Reporting Council and the European Union in determining its future approach to re-tendering the external audit appointment.

A Myers
Chairman, Audit Committee
21 June 2017

NOMINATION COMMITTEE REPORT

The Board of Directors presents its Nomination Committee Report for the year ended 30 April 2017.

Details of the composition, experience and the number of meetings of the Nomination Committee ("the Committee") are reported on page 84 of the Corporate Governance Report.

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board. The key responsibilities of the Committee are as follows:

- Reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board;
- Evaluating the balance of skills, knowledge and experience on the Board;
- Leading the process for identifying and nominating candidates for Board vacancies.

During the year the Committee reviewed the Board's composition to ensure that it had the correct balance of skills, experience and knowledge required for the leadership of the Group. The Committee also considered the composition of the Audit, Nomination and Remuneration Committees and concluded that no changes to membership of the committees were required.

The process for identifying and recommending new appointments to the Board includes a combination of discussions and consultations, in addition to formal interviews, utilising the services of independent recruitment specialists, as appropriate. There have been no appointments during the year ended 30 April 2017.

25% of current Board members are women. The Board, whose previous Chairman was a woman, has been around this level for a number of years and has chosen not to set specific targets in terms of female representation on the Board. The Board recognises the benefits of diversity in its broadest sense and will continue to ensure that all forms of diversity are actively considered when future changes to the Board's composition are contemplated.

A W Pidgley, CBE
Chairman, Nomination Committee
21 June 2017

DIRECTORS' REMUNERATION REPORT

PART A: ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder

This year's Remuneration Report is split into four parts as follows:

Part A:	**Chairman's Annual Statement** in which I have set out the decisions of the Committee during the year and the business context in which these decisions have been made and a summary of the changes made at the Extraordinary General Meeting on 23 February 2017.
Part B:	**Our Remuneration at a Glance** sets out the key information with regard to remuneration at Berkeley.
Part C:	**Annual Report on Remuneration** sets out payments and awards made to the Directors and details the link between Company performance and remuneration for the 2016/17 financial year.
Part D:	**Summary Remuneration Policy** sets out a summary of our Remuneration Policy as approved at the 2017 EGM and which will apply from 1 May 2017 onwards.

We hope that by arranging the report in this way you can navigate your way through the information in a helpful and transparent way.

Corporate performance during 2016/17
Berkeley's strong results for the year reflect decisions made by Berkeley following the 2008 financial crisis to invest in land at the right time, made possible by Berkeley's cyclical operating model. Looking forward the operating environment is more challenging, in which a number of macro and political themes are creating uncertainty for London based developers at this stage in the cycle.

The key highlights of the results for 2016/17 are:

– Net cash of £285.5 million (2016: £107.4 million) after making shareholder return payments of £299.0 million (2016: £259.5 million)

– Pre-tax return on shareholders' equity of 41.1% (2016: 30.8%)

– Net asset value increased by 17.9% to £2,137 million (2016: £1,813 million)

- Forward sales of £2.74 billion (2016: £3.25 billion)

– Future anticipated gross margin in the land bank up 3.8% to £6,378 million (2016: £6,146 million)

– Earnings per share increased by 58.1% to 467.7 pence (2016: 295.8 pence)

The results continue to underline the Group's strategy of balancing earnings in the near term and creating a sustainable business, delivering value to shareholders over the long term. Berkeley's Return on Equity compared with the sector over the last eight years illustrates the relative performance of the Company:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Berkeley	13.3%	15.3%	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%
Sector highest	13.3%	15.3%	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%
Sector lowest	(44.2%)	(6.2%)	(0.4%)	3.4%	3.5%	12.2%	16.0%	15.7%
Sector average (excluding Berkeley)	**(18.1%)**	**1.0%**	**4.8%**	**8.5%**	**11.4%**	**18.2%**	**22.3%**	**24.2%**

Incentive outcomes
As set out above, Berkeley has continued to deliver strong financial results as well as maintaining the financial strength of the Company in order to underpin future performance. We are committed to ensuring a strong alignment between pay and performance and as a result of the strong performance in the year, the following incentives have been earnt.

Bonus
The Executive Directors earned 100% of the maximum annual contribution under the Bonus Plan for 2016/17 following performance against stretching Return on Equity and Net Asset Value Growth targets. These performance targets ensure the Executive Directors are focused on delivering a strong ongoing return to shareholders whilst balancing the long term sustainability of the Company. In awarding the maximum contribution the Committee considered the underlying financial performance of the Company as well as the performance of the divisions and individual Directors and are satisfied that this outcome is appropriate. Further details are set out on page 95.

LTIP Vesting
Following the change in vesting schedule of the 2011 LTIP approved by shareholders at the Extraordinary General Meeting held on 16 February 2016, to ensure alignment with the new strategy, the first tranche of the 2011 LTIP vested in full in September 2016 following the completion of the first £6.34 of shareholder returns. Details of this vesting were set out for shareholders in the notice of the 2017 EGM. This vesting reflected the strong performance of the Company over the period from September 2011 to September 2016 and represents the vesting of one third of the total 2011 LTIP award. Further details are set out on page 96.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Policy renewal and implementation in 2017/18
As shareholders will be aware, we held an Extraordinary General Meeting on 23 February 2017 to obtain approval for our new Remuneration Policy. This included the introduction of caps to Executive remuneration, as well as changes to the operation of the 2011 LTIP to ensure that the remuneration arrangements remained directly linked to the achievement of the Company's corporate strategy. I am pleased to say that over 97% of you voted in favour of the Remuneration Policy and over 93% in favour of the changes to the 2011 LTIP.

Full details of the rationale and changes can be found in the 2017 EGM Notice on our website. Set out below is a summary of the key changes:-

- the Board has introduced flexibility in the strategy which enables shareholder returns to be delivered through a combination of both dividend payments and share buy-backs, as opposed to solely dividends. This recognises that, at certain price points, the Board is of the opinion that the Company is materially undervalued and share buy-backs will be in the best interests of the shareholders. This was reflected in a consequential amendment to the performance conditions for the 2011 LTIP.
- the Committee has introduced total remuneration caps on the value provided under the new Remuneration Policy each year. This is in addition to the global cap on benefits from the 2011 LTIP introduced at the 2016 EGM. As part of the total remuneration cap, a separate cap will also operate in respect of the vesting of future tranches of the 2011 LTIP. The caps have the effect of reducing the annual remuneration of the Chairman and Chief Executive by approximately 50% with effect from 1 May 2017, based on the share price at 30 April 2017.
- the maximum pension contribution has reduced from 25% to 20%, though all Executive Directors currently receive contributions lower than this level.

In addition, the Remuneration Committee has determined under the Remuneration Policy that with effective from 1 May 2017, the remuneration for A W Pidgley will reduce to a fixed annual fee of £200,000. He will retain the award that was granted to him under the 2011 LTIP, which will be subject to the new remuneration caps, and the earned balance in his Bonus Plan account which will continue to pay out in line with the rules of the Plan. There will be no entitlement to other salary, pension or bonus. The Remuneration Committee believes that the Chairman should primarily be rewarded through the equity incentives which reflect both the historic value he has helped create and his ongoing strategic role with the Company to ensure an alignment of his interests with shareholders.

A summary of our Remuneration Policy can be found on pages 104 and 105.

Changes to the Board
On 31 December 2016 Greg Fry retired from the Company and for the 2016/17 financial year Greg did not earn a bonus under the Bonus Plan. On departure his unvested awards under the 2011 LTIP and Bonus Plan lapsed.

Shareholder Consultation
Prior to finalising the proposed amendments to the Remuneration Policy and the 2011 LTIP set out above, the Remuneration Committee consulted with its main shareholders as well as shareholder representative bodies. The Remuneration Committee is grateful for the significant degree of engagement with the Company and its advisers shown by those shareholders consulted throughout the consultation process, and for their comments and feedback.

In conclusion
The Annual Report on Remuneration together with this letter will be subject to an advisory shareholder vote at the forthcoming AGM in September 2017. The sections of this report that have been subject to audit are labelled accordingly. Details of voting at last year's Annual General Meeting, where 87.27% of those voting supported the resolution to approve the Annual Report on Remuneration, are set out on page 103 of this report. As explained earlier in this letter our new Remuneration Policy was approved at the 2017 EGM and there will therefore be no vote on the Policy at our forthcoming AGM.

I look forward to receiving your support for the resolution seeking approval of the Annual Report on Remuneration at our forthcoming AGM.

G Barker
Chairman, Remuneration Committee
21 June 2017

PART B: OUR REMUNERATION AT A GLANCE

Ahead of the detail behind payments for 2016/17, I would like to take this opportunity to outline our remuneration philosophy, payments due to the Directors for the year and how these are linked to the Company's strategy and performance.

Our core remuneration philosophy
Berkeley's remuneration policy aims to encourage, reward and retain the current Executive Directors and ensure their actions are aligned with the Company's strategy. The core philosophies are:

Base salary and benefits	The Committee sets salaries for the Executive Directors based on their experience, role, individual and corporate performance. Salaries on appointment to the Board may be set below that of the comparator group and subsequently, based on appropriate levels of individual and corporate performance, may be increased with experience gained over time.
Annual performance related pay	The Committee believes that shareholders' interests are best served by remuneration packages that have a large emphasis on performance-related pay which encourage the Executive Directors to focus on delivering the business strategy.
Long term sustainable performance	The long term incentives which now extend to 2023 have been designed to lock in the Executive team for a far longer period than is typical in most publicly listed companies. This helps to ensure that the Executive team are focused on generating long term sustainable value for shareholders, not just on meeting short term performance targets.
Substantial equity holdings	In order to align the interests of Executive Directors and shareholders, the reward strategy is designed so that, provided performance is delivered, the Executive team become material (in relation to their overall compensation) shareholders in the Company.
Remuneration caps	The Committee is cognisant of the broader environment regarding executive remuneration and the potential concerns regarding the quantum available to Executive Directors notwithstanding the level of performance and growth which may have been achieved by the Company. The Committee considers the use of remuneration caps to be an appropriate response to these challenges.

A summary of our Remuneration Policy can be found on pages 104 and 105.

What have we paid our Executives In the year?
The following table sets out the single figure of remuneration for the Executive Directors for the year.

Executive Director £'000	Salary 2017	Benefits(1) 2017	Annual bonus 2017	Multi-year incentive vesting awards(2) 2017	Pensions 2017	Total 2017	Total 2016
A W Pidgley	875	53	1,312	26,803	149	29,192	21,489
R C Perrins	530	34	795	26,514	90	27,963	10,993
R J Stearn	360	19	360	5,177	54	5,970	770
G J Fry(3)	237	21	–	9,732	37	10,027	7,138
K Whiteman	345	25	345	5,406	52	6,173	3,943
S Ellis	345	21	379	11,943	52	12,740	3,010

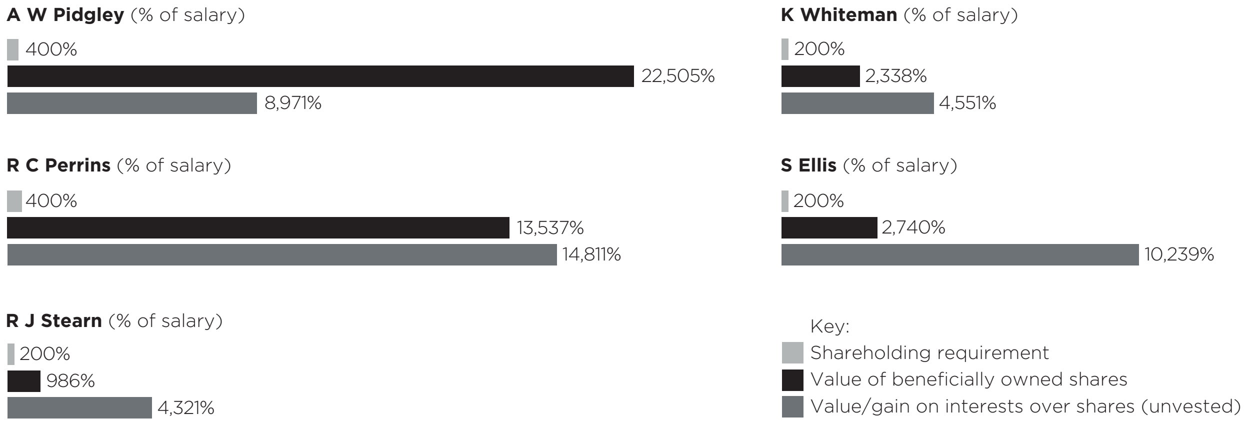
Notes
1. Benefits include a fully expensed company car or cash allowance alternative and medical insurance.
2. 2016/17 Multi-year vesting represents the first tranche of the 2011 LTIP that vested on 30 September 2016 at share price at £25.80 (see table on page 96 for details) and deferred awards that were released under the Bonus Plan (see table on page 96 for details).
3. G J Fry retired as an Executive Director on 31 December 2016.

DIRECTORS' REMUNERATION REPORT

CONTINUED

What is the equity exposure of our Executive Directors?
It is a core facet of Berkeley's remuneration policy that the Executive Directors acquire and hold material shareholdings in the Company, in order to align their interests with those of the Company's shareholders. The following chart sets out all subsisting interests in the equity of the Company held by the Executive Directors at 30 April 2017. The number of shares of the Company in which current Executive Directors had a beneficial interest as at 30 April 2017 are set out in detail on page 97.

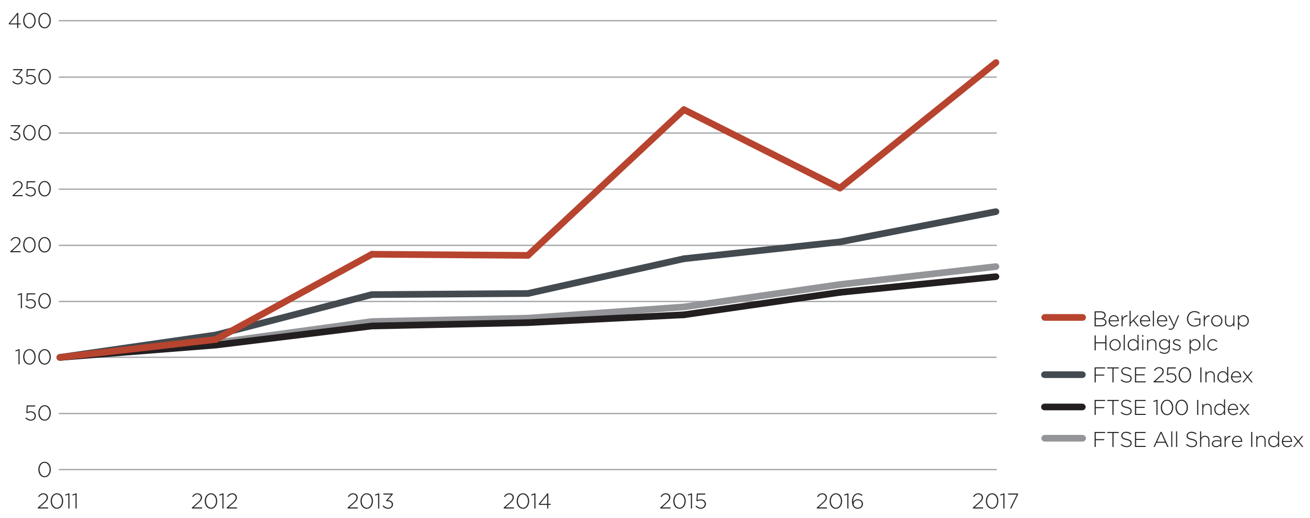
The charts illustrates the minimum shareholding requirements for the Executive Directors, the value of the shares they currently own and the value of share incentives held. All the Executive Directors exceed their minimum shareholding requirements.



Due to the large shareholdings of the Executive Directors, a relatively small change in the share price would have a material impact on their wealth. The ability for the Executive Directors to gain and lose dependent on the share price performance of the Company at a level which is material to their total remuneration is a key facet of the Company's Remuneration Policy.

How have we performed since the 2011 LTIP was introduced?
Berkeley's remuneration policy aims to encourage, reward and retain the Executives and ensure that their actions are aligned with the Company's strategy. In particular, the 2011 LTIP locks in the Executive team for at least 10 years, which is far longer than is typical in most publicly listed companies and ensures that they are focused on the long term performance of the company.

The following chart shows Berkeley's Total Shareholder Return ("TSR") performance against the FTSE 250, FTSE 100 and FTSE All Share indices since 2011.



How is our approach to incentives linked to the Company strategy?
Overview of strategy
In December 2015, Berkeley enhanced its 10 year Shareholder Returns Programme from £13.00 per share to £16.34 per share, with the remaining £12.00 per share to be delivered through dividend payments of £2.00 per share each year through to 2021. This equated to 100% of Net Asset Value at 1 May 2015. As of the year end a further £9.00 per share remains to be delivered, representing £1.25 billion of the £2.2 billion total 10 year return.

Having delivered pre-tax profits of £0.5 billion last year, Berkeley is on target to deliver the £2.0 billion three year cumulative profit before tax target announced 18 months ago for the period ending 30 April 2018.

Rationale for revision to strategic delivery
Since the enhancement to the Shareholder Returns Programme last year, the Company announced in December 2016 that it had sufficient visibility from strong forward sales and resilient current trading both to reiterate the existing earnings guidance and announce a new target to deliver at least £3.0 billion of profit before tax in the five years beginning 1 May 2016.

The current heightened macro uncertainty has led to significant market volatility and there is a dislocation between this and both the underlying market conditions and the strength of Berkeley's operating model, which is preventing the market from recognising the long term value of Berkeley. Consequently, the Board has introduced flexibility which enables shareholder returns to be delivered through a combination of both dividend payments and share buy-backs, as opposed to solely dividends. This recognises that, at certain price points, the Board is of the opinion that the Company is materially undervalued and share buy-backs will be in the best interests of shareholders.

In bringing these changes into effect, the Board determined that the payments should be re-characterised from being a value per share, to be an absolute value per annum. This ensures the same quantum of cash will be returned as previously anticipated, but to a concentrated number of shareholders, to the extent share buy-backs occur. The absolute value will be increased by £2 per annum for each share issued by the Company after the 2017 EGM. This revised mechanism should ensure that the value embedded in the business is not overlooked by the market.

In February and August each year, the Company will announce the dividend to be paid at the end of March and September respectively. For each relevant six month period, this will be calculated as the absolute value amount to be delivered, less any share buy-backs undertaken during that relevant period.

Buy-Backs included in LTIP performance measurement
Approval was received at the 2017 EGM to allow the £2 per share returns required each year for a tranche of the 2011 LTIP options to vest to be provided through a combination of dividends and share buy-backs. Where the return is provided through buy-backs the shares will be cancelled (unless retained to be reissued from Treasury in lieu of an obligation to issue shares). It should be noted that share buy-backs do not reduce the exercise price of the options. This change avoids a potential misalignment of management interests with shareholders by removing the potential disincentive to undertake share buy-backs.

The rationale for not including buy-backs in the reduction of the exercise price is that this would result in a potential enhancement of value from that agreed with shareholders on approval of the amended 2011 LTIP at the 2016 EGM, as the exercise price would be reduced whilst the value of these options would increase (as they represent an increased percentage of the fully diluted share capital).

How do we share our success with our employees?
The Company believes in fairness throughout the organisation. The following table sets out our approach to remuneration throughout the organisation in more detail.

Element of Remuneration	Details
Salary	We set salaries to ensure that we remain competitive in the market and that levels are appropriate considering roles and responsibilities of individuals. We have also committed to ensuring that all our employees receive at least the voluntary Living Wage as set by the Living Wage Foundation.
Pension	We provide either a contribution to a pension arrangement or a payment in lieu of pension. The maximum pension contribution for employees is 15% of salary.
Benefits	We offer a range of benefits to our employees, including medical insurance.
Bonus	Each business operates a bonus scheme for its employees. For senior employees elements of the bonus plan are linked to the performance of the relevant Division and are deferred to ensure performance over the long term and to provide lock-in.
Medium term incentives	In addition, medium term incentive schemes are in place for all levels of staff, with currently over one third of all employees receiving awards under these schemes.

DIRECTORS' REMUNERATION REPORT

CONTINUED

PART C: ANNUAL REPORT ON REMUNERATION

This section of the Remuneration Report contains details of how the Company's remuneration policy for Directors was implemented during the financial year that ended on 30 April 2017. An advisory resolution to approve this report (including the Chairman's Statement) will be put to shareholders at the AGM in September 2017.

Single total figure of remuneration (Audited)
The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the 2016/17 financial year. Comparative figures for 2015/16 have also been provided.

Executive Director (£'000)	Salary		Benefits[1]		Annual bonus		Multi-year incentive vesting awards		Pensions		Total	
	2017	2016	2017	2016	2017	2016	2017[2]	2016[3]	2017	2016	2017	2016
A W Pidgley	**875**	850	**53**	49	**1,312**	1,275	**26,803**	19,170	**149**	145	**29,192**	21,489
R C Perrins	**530**	515	**34**	33	**795**	773	**26,514**	9,585	**90**	87	**27,963**	10,993
R J Stearn	**360**	350	**19**	17	**360**	350	**5,177**	–	**54**	53	**5,970**	770
G J Fry[4]	**237**	355	**21**	29	**–**	311	**9,732**	6,390	**37**	53	**10,027**	7,138
K Whiteman	**345**	335	**25**	28	**345**	335	**5,406**	3,195	**52**	50	**6,173**	3,943
S Ellis	**345**	335	**21**	20	**379**	369	**11,943**	2,236	**52**	50	**12,740**	3,010

Notes
1. Benefits include a fully expensed company car or cash allowance alternative and medical insurance.
2. 2016/17 Multi-year vesting represents the first tranche of the 2011 LTIP that vested on 30 September 2016 at share price at £25.80 (see table on page 96 for details) and deferred awards that were released during the year under the Bonus Plan (see table on page 96 for details).
3. 2015/16 Multi-year vesting amounts relate to the 2009 LTIP Part B awards that vested on 15 April 2016.
4. G J Fry retired as an Executive Director on 31 December 2016.

The table below sets out the single total figure of remuneration and breakdown for each Non-executive Director.

Non-executive Director (£'000)	Basic fees		Additional fees[1]		Total fees	
	2017	2016	2017	2016	2017	2016
J Armitt	**112.5**	109.25	**–**	–	**112.5**	109.25
A Nimmo	**62.0**	60.25	**–**	–	**62.0**	60.25
G Barker	**62.0**	60.25	**12.5**	12.5	**74.5**	72.75
V Wadley	**62.0**	60.25	**–**	–	**62.0**	60.25
A Li	**62.0**	60.25	**–**	–	**62.0**	60.25
A Myers	**62.0**	60.25	**12.5**	12.5	**74.5**	72.75
D Brightmore-Armour	**62.0**	60.25	**–**	–	**62.0**	60.25

Notes
1. Additional fees represent fees paid for the role of Committee Chairmanship.
2. Non-executive Directors do not participate in any of the Company's incentive arrangements nor do they receive benefits.

Additional details in respect of single total figure table (Audited)
Taxable benefits
Taxable benefits comprise a fully expensed company car or cash allowance alternative and medical insurance.

Annual Bonus
In respect of the year under review, the Executive Directors' performance was carefully reviewed by the Committee. The actual performance against the maximum targets under Bonus Plan for the performance year 2016/17 is set out below:

<table>
<tr><th rowspan="2">Executive Director</th><th rowspan="2">Maximum Annual Bonus (% of salary)</th><th colspan="2">Return of Equity</th><th colspan="2">Net Asset Value Growth</th><th rowspan="2">Annual Bonus Contribution to Plan Account for 2016/17 % of maximum</th><th rowspan="2">Annual Bonus Contribution to Plan Account for 2016/17 £'000</th></tr>
<tr><th>Maximum Target</th><th>Actual</th><th>Maximum Target</th><th>Actual</th></tr>
<tr><td>A W Pidgley</td><td>300%</td><td rowspan="5">30.0%</td><td rowspan="5">41.1%</td><td rowspan="5">5.0%</td><td rowspan="5">17.9%</td><td rowspan="5">100%</td><td>2,625</td></tr>
<tr><td>R C Perrins</td><td>300%</td><td>1,590</td></tr>
<tr><td>R J Stearn</td><td>200%</td><td>720</td></tr>
<tr><td>K Whiteman</td><td>200%</td><td>690</td></tr>
<tr><td>S Ellis</td><td>220%</td><td>759</td></tr>
</table>

Notes
G J Fry retired as an Executive Director on 31 December 2016. No annual bonus contribution was made in respect of 2016/17.

Further details of the matrix of targets against which performance has been assessed for the year ended 30 April 2017 is set out below:

			Net Asset Value Growth						
			<0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
Performance Requirement Matrix			0%	50%	60%	70%	80%	90%	100%
Return on Equity	<25.0%	0%	0%	0%	0%	0%	0%	0%	0%
	25.0%	50%	0%	25%	30%	35%	40%	45%	50%
	26.0%	60%	0%	30%	36%	42%	48%	54%	60%
	27.0%	70%	0%	35%	42%	49%	56%	63%	70%
	28.0%	80%	0%	40%	48%	56%	64%	72%	80%
	29.0%	90%	0%	45%	54%	63%	72%	81%	90%
	30.0%	100%	0%	50%	60%	70%	80%	90%	100%

Notes
1. The matrix shows the percentage of each of the performance requirements for a given level of performance and the corresponding percentage of the targeted maximum annual bonus potential that could be earned for 2016/17.
2. Straight line bonus vesting between points.
3. Return on Equity (ROE) is defined as profit before tax divided by average shareholders' funds.
4. Net Asset Value Growth is defined as the annual percentage increase in the Net Asset Value.

Whilst the bonus payable for all the Executive Directors will be determined based on the satisfaction of the Group targets, divisional performance continues to be an important part of the Committee's assessment. The Committee assessed the performance of each individual division and Director for 2016/17 and determined that the bonus as calculated was reflective of performance during the period. The Committee did not use any discretion during the period to adjust bonus amounts.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Bonus earned but deferred under the Bonus Plan

Under the Bonus Plan, the earned bonus for the year is added to each individual Director's plan account. 50% of the balance of the plan account at the end of the financial year is released in cash and 50% deferred. See the summary of the Remuneration Policy on page 104 for details of the operation of the Bonus Plan.

Executive Director	a. Plan account brought forward	b. Plan account brought forward[1]	c. Contribution into plan account for the financial year 2016/17	d. Plan account balance following contribution for financial year 2016/17	e. Amount released following contribution for financial year 2016/17 (50% of column d)	f. Amount released – annual bonus (50% of column c)	g. Amount released – Multi-year (column e less column f)	h. Plan account carried forward	i. Plan account carried forward[2]
	Shares	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Shares
A W Pidgley[3]	42,571	1,466	2,625	4,091	2,045	1,312	733	2,045	62,781
R C Perrins	25,793	888	1,590	2,478	1,239	795	444	1,239	38,031
R J Stearn	11,686	402	720	1,122	561	360	201	561	17,225
G J Fry[4]	10,371	357	–	–	–	–	–	–	–
K Whiteman	11,185	385	690	1,075	538	345	193	538	16,500
S Ellis	12,304	424	759	1,183	591	379	212	591	18,150
Total	**113,910**	**3,922**	**6,384**	**9,949**	**4,974**	**3,191**	**1,783**	**4,974**	**152,687**

Notes
1. Converted at a share price of £32.58 at 30 April 2017 plus £1.00 dividend paid on 15 September 2016 and £0.8524 dividend paid on 24 March 2017.
2. Converted at a share price of £32.58 at 30 April 2017.
3. Under the new Remuneration Policy with effect from 1 May 2017, A W Pidgley will no longer be eligible to earn new contributions under the Bonus Plan. The balance of his plan account will however continue to pay out in accordance with the terms and timings under the previous Remuneration Policy.
4. G J Fry retired as an Executive Director on 31 December 2016. He received no annual bonus contribution for 2016/17 and the balance of his plan account lapsed on his departure.
5. All amounts are rounded to the nearest £'000.

Long term incentives

The first vesting of options under the 2011 LTIP occurred on 30 September 2016. The maximum level of options capable of vesting was 33% of the total grant provided that £6.34 of dividends had been paid to shareholders by that date. This performance condition was met in full and therefore 33% of options vested. The table below sets out the numbers of options over shares that vested for each Executive Director and the achievement against the conditions required for vesting.

Executive Director	Number of options over shares granted	Performance measures	Performance outcome	Percentage of options vesting	Number of options vesting	Value of gain on vested options over shares on 30 September 2016 as included in single figure table (£'000)[1]	Number of unvested options at 30 April 2017[3]
A W Pidgley	5,000,000	£6.34 of dividends paid to shareholders	100% – £6.34 of dividends paid back to shareholders by this date	33%	1,650,000	26,070	3,350,000
R C Perrins	5,000,000				1,650,000	26,070	3,350,000
R J Stearn	954,328				314,928	4,976	639,400
G J Fry[2]	1,866,503				615,946	9,732	–
K Whiteman	1,000,000				330,000	5,214	670,000
S Ellis	2,250,000				742,500	11,732	1,507,500

Notes
1. The value of options at vesting is calculated using the closing middle market share price of £25.80 on 30 September 2016 (the date the options vested and became exercisable) less the exercise price of £10 per share.
2. G J Fry retired as an Executive Director on 31 December 2016. His unvested options lapsed on his retirement.
3. All Executive Directors exercised all the options that vested on 30 September 2016. Under the limits of the Plan only 10% of shares are permitted to be sold each year until 30 September 2023 at which point the sale restriction falls away.

Total pension entitlements (Audited)

No Executive Directors participate in any defined benefit arrangements. S Ellis is a member of a defined contribution scheme and received a contribution equal to 15% of salary.

No amounts were paid into pension arrangements in respect of A W Pidgley, R C Perrins, G J Fry, K Whiteman and R J Stearn during the year ended 30 April 2017, who instead received payments in lieu of a pension contribution from the Company (2016/17: percentages of salary 17%, 17%, 15%, 15% and 15% respectively). In respect of G J Fry, payments were made until his retirement on 31 December 2016.

Payments to past Directors (Audited)

No additional disclosable payments to past Directors were made during the year.

Payments for loss of office (Audited)

All payments to G J Fry on retirement are captured in the single figure table. For the 2016/17 financial year he did not participate in the Bonus Plan and on departure his unvested awards under the 2011 LTIP and Bonus Plan lapsed. No other payments for loss of office were made during the year.

Directors' shareholding and share interests (Audited)

The Company has a shareholding requirement for both Executive and Non-executive Directors, linked to base salary or net fee they receive from the Company. In the case of the Chairman and Chief Executive this is 400% of base salary, for other Executive Directors 200% of base salary and for the Non-executive Directors 100% of net fees. This should be achieved within five years of appointment for Executive Directors and three years of appointment for Non-executive Directors.

Using the Company's closing share price of £32.58 on 30 April 2017, compliance with these requirements was as follows:

Executive Director[1]	Obligation (% base salary)	% base salary at 30 April 2017	Achievement at 30 April 2017
A W Pidgley	400%	22,505%	√
R C Perrins	400%	13,537%	√
R J Stearn	200%	986%	√
G J Fry[3]	200%	n/a	n/a
K Whiteman	200%	2,338%	√
S Ellis	200%	2,740%	√
Non-executive Director[2]	**Obligation (% NED net fees)**	**% NED net fees at 30 April 2017**	**Achievement at 30 April 2017**
J Armitt	100%	480%	√
A Nimmo	100%	397%	√
G Barker	100%	1,241%	√
V Wadley	100%	812%	√
A Li	100%	1,983%	√
A Myers	100%	248%	√
D Brightmore-Armour	100%	99%	x

Notes
1. To be achieved within 5 years of appointment.
2. To be achieved within 3 years of appointment.
3. G J Fry retired as an Executive Director on 31 December 2016.

The table below summarises the Directors' interests in shares at 30 April 2017.

Executive Director	Beneficially owned shares[1]	Plan interests – Options and awards over shares: 2011 LTIP Option interests subject to conditions[2]	Other awards subject to conditions[3]	Total interests held
A W Pidgley	6,044,284	3,350,000	-	3,350,000
R C Perrins	2,202,134	3,350,000	-	3,350,000
R J Stearn	109,005	639,400	17,629	657,029
K Whiteman	247,600	670,000	-	670,000
S Ellis	290,151	1,507,500	-	1,507,500

DIRECTORS' REMUNERATION REPORT

CONTINUED

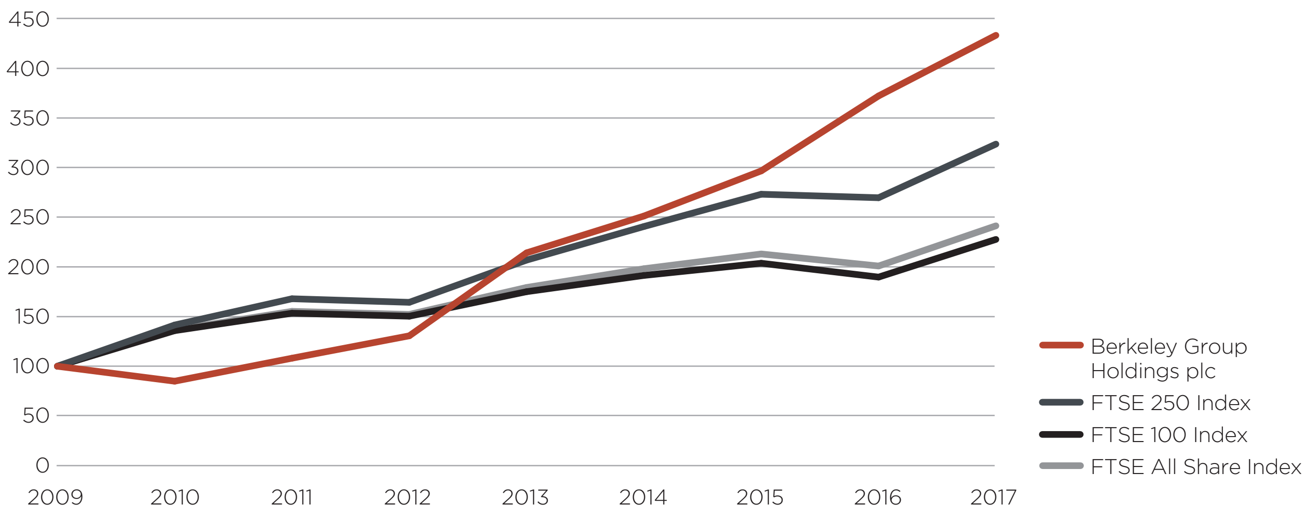
Non-executive Director	Beneficially owned shares[1]	Plan interests – Options and awards over shares: 2011 LTIP Option interests subject to conditions[2]	Plan interests – Options and awards over shares: Other awards subject to conditions	Total interests held
J Armitt	9,112	-	-	-
A Nimmo	4,000	-	-	-
G Barker	15,042	-	-	-
V Wadley	8,500	-	-	-
A Li	20,000	-	-	-
A Myers	3,000	-	-	-
D Brightmore-Armour	1,000	-	-	-

Notes
1. Beneficial interests include shares held directly or indirectly by connected persons.
2. The first tranche of the 2011 LTIP awards vested and were exercised during the year by the Executive Director participants (see page 96 for details).
3. Other share awards subject to conditions relate to the buy out shares awarded to R J Stearn on joining Berkeley on 13 April 2015 (the performance conditions on these shares had been met at the point of the buy-out). Full details were set out in the 2014/15 Directors' Remuneration Report. In the event that dealing restrictions were to apply when awards vest, the Company decided that share awards would be converted into a nil-cost option over the same number of shares on 29 April 2016. The change provides no additional benefit to R J Stearn. The first two tranches of nil cost options (totalling 28,043) vested and were exercised during the year.

There are no vested but unexercised options. Between 30 April 2017 and the date this report was signed there were no changes to the beneficial interests shown above.

Performance and Group Chairman and Chief Executive pay over past 8 years

The graph below shows the Company's performance, measured by total shareholder return ("TSR"), compared with the performance of the FTSE 250, FTSE 100 and the FTSE All Share indices. The Company considers these the most relevant indices for total shareholder return disclosure required under these Regulations.



Notes
1. Total shareholder return ("TSR") is a measure showing the return on investing in one share of the Company over the measurement period (the return is the value of the capital gain and reinvested dividends). This calculation is then carried out for the relevant indices.

The table below shows the remuneration of the Chairman and Chief Executive for each of the financial years shown above. Given the nature of the roles of A W Pidgley and R C Perrins, the table below provides this information for both individuals.

Executive Director	Single total figure of remuneration (£'000)[1]: A W Pidgley Chairman	Single total figure of remuneration (£'000)[1]: R C Perrins Chief Executive	Annual bonus pay-out (as % maximum opportunity)[2]	Multi-year incentive vesting awards (as % maximum opportunity)
2016/17	29,192	27,963	100%	100%/See Note 6
2015/16	21,489	10,993	100%	100%/See Note 5
2014/15	23,296	12,357	100%	100%/See Note 4
2013/14	3,757	2,271	100%	See Note 3
2012/13	3,638	2,198	100%	
2011/12	2,799	1,692	100%	
2010/11	2,033	1,226	100%	n/a
2009/10	2,406	1,127	100%	n/a

Notes
1. Single figure of total remuneration for each year has been calculated in accordance with the Regulations.
2. From 2010/11 onwards the annual bonus pay-out figures represent annual Company contributions under the Bonus Plan, introduced in 2010/11 and then the new six year Bonus Plan put in place for 2015/16.
3. 2011/12, 2012/13 and 2013/14 Multi-year vesting awards represent deferred awards that were released during the year under the initial Bonus Plan. In accordance with the initial Bonus Plan rules the Company's contribution is earned based on the satisfaction of the annual performance conditions. Part of the Company contribution is provided as a deferred award. 100% of these deferred awards will be paid out unless there has been forfeiture during the deferral period and subject to continued employment at the date of release. At the year ended 30 April 2015, the last financial year of the initial Bonus Plan, there were no forfeiture events under the Bonus Plan.
4. 2014/15 Multi-year vesting represents the 2009 LTIP Part B awards that vested during the year and the deferred Bonus Plan awards as per note 3 above.
5. 2015/16 Multi-year vesting represents the 2009 LTIP Part B awards that vested during the year.
6. 2016/17 Multi-year vesting represents the 2011 LTIP first tranche that vested during the year (see table on page 96 for details) and deferred awards that were released during the year under the Bonus Plan (see table on page 96 for details).

Percentage change in Chairman's and Chief Executive's remuneration

The table below compares the percentage increase in the Chairman's and Chief Executive's pay (including salary, taxable benefits and annual bonus) between 2015/16 and 2016/17, with the wider employee population. The Company considers the full-time employee population, excluding the Main Board, to be an appropriate comparator group and the most stable point of comparison:

	2015/16 to 2016/17 year on year change (%): A W Pidgley Chairman	R C Perrins Chief Executive	Group employees
Base salary	2.9%	2.9%	5.1%
Taxable benefits	7.3%	3.0%	3.0%
Annual bonus	2.9%	2.9%	4.6%

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2016/17 and 2015/16 financial years compared with distributions to shareholders.

	2016/17 (£m)	2015/16 (£m)	% change
Remuneration of Group employees (including Directors)	194	177	9.6%
Distributions to shareholders	299	259	15.3%

DIRECTORS' REMUNERATION REPORT

CONTINUED

Statement of implementation of Remuneration Policy for 2017/18

Executive Directors

The Remuneration Policy and its implementation for the forthcoming financial year is summarised below. In respect of the 2017/18 financial year and ongoing the Remuneration Committee has determined under the new Remuneration Policy that the only remuneration payable to the Chairman other than an annual fee of £200,000 will be provided through the award that was granted to him under the 2011 LTIP (provided the performance conditions are met) and the earned balance in his Bonus Plan account which will continue to pay out in line with the rules of the Plan. There will be no entitlement to other salary, pension or bonus.

The Remuneration Committee believes that the Chairman should primarily be rewarded through the equity incentives which reflect both the historic value he has helped create and his ongoing strategic role with the Company to ensure an alignment of his interests with shareholders. The Remuneration Committee felt that in respect of the other Executive Directors who are responsible for the operation of the Company and implementation of the strategy that all elements of the proposed Remuneration Policy should be provided.

Salary: In reviewing the salaries of the Executive Directors for 2017/18, the Committee has also taken account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 4.6%. The salaries for 2017/18 are set out below:

Executive Director	2016/17 Salary (£'000)	2017/18 Salary (£'000)	% change	FTSE 250 – £'000 Lower Quartile	Median	Upper Quartile
A W Pidgley[1]	875	200	(77.1%)	155	193	250
R C Perrins	530	545	2.8%	483	551	626
R J Stearn	360	370	2.8%	320	365	419
K Whiteman	345	355	2.9%	303	358	416
S Ellis	345	355	2.9%	303	358	416

Notes

1. As set out in the 2017 EGM Notice, from 1 May 2017, A W Pidgley's salary for 2017/18 has been set at an annual fee of £200,000. This fee is benchmarked in the table above against fees for Non-executive Chairmen.

Benefits and Pension: The maximum pension contribution has been reduced from 25% of salary to 20%. The pension contributions for 2017/18 are as follows:

Executive Director	2017/18 Pension contribution (% of salary)
A W Pidgley[1]	0%
R C Perrins	17%
R J Stearn	15%
K Whiteman	15%
S Ellis	15%

Notes

1. As set out in the 2017 EGM Notice, from 1 May 2017, A W Pidgley's no longer receives a pension contribution from the Company.

No changes proposed to benefits in 2017/18.

Bonus Plan: The maximum bonus opportunities for the year ending 30 April 2018, the third year of operation, are set out below. As set out in the 2017 EGM Notice, A W Pidgley will no longer be eligible to earn new contributions under the Bonus Plan going forward. The maximum bonus potential for the other Executive Directors are the same as those provided last financial year.

Executive Director	R C Perrins	R J Stearn	K Whiteman	S Ellis
Maximum Bonus (% of salary)	300%	200%	200%	220%

The table below sets out the targets in respect of the forthcoming year for all Executive Directors.

Group performance condition (year ending 30 April 2018)

In line with best practice bonus targets are disclosed prospectively in full.

			Net Asset Value Growth						
			<0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
Performance Requirement Matrix			0%	50%	60%	70%	80%	90%	100%
Return on Equity	<25.0%	0%	Bonus Plan	0%	0%	0%	0%	0%	0%
	25.0%	50%	0%	25%	30%	35%	40%	45%	50%
	27.0%	60%	0%	30%	36%	42%	48%	54%	60%
	29.0%	70%	0%	35%	42%	49%	56%	63%	70%
	31.0%	80%	0%	40%	48%	56%	64%	72%	80%
	33.0%	90%	0%	45%	54%	63%	72%	81%	90%
	35.0%	100%	0%	50%	60%	70%	80%	90%	100%

The Committee when setting the Group performance conditions follows the approach agreed with shareholders as part of the approval of the Bonus Plan. The Committee committed to setting performance conditions to ensure that over the six year plan period on average the following ranges were achieved:

– ROE range 20% to 25% p.a.;

– NAV Growth range 0% to 5% p.a.

The Committee believes that taking into account the market faced by the Company and the strategy set that the above targets are suitably challenging given the incentive opportunity that can be earned. The ROE targets reflect the Company's expectations on performance over the next period in the context of the prevailing market uncertainty and risk. The Committee notes that the Company is in a phase of strong profit delivery, following investment during the downturn, and that more normal levels of profitability will return from 2018/19 with targets set appropriately to reflect this.

The NAV Growth targets remain the same as the Committee believes they provide the appropriate dynamic tension with the requirement to pay dividends whilst maintaining the Company's asset base.

Whilst the bonus payable for all the Executive Directors will be determined by the satisfaction of the Group targets, the divisional performance continues to be an important part of the Committee's assessment. At the discretion of the Committee the failure of a particular Division to meet its individual targets may result in a reduction to the bonus amount paid to the relevant Divisional Director.

Long term incentives: The current Executive Directors will not be granted additional options under the 2011 LTIP.

Caps on LTIP Value and Total Remuneration: For 2017/18 the Remuneration Committee has introduced remuneration caps on the value provided under the Remuneration Policy each year. The Caps will apply to amounts earned during the financial year commencing 1 May 2017. The following table shows the annual LTIP Cap and the Total Remuneration Cap for each Executive Director.

Executive Director	LTIP Cap [1] (£'000)	Other Elements (Salary, Bonus & Pension) (£'000)	Total Remuneration Cap [1] (£'000)
A W Pidgley[2]	8,000	200	8,200
R C Perrins	5,500	2,500	8,000
R J Stearn	2,000	1,250	3,250
K Whiteman	2,000	1,250	3,250
S Ellis	3,750	1,250	5,000

Notes

1. The Total Remuneration Cap covers Salary, Bonus; Pension; and LTIP options. The LTIP Cap covers the value at vesting of LTIP options and is a separate cap within the overall Total Remuneration Cap. In the operation of the LTIP Cap where shares have vested as a result of the performance conditions being met but the value is capped in a given year, the balance of the shares will be banked and carried forward. This banked balance will still be subject to continued employment but will become exercisable at the next vesting date provided the Caps are not exceeded. This process will continue until 2023 at which point any banked shares which have not become exercisable will lapse. The Remuneration Committee has extended the period over which banked shares become exercisable to 2023 to provide a longer lock-in of participants. The LTIP Cap provides an extension of two years from when the 2011 LTIP currently finishes in 2021.
2. In respect of the 2017/18 financial year and ongoing the Remuneration Committee has determined under the proposed Remuneration Policy that the only remuneration payable to the Chairman is a fixed fee of £200,000 p.a., other than the award that was granted to him under the 2011 LTIP, which will be subject to the new remuneration caps, and the earned balance in his Bonus Plan account which will continue to pay out in line with the rules of the Plan. There will be no entitlement to other salary, pension or bonus. The Remuneration Committee believes that the Chairman should primarily be rewarded through the equity incentives which reflect both the historic value he has helped create and his ongoing strategic role with the Company to ensure an alignment of his interests with shareholders.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Non-executive Directors
The following table sets out the fee rates for the Non-executive Directors in the year ended 30 April 2017 and those rates which will apply in the year ending 30 April 2018:

Non-executive Director	2016/17 (£'000)	2017/18 (£'000)	% change
Deputy Chairman and SID fees	112.5	116.0	3.1%
Basic Fee	62.0	64.0	3.2%
Additional fee for chairmanship of Audit or Remuneration Committee	12.5	13.0	4.0%

Service contracts
Details of the service contracts or letters of appointment for the current Directors are as follows:

Executive Director	Date of contract/letter of appointment	Expiry date	Notice period by Company or Director
A W Pidgley	24 June 1994	Rolling service contract with no fixed expiry date	12 months
R C Perrins	15 July 2002	Rolling service contract with no fixed expiry date	12 months
R J Stearn	3 October 2014	Rolling service contract with no fixed expiry date	12 months
K Whiteman	15 January 1996	Rolling service contract with no fixed expiry date	12 months
S Ellis	5 May 2004	Rolling service contract with no fixed expiry date	12 months

Non-executive Director	Date of contract/letter of appointment	Expiry date	Notice period by Company or Director
J Armitt	1 October 2007	Renewable annually on 1 May	n/a
A Nimmo	5 September 2011	Renewable annually on 1 May	n/a
G Barker	3 January 2012	Renewable annually on 1 May	n/a
V Wadley	3 January 2012	Renewable annually on 1 May	n/a
A Li	2 September 2013	Renewable annually on 1 May	n/a
A Myers	6 December 2013	Renewable annually on 1 May	n/a
D Brightmore-Armour	1 May 2014	Renewable annually on 1 May	n/a

All service contracts and letters of appointments are available for viewing at the Company's registered office. The Company's practice is to appoint the Non-executive Directors under letters of appointment, which are renewable annually on 1 May. They are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however in accordance with the UK Corporate Governance code are subject to annual re-election.

When setting notice periods for Executive Directors, the Committee has regard to market practice and corporate governance best practice. Notice periods will not be greater than 12 months.

Consideration by the Directors of matters relating to Directors' remuneration
Members of the Committee
The Committee currently comprises of three Independent Non-executive Directors, G Barker (Chairman), Sir J Armitt and A Myers. The members of the Committee have no personal financial interest other than as shareholders in matters to be decided, no potential conflicts of interest arising from cross Directorships and no day-to-day involvement in the running of the business.

Director	Number of meetings during financial year	Number of meetings attended
G Barker	3	3
Sir J Armitt	3	3
A Myers	3	3

Role of the Committee and activities
The key responsibilities of the Committee are to:

- Determine and agree with the Board the broad policy for the remuneration of the Executive Directors. This includes salary, Bonus Plans, share options, other share based incentives and pensions;
- Determine the performance conditions for the Bonus Plan operated by the Company and approve the total annual payments made under this Plan;
- Determine all share incentive plans for approval by the Board and shareholders;
- Take into account the views of shareholders when determining plans under the Remuneration Policy;
- Ensure that the contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded;
- Note annually the remuneration trends and any major changes in employee benefit structures across the Company or Group.

The Committee has formal terms of reference which describes its full remit. These can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk).

The Committee's activities during the 2016/17 financial year included:

Meeting	Items discussed
June 2016	– Annual performance targets under the Bonus Plan – Draft Remuneration Report for the year ended 30 April 2016 – Pay review for the Group for the year ended 30 April 2016
November 2016	– Draft Shareholder briefing document and Shareholder consultation on the new Remuneration Policy and amendments to the plan rules of the 2011 LTIP
March 2017	– Executive Remuneration Benchmarking report

Advisors to the Committee
In determining the Executive Directors' remuneration for the year, the Committee consulted with the Chairman, A W Pidgley, the Chief Executive, R C Perrins and the Finance Director, R J Stearn. No Director played a part in any discussion about his own remuneration.

PricewaterhouseCoopers LLP (PwC) are the independent remuneration advisor to the Committee. PwC also provided Berkeley with tax advisory services during the year. The Committee reviewed the nature of the other services provided by PwC and was satisfied that no conflict of interest exists or existed in the provision of these services.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fixed fees of £50,000 were provided to PwC during the year in respect of remuneration advice received.

Statement of Voting at General Meeting
The table below shows the binding vote approving the Directors' Remuneration Policy at the 2017 EGM and the advisory vote on the Annual Report on Remuneration at the 2016 AGM.

	Votes for	%	Votes against	%	Votes withheld
Directors' Remuneration Policy	95,192,980	97.18	2,737,132	2.79	1,774,458
Annual Report on Remuneration	85,086,210	87.27	12,379,709	12.70	30,997

The Committee extensively consulted with its top shareholders on the new Policy and amendments made to the rules of the 2011 LTIP. The feedback the Committee received was largely supportive reflected in the vote of 97.18% on the Policy and 93.28% on the amendments to the 2011 LTIP at the 2017 EGM.

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DIRECTORS' REMUNERATION REPORT

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PART D: REMUNERATION POLICY SUMMARY

In line with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Directors' Remuneration Policy has been presented in this report in summary given that the Policy was approved at the 2017 EGM and it is not intended to move a similar resolution again at the 2017 AGM. The Directors' Remuneration Policy is available to view in full on the Company's website at www.berkeleygroup.co.uk/investor-information/corporate-governance.

Objective and link to strategy	Key features	Maximum opportunity	Performance conditions and assessment
Executive Directors			
Base salary To recruit and retain Executive Directors of the appropriate calibre and experience to achieve the Company's business strategy.	An Executive Director's basic salary is set on appointment and reviewed annually (effective from 1 May each year) or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: – the Executive Director's experience and responsibilities; – the performance of the individual Executive Director and the Group; – pay and conditions throughout the Group; – general salary rises to employees; – the economic environment; and – levels of base salary for similar positions with comparable status, responsibility and skills in peers.	Typically, the base salaries of Executive Directors in post at the start of the Policy Period and who remain in the same role throughout the Policy Period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The Total Remuneration Cap may apply to salary.	There are no performance conditions on salary. However, the performance of the individual and the Company are reflected in the salary they are paid. No recovery provisions apply.
Pension and benefits To provide competitive levels of retirement benefits.	The Company's policy is either to provide a contribution to a pension arrangement or provide payments in lieu of pension. Other benefits are provided to the Executive Directors including a fully expensed company car or cash allowance alternative, medical insurance and other benefits may be provided from time to time.	The maximum pension contribution allowance for Executive Directors is 20% of salary. Levels of benefits are defined by market rates.	No performance or recovery provisions apply.
Annual bonus Aligns reward to the key objectives linked to short to medium term performance whilst ensuring that there is a balance between incentivising the Executive Directors, providing a sustainable ongoing level of return to shareholders and ensuring the long term sustainability of the Company.	Under the Bonus Plan, awards are earned annually over a six year plan period, subject to stretching performance targets, which are set at the beginning of the plan year. 50% of a participant's plan account will be paid out annually for the first five years with 100% of the balance paid at the end of the sixth plan year. Malus applies up to the date of payment. Clawback applies three years post the date of payment.	The maximum bonus opportunity is 300% of salary for any plan year. In operation of the Bonus Plan the following maximums are currently applied: – R C Perrins 300%; – R J Stearn 200% – K Whiteman 200% – S Ellis 220% The Total Remuneration Cap may apply to new awards earned under the Bonus Plan.	An award under the Bonus Plan is subject to satisfying financial and strategic/ operational performance/ personal performance conditions and targets measured over a period of one financial year. The current performance condition is a matrix of Return on Equity (ROE) and Net Asset Value Growth (NAV). There is a risk adjustment mechanism built into the operation of the Bonus Plan. If the threshold levels of ROE or NAV are not met for any financial year during the six years of operation of the Bonus Plan up to 50% of a participant's plan account will be forfeited.
Long term Incentives No plan available for new grants during the Policy Period to current Executive Directors.	No plan available for new grants during the three year Policy Period unless, on recruitment, where a new Executive Director may be eligible to participate in the 2011 LTIP and also provided the total number of awards granted to all participants do not exceed the limits agreed with shareholders at the 2011 AGM. Further details on the operation of the 2011 LTIP are set out below this table.		
Total Remuneration Cap To achieve a balance between the need to reward and incentivise the Executive Directors to implement the Company strategy and the interests of other stakeholders in the Company.	Individual caps will limit the amount of total remuneration that has been earned over the financial year and is capable of being paid out. Individual Total Remuneration Caps are in addition to the LTIP Cap. The elements of remuneration subject to the Total Remuneration Cap are: – salary; – bonus; – pension; and – 2011 LTIP (also subject to a separate LTIP Cap). Where the total remuneration would exceed the Total Remuneration Cap the 2011 LTIP vesting will be reduced first followed by the bonus.	The Total Remuneration Caps for the Executive Directors commencing on 1 May 2017 are set out below: **Total Remuneration Cap p.a. (£)** **A W Pidgley** 8,200,000 **R C Perrins** 8,000,000 **R J Stearn** 3,250,000 **K Whiteman** 3,250,000 **S Ellis** 5,000,000	None
Shareholding requirement To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	The Committee operates a system of shareholder guidelines to encourage long term share ownership by the Executive Directors. This should be achieved within five years of appointment for Executive Directors.	400% of base salary for the Group Chairman and Chief Executive. 200% of base salary for other Executive Directors.	
Non-executive Directors			
To attract Non-executive Directors with the requisite skills and experience to contribute to the strategy of the Company and to review its implementation.	Each Non-executive Director receives a fee which relates to membership of the Board and additional fees are paid for Committee Chairmanship. Changes are effective from 1 May each year. Shareholding requirement for Non-executive Directors equal to 100% of net fees. Non-executive Directors do not participate in any variable remuneration or benefits/ pension arrangements.	In general fee rises will be limited to the level provided to employees of the Company as a whole.	None

DIRECTORS' REMUNERATION REPORT

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2011 LTIP

The following subsisting options will continue to operate on the terms and conditions set out in the 2011 LTIP rules, as approved by shareholders. Full details of the subsisting options are set out in previous years' Annual Reports on Remuneration. Options under these arrangements do not form part of the ongoing Remuneration Policy; however payments may be made in the future subject to the achievement of the relevant performance conditions.

Objective and link to strategy

Executive Directors

To align Executive Directors' interests with those of shareholders by focusing on creating sustainable superior returns to shareholders over a 10 year period.

Key features

The 2011 LTIP is a ten year plan which directly supports the Company's corporate strategy.

The 2011 LTIP aims to make returns to shareholders in cash over a sustained period, ensuring that the Group remains at the right size and balances investment and returns to shareholders.

Options vest in annual tranches based on cumulative return targets. The exercise price of options will be £16.34 per share less an amount equal to the value of all dividends paid between the date of approval of the 2011 LTIP and 30 September 2021, provided the exercise price cannot be less than zero.

Individual caps (LTIP Caps) will limit the amount of an option that is capable of exercise. Any options that are vested but not exercisable due to the LTIP Cap, will be banked and be capable of exercise in subsequent years subject to the operation of the LTIP Cap in those years. The period over which banked options can become exercisable has been extended for an additional two years (2022 and 2023) after the end of the original performance period (2021). Any banked options which have not become exercisable by 2023 will lapse.

The total value of all options granted under the 2011 LTIP is subject to a global cap at vesting based on the following formulae: Number of shares subject to Plan x £35 per share. The value of an option for the purpose of the cap is calculated as the gain on vesting (market price of a share on vesting less the exercise price x number of shares vesting). The global cap is allocated proportionately to each vesting. Any element of unused global cap will roll forward to the next vesting.

Any shares acquired through the exercise of options under the 2011 LTIP are subject to a restriction that no more than 10% of these shares are eligible to be sold each year until 30 September 2023 at which point the sale restriction falls away. This limit is cumulative so if no shares are sold in a year that number can be sold in a subsequent year as well as the shares eligible for sale in respect of that year.

Malus applies up to the date of exercise Clawback applies two years post the date of exercise.

Maximum opportunity

No new options will be granted under the 2011 LTIP to the current Executive Directors. On recruitment, a new Executive Director will be eligible to participate in the 2011 LTIP subject to availability for new grants.

The maximum number of shares capable of being granted to all participants is 19,616,503 shares.

Options were granted to the current Executive Directors as follows:

Executive Director	Number of shares
A W Pidgley	5,000,000
R C Perrins	5,000,000
R J Stearn	954,328
S Ellis	2,250,000
K Whiteman	1,000,000

The following individual caps on the value of options capable of exercise will operate:

Executive Director	LTIP Cap (£) (p.a.)
A W Pidgley	8,000,000
R C Perrins	5,500,000
R J Stearn	2,000,000
S Ellis	3,750,000
K Whiteman	2,000,000

Where the value of options vesting in a period (as calculated for the purposes of the single total figure of remuneration disclosure) is greater than the LTIP Cap, the options above the LTIP Cap will not become exercisable at this vesting date and will be banked. The following sets out how the LTIP Cap will operate:

1. The potential gain of the tranche of the 2011 LTIP options at the relevant date of vesting (B) is limited by the LTIP Cap (A) as set out in respect of each Executive Director in the table above. In all cases the performance conditions will have been satisfied or the tranche will lapse.
2. This potential gain (B) at the date of vesting is calculated as follows:

   Number of options capable of vesting x
   (market price of a share on the date of vesting – exercise price) = (B)
3. Where (B) is greater than (A) the excess value will be converted into a number of options by dividing it by the gain per share subject to each option calculated at the date of vesting. These options will not become exercisable at this vesting date and will be banked.
4. The number of options calculated under 3 equivalent to the excess value will be banked and subject to the following terms:
   a. There are no further performance conditions to be satisfied;
   b. They remain subject to an employment condition until they become exercisable;
   c. They will become exercisable at the next vesting date in part or in full up to the value of the LTIP Cap for that financial year taking into account options vesting in respect of that year's 2011 LTIP tranche using the above methodology. In addition;
      i. irrespective of whether the relevant tranche for that year vests (i.e. whether the performance conditions have been met for the tranche) it does not affect the potential exercise of options in the bank;
      ii. this process will continue until all banked options have become exercisable or until 30 September 2023 at which point any banked options that have not become exercisable will lapse.

The above calculations will be performed at each vesting date for a tranche under the 2011 LTIP. It is therefore possible that options may be banked in a number of years.

Performance conditions and assessment

In order for options to vest, the following levels of return (through a combination of dividends and share buy-backs) must be provided to shareholders.

Date (By)	Return (£)	Cumulative Return (£)	% of Option vesting
Sept 16	Paid	Paid	33.0% (Vested)
Sept 17	277,690,956	277,690,956 plus £2 for each share issued or reissued in the period 1 October 2016 to the 29 September 2017	13.4%
Sept 18	277,690,956	555,381,912 plus £2 for each share issued or reissued in the period 1 October 2016 to the 29 September 2018	13.4%
Sept 19	277,690,956	833,072,868 plus £2 for each share issued or reissued in the period 1 October 2016 to the 29 September 2019	13.4%
Sept 20	277,690,956	1,110,763,824 plus £2 for each share issued or reissued in the period 1 October 2016 to the 29 September 2020	13.4%
Sept 21	277,690,956	1,388,454,780 plus £2 for each share issued or reissued in the period 1 October 2016 to the 29 September 2021	13.4%
Sept 22	n/a	n/a	Banked balance to cap
Sept 23	n/a	n/a	Banked balance to cap

If the annual return payment is not made for the relevant year that tranche of the option will lapse. If in a subsequent year the cumulative returns paid reach the targeted level, the tranche for that year will vest; however, tranches where the annual return payment was not made for the relevant year will remain lapsed.

It should be noted that any new shares issued (from Treasury or as newly listed shares) increase the absolute level of cumulative return required.

The Directors Remuneration Report has been approved by the Board.
By Order of the Board

G Barker
Chairman, Remuneration Committee
21 June 2017

DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated and company financial statements for the year ended 30 April 2017.

Principal activities and review of the business

The Company is the UK holding company of a Group engaged in residential-led property development focusing on urban regeneration and mixed-use developments. The Company is incorporated and domiciled in England and Wales and is quoted on the London Stock Exchange.

The information that fulfils the requirements of the Strategic Report can be found on pages 2 to 75 of the Annual Report which provide more detailed commentaries on the business performance during the year together with the outlook for the future. In particular, information in respect of the principal financial and operating risks of the business is set out on pages 59 to 69 of the Strategic Report.

Trading results and dividends

The Group's consolidated profit after taxation for the financial year was £645.1 million (2016: £404.1 million). The Group's joint ventures contributed a profit after taxation of £63.8 million (2016: £36.5 million).

An interim dividend of 100 pence per share was paid to shareholders on 15 September 2016 and a further interim dividend of 85.24 pence per share was paid to shareholders on 24 March 2017. A further interim dividend is proposed to be paid as part of the £138.8 million shareholder return to be provided by 30 September 2017 through a combination of dividends and share buy-backs. The amount to be paid as a dividend will be announced on 17 August, taking account of any share buy-backs made during the period 2 December 2016 to 30 September 2017. The dividend will be paid on 15 September 2017 to shareholders on the register on 25 August 2017.

Post balance sheet event

There are no post balance sheet events.

Share capital

The Company had 140,157,183 ordinary shares in issue at 30 April 2017 (2016 138,257,183). During the year to 30 April 2017 and in accordance with the authority provided by shareholders at the 2015 and 2016 Annual General Meetings, the Company has purchased 2,418,472 ordinary shares with a nominal value of £120,924 which equated to 1.7% of the called up share capital of the Company at the beginning of the period, excluding Treasury shares. The aggregate consideration paid for these shares was £64.5 million. As at 30 April 2017 the Company held 2,418,472 shares in Treasury. These shares have no voting rights. Authority will be sought from shareholders at the forthcoming Annual General Meeting to renew the authority given at the 2016 Annual General Meeting for a further year, permitting the Company to purchase its own shares in the market up to a limit of 10% of its issued share capital.

Movements in the Company's share capital are shown in note 18 to the consolidated financial statements.

Information on the Group's share option schemes is set out in note 5 to the consolidated financial statements. Details of the Long-Term Incentive Schemes and Long-Term Incentive Plans for key executives are set out within the Directors' Remuneration Report on pages 89 to 107.

Articles of association

The Articles of Association set out the basic management and administrative structure of the Company. They regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, Board and shareholder meetings, powers and duties of Directors and borrowing powers. In accordance with the Articles of Association, Directors can be appointed or removed by shareholders in a general meeting.

The Articles may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary and are also open to inspection at Companies House.

Directors

The Directors of the Company and their profiles are detailed on pages 78 to 81. All of these Directors served throughout the year under review. In addition, G J Fry served as a Director of the Company from 1 May to 31 December 2016.

The Articles of Association of the Company require Directors to submit themselves for re-election every three years. In addition, all Directors are subject to election at the first opportunity after their appointment to the Board. However, in accordance with the UK Corporate Governance Code 2014 all of the Directors will offer themselves for re-election at the forthcoming Annual General Meeting.

The Directors' interests in the share capital of the Company and its subsidiaries are shown in the Directors' Remuneration Report on pages 97 and 98. At 30 April 2017 each of the Executive Directors were deemed to have a non-beneficial interest in 424,872 (2015: 338,061) ordinary shares held by the Trustees of The Berkeley Group Employee Benefit Trust ("EBT"). The Trustee of the EBT has waived entitlement to dividends until further notice and has agreed not to vote on any shares held in the EBT at any general meeting.

There were no contracts of significance during, or at the end of, the financial year in which a Director of the Company is, or was, materially interested, other than those set out in note 25 to the consolidated financial statements, the contracts of employment of the Executive Directors, which are terminable within one year, and the appointment terms of the Non-executive Directors, which are renewable annually and terminable on one month's notice.

Directors' indemnities

The Company's practice has always been to indemnify its Directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. Qualifying third party indemnities, under which the Company has agreed to indemnify the Directors, were in force during the financial year and at the date of approval of the financial statements, in accordance with the Company's Articles of Association and to the maximum extent permitted by law, in respect of all costs, charges, expenses, losses and liabilities, which they may incur in or about the execution of their duties to the Company, or any entity which is an associated company (as defined in Section 256 of the Companies Act 2006), or as a result of duties performed by the Directors on behalf of the Company or any such associated company.

Substantial shareholders

The Company has been notified of the following interests, pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules ("DGTR"), as at 30 April 2017:

	Number of ordinary shares held(i)	% of voting rights(i)	Nature of holdings
First Eagle Investment Management LLC (ii)	15,197,119	11.02	Indirect
BlackRock Inc.	13,752,976	9.97	Indirect
Standard Life Investments	6,443,253	4.76	Direct/ Indirect
A W Pidgley, CBE	5,498,916	3.9868	Direct

(i) The number of ordinary shares held and percentage of voting rights is as stated by the shareholder at the time of notification.

(ii) First Eagle Overseas Fund have notified the Company that they hold 4,212,259 ordinary shares which is 3.02% of voting rights. This holding is included in the indirect interests of 11.02% held by First Eagle Investment Management LLC.

Between 30 April 2017 and 20 June 2017 the Company has also been notified of the following interests, pursuant to Rule 5 of the DGTR:

	Number of ordinary shares held	% of voting rights(i)	Nature of holdings
BlackRock Inc.	13,784,370	10.00	Indirect

(i) The number of ordinary shares held and percentage of voting rights held is as stated by the shareholder at the time of notification.

Donations

The Group made no political donations (2016: £nil) during the year.

Employment policy

The Group's policy of operating through autonomous subsidiaries has ensured close consultation with employees on matters likely to affect their interests. The Group is firmly committed to the continuation and strengthening of communication lines with all its employees.

An Equal Opportunities Policy was introduced in 2001. Following periodic reviews (the most recent in September 2010) the policy is now an Equality and Diversity Policy with the aim of ensuring that all employees, potential employees and other individuals receive equal treatment (including access to employment, training and opportunity for promotion) regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation. It is the policy of the Group to support the employment of people with disabilities wherever practicable and to ensure, as far as possible, the training, career development and promotion opportunities are available to all employees. This policy includes employees who become disabled whilst employed by the Group.

All disclosures concerning diversity of the Group's Directors, senior management and employees (as required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) are contained within the Strategic Report on page 41.

The Group has implemented Human Rights, Modern Slavery and Child Labour policies in support of human rights which is implicit in all of its pre-existing corporate policies and procedures. The Group believes these policies to be effective in promoting and protecting human rights by establishing clear ethical standards for ourselves and our expectations for those external parties who work with the Group or on our behalf.

Sustainability

The Group is committed to being a responsible and sustainable business which thinks about the long-term and creates positive environmental, social and economic impacts. These aspects are considered in the Group's approach to managing its operational activities and in the homes and places it develops.

The Group has an integrated strategy for the business; Our Vision. Sustainability is a key element of the Group's strategy with a number of commitments directly relating to sustainability. Information on Our Vision can be found within the Strategic Report and on the Group's website.

The Directors have ultimate responsibility for sustainability within the Group. The Sustainability Leadership Team, which meets monthly to set strategic direction and review performance, consists of the Chief Executive, the Board Director Responsible for Sustainability and the Group Sustainability Team. Dedicated operational practitioners work throughout the business to ensure sustainability is incorporated into daily activities.

Greenhouse gas emissions

	2017	2016
Scope 1 (tCO_2e)	2,265 A	2,378 A
Scope 2 (tCO_2e)	10,056 A	11,822 A
Scope 3 (tCO_2e)	11,383 A	13,667 A
Total (tCO_2e)	23,704 A	27,867 A
Emissions intensity (tCO_2e/person)	1.76	2.29

2017 (A) and 2016 (A) information has been separately subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided in 2017 and 2016, see the independent assurance reports found at berkeleygroup.co.uk/sustainability/reports-and-case-studies.

The Group has reported on greenhouse gas emissions for which it is responsible, as required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The emissions disclosed are aligned to the Group's financial reporting year, are considered material to its business and have the following parameters:

Scope 1 – direct emissions relating to office, sales and development site activities; and work-related travel in company owned vehicles;

Scope 2 – indirect emissions from electricity and heat consumed for office, sales and development site activities;

Scope 3 – other indirect emissions relating to office, sales and development site activities; work-related travel in leased and employee owned vehicles; business air travel; transmission and distribution losses of purchased electricity and heat; and upstream emissions.

Emissions include 50% of those resulting from the Group's joint ventures on the basis of its equity share.

The intensity ratio has been calculated using the total number of direct employees across the Group and the number of contractors working on our sites.

The UK Government Environmental Reporting Guidelines 2013 and UK Government GHG Conversion Factors for Company Reporting have been used to calculate and report the Group's greenhouse gas emissions.

2016 data has been revised based on more accurate data now being available for energy consumption within the period. Further details on these changes, our established reporting criteria and the methodology adopted for the overall calculations can be found at berkeleygroup.co.uk/sustainability/reports-and-case-studies.

The Directors confirm that reported greenhouse gas emissions have been prepared in accordance with the Group's established reporting criteria, are free from material misstatement and have been presented in a manner that provides relevant, reliable, comparable and understandable information.

Takeover directive – agreements

Pursuant to the Companies Act 2006, the Company is required to disclose whether there are any significant agreements that take effect, alter or terminate upon a change of control.

Change of control provisions are included as standard in many types of commercial agreement, notably bank facility agreements and joint venture shareholder agreements, for the protection of both parties. Such standard terms are included in Berkeley's bank facility agreement

DIRECTORS' REPORT

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which contains provisions that give the banks certain rights upon a change of control of the Company. Similarly, in certain circumstances, a change of control of either National Grid or Berkeley may give the other joint venture partner the ability to sell its interest in the joint venture.

In addition, the Company's share schemes contain provisions which take effect upon change of control. These do not entitle the participants to a greater interest in the shares of the Company than that created by the initial grant of the award. The Company does not have any arrangements with any Director that provide compensation for loss of office or employment resulting from a takeover.

Independent Auditors and disclosure of information to Auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

A resolution to re-appoint KPMG LLP as auditors to the Company will be proposed at the Annual General Meeting.

Annual general meeting

The Annual General Meeting of the Company is to be held at the Woodlands Park Hotel, Woodlands Lane, Stoke D'Abernon, Cobham, Surrey KT11 3QB at 11.00am on 6 September 2017. The Notice of Meeting, which is contained in a separate letter from the Chairman accompanying this report, includes a commentary on the business to be transacted at the Annual General Meeting.

Share capital structure

The Company is compliant with DGTR 7.2.6. and the information relating to the Company's share capital structure is included in the Directors' Report on page 108.

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have prepared the Parent Company Financial Statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company Financial Statements respectively; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors responsibility statement

Each of the Directors, whose names and functions are listed on pages 78 to 81 confirm that, to the best of each person's knowledge:

a. the Group financial statements, which have been prepared in accordance with IFRS's as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

b. the Strategic Report, together with the Directors' report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces, including those that would threaten its business model, future performance, solvency or liquidity; and

c. the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial performance and position, business model and strategy.

Going concern

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial Review on pages 72 to 75.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group, including the return of £2.2 billion to shareholders by 2021, and compared this to the level of committed loan facilities and cash resources over the medium term. In making this assessment consideration has been given to the uncertainty inherent in future financial forecasts and where applicable reasonable sensitivities have been applied to the key factors affecting the financial performance of the Group.

The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

G E M Parsons
Company Secretary
The Berkeley Group Holdings plc
Registered number: 5172586
21 June 2017

03 FINANCIALS

Royal Arsenal Riverside, Woolwich

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1) Our opinion on the financial statements is unmodified
We have audited the financial statements of the Berkeley Group Holdings plc for the year ended 30 April 2017 set out on pages 120 to 153.

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 30 April 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Overview		
Materiality: group financial statements as a whole		£30.0m (2016: £24.0m) 3.7% of normalised profit before tax
Coverage		92% (2016: 93%) of normalised group profit before tax
Risks of material misstatement		**vs 2016**
Recuring risks	Carrying value of inventories and profit recognition	◀ ▶
	Revenue recognition	◀ ▶
	Provisions	◀ ▶
	Compliance with Laws and Regulations	◀ ▶

2) Our assessment of risks of material misstatement
In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows.

We continue to perform procedures over Share Based Payment Recognition. However, following consideration of the reduced complexity of the accounting in comparison to that observed in prior year scheme modifications, we have not assessed this as one of the risks that had the greatest effect on our audit and, therefore, it is not separately identified in our report this year.

	The risk	Our response

Carrying value of inventories and margin recognition
 	
(Inventories: £3,483.4m (2016: £3,256.1m), gross profit: £939.8m (2016 – £701.7m))
 	
Refer to page 86 (Audit Committee Report), pages 125 to 127 (accounting policy) and page 136 (financial disclosures).
	Forecast-based assessment
	
	The Group recognises profit on each sale by reference to the overall site margin, which is the forecast profit percentage for a site that may comprise multiple phases and can last a number of years. The recognition of profit is therefore dependent on the Group's estimate of future selling prices and build costs including an allowance for risk.
	
	Forecasts are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors including, but not limited to, the uncertainty surrounding the UK's exit from the European Union.
	
	Inventory represents the capitalised site costs to date. It is held at the lower of cost and net realisable value, the latter also being based on the forecast for the site. As such errors in these forecasts can impact the assessment of the carrying value of inventories.
		Our procedures included:
		
		– **Control observation:** We inspected the minutes, and attended a selection of, the group's build cost review meetings. This included assessing whether the appropriate individuals attended the meetings and that the forecast costs for developments were discussed and the valuations updated as appropriate.
		
		– We inspected whole site forecasts on a sample basis and challenged the inputs and assumptions by:
		
		  – **Tests of detail:** Agreeing a sample of forecast costs to purchase contracts, supplier agreements or tenders, and agreeing a sample of costs incurred in the year to invoice and/or payment, including checking that they were allocated to the appropriate site.
		
		  – **Benchmarking assumptions:** Assessing, based on the risks highlighted by the group's build cost review meetings and industry cost indices, the appropriateness of allowances made for cost increases and longer term development risks.
		
		  – **Our sector experience:** Comparing forecast sales prices against recent prices achieved in the local market, and considering factors that may influence the achievable price on future sales.
		
		– **Sensitivity analysis:** We evaluated the impact of varying changes in sales prices and costs on the forecast margin and considered whether this indicated a risk of impairment of the inventory balance.
		
		– **Assessing transparency:** We considered the adequacy of the Group's disclosures regarding the degree of judgement and estimation involved in arriving at the forecast, resultant profit and carrying value of inventory.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC ONLY
CONTINUED

2) Our assessment of risks of material misstatement continued

	The risk	Our response
Revenue recognition £232.4m (2016: £132.7m) Refer to page 86 (Audit Committee Report), pages 125 to 127 (accounting policy) and page 137 (financial disclosures).	**2017/2018 sales** It is the Group's policy to recognise revenue on residential property units when contracts are exchanged and the building work is physically complete. The legal completion of the sale, being the point at which the balance of the sale is paid for and title transfers, remains dependent on the receipt of final payment. The recognition of revenue is generally before legal completion, and as such is potentially more subjective than recognising at this latter point. The risk is that the unit is not physically complete or that the buyer is unable to complete the purchase, as should either of these be the case the revenue should not be recognised.	Our audit procedures included: – **Control observations:** Testing controls over property sales including: – inspecting documentation evidencing internal physical inspection and confirmation of build complete status; and – obtaining customer background checks including checks of availability of funds. – For a sample of sales recorded where the final payment was not yet received, we performed the following: – **Site visits:** physically visited sites to observe build completion status; – **Control observation:** inspected the internal sign-off sheets to check whether sales had gone through the Group's approval process for those sites not visited; – **Tests of detail:** we inspected post-year end bank statements for payments from buyers. Where significant amounts were still outstanding we considered other information, such as correspondence with the buyer, in evaluating the recoverability of amounts and appropriateness of related revenue recognition. – **Assessing transparency:** We have also considered the adequacy of the Group's disclosures in respect of the judgements taken in recognising revenue for residential property units prior to legal completion
Provisions £99.9m (2016: £88.5m) Refer to page 86 (Audit Committee Report), pages 125 to 127 (accounting policy) and pages 137 to 138 (financial disclosures).	**Subjective estimate** The Group holds provisions in respect of claims and construction related liabilities that have arisen, or that prior claims experience indicates may arise, in respect of remediation of defects subsequent to the completion of certain developments, as well as in relation to other matters of litigation including legal disputes. The identification and valuation of provisions is judgmental by its nature and there is a risk that the estimate is incorrect and the provision is materially misstated.	Our procedures included: – **Internal enquiry:** We enquired of Group and divisional directors, and inspected board minutes for claims arising, and challenged whether provisions are required. – **Tests of detail:** For all significant known issues and claims, we inspected the calculation of the provision held and considered third party evidence, where available. – **Benchmarking assumptions:** For claims that past events indicated may arise, we evaluated settled issues and considered any differences in the development portfolio over time, such as increasing complexity of construction, in assessing the calculation of the provision. – **Enquiry of lawyers:** In respect of open matters of litigation, we held discussions with the Group's internal and external legal advisors, where applicable, and reviewed relevant correspondence to assess the provisions recorded. – **Assessing transparency:** We assessed whether the Group's disclosures sufficiently present the potential exposure of the Group.

	The risk	Our response
Compliance with Laws and Regulations Refer to page 86 (Audit Committee Report)	**Potential exposure** The Group is subject to a number of laws and regulations including, but not limited to, anti-bribery, anti-money laundering, and sanctions checking which are those most relevant to the audit. Failure to comply with applicable laws and regulations could have a material financial and reputational impact on the business.	Our procedures included: **Control assessment:** We obtained an understanding of the relevant legal and regulatory framework within which the Group operates and assessed the design and operation of its key controls over this framework. We discussed the policies and procedures with the Group, including internal legal counsel. **Governance reporting scrutiny:** We reviewed Board papers, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance. **Enquiry with lawyers:** We reviewed the Group's documentation and correspondence with respect to relevant legal matters, including those relating to the on-going dispute with the Group's former Finance Director. We had discussions with the Group's internal and external legal advisors in respect of these matters. **Assessing transparency:** We assessed whether the Group's disclosures sufficiently present potential exposures.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC ONLY

CONTINUED

3) Our application of materiality and an overview of the scope of our audit
Materiality for the Group financial statements as a whole was set at £30.0m (2016: £24.0m), determined with reference to a benchmark of Group profit before taxation of £812.4m (2016: normalised profit before taxation of £479.9m), of which it represents 3.7% (2016: 5%).

We reported to the audit committee any corrected or uncorrected identified misstatements exceeding £1.5m (2016: £1.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

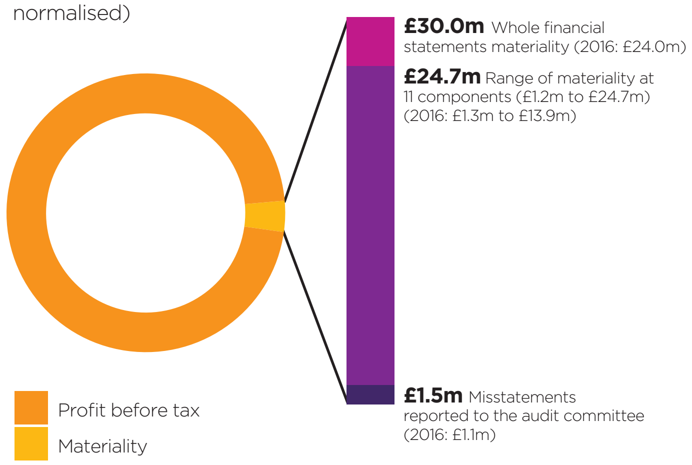
Of the group's 18 (2016: 17) components, we subjected 11 (2016: 10) to full scope audits for group purposes and 5 (2016: 6) to specified risk-focused procedures, all performed by the group team. The latter components were not individually financially significant enough to require a full scope audit for group purposes but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite.

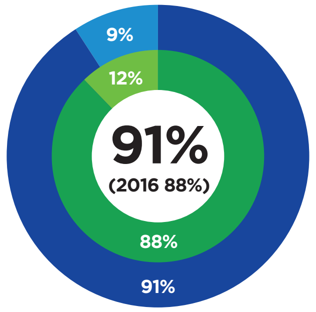
For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Profit before tax
£812.4m (2016: £479.9m normalised)

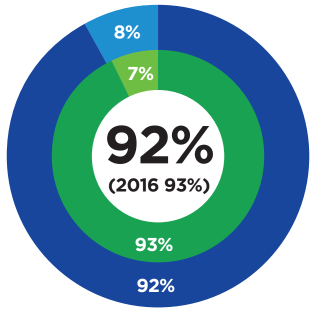
Materiality
£30.0m (2016: £24.0m)



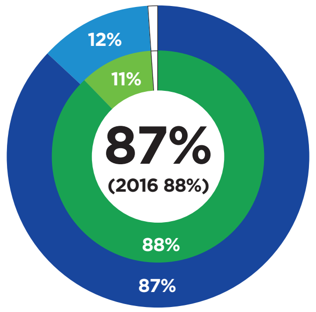
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2017
- Specified risk-focused audit procedures 2017
- Full scope for group audit purposes 2016
- Specified risk-focused audit procedures 2016
- Residual components

4.Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

5.We have nothing to report on the disclosures of principal risks
Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of longer-term viability on page 60, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the 4 years to 30 April 2021; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6.We have nothing to report in respect of the matters on which we are required to report by exception
Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 110 and 60, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 82 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities
As explained more fully in the Directors' Responsibilities Statement set out on page 110, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
21 June 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	2017 £m	2016 £m
Revenue		**2,723.5**	2,047.5
Cost of sales		**(1,783.7)**	(1,345.8)
Gross profit		**939.8**	701.7
Net operating expenses		**(183.6)**	(199.8)
Operating profit		**756.2**	501.9
Finance income	3	**2.1**	3.1
Finance costs	3	**(9.7)**	(10.6)
Share of results of joint ventures using the equity method	10	**63.8**	36.5
Profit before taxation for the year	2, 4	**812.4**	530.9
Income tax expense	6	**(167.3)**	(126.8)
Profit after taxation for the year		**645.1**	404.1

Earnings per ordinary share:			
Basic	7	**467.8p**	295.8p
Diluted	7	**451.4p**	268.7p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April	Notes	2017 £m	2016 £m
Profit after taxation for the year		**645.1**	404.1
Other comprehensive expense:			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit asset/liability	5	**(0.6)**	(0.6)
Deferred tax on remeasurements of the net defined benefit asset/liability	6	**0.1**	0.1
Total items that will not be reclassified to profit or loss		**(0.5)**	(0.5)
Items reclassified to profit or loss			
Change in value of other investments	11	**–**	(2.0)
Total items reclassified to profit or loss		**–**	(2.0)
Other comprehensive income for the year		**(0.5)**	(2.5)
Total comprehensive income for the year		**644.6**	401.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April	Notes	2017 £m	2016 £m
Assets			
Non-current assets			
Intangible assets	8	**17.2**	17.2
Property, plant and equipment	9	**22.8**	23.5
Investments in joint ventures	10	**135.0**	150.0
Other investments	11	**–**	–
Deferred tax assets	17	**59.4**	71.9
		234.4	262.6
Current assets			
Inventories	12	**3,483.4**	3,256.1
Trade and other receivables	13	**229.5**	212.3
Cash and cash equivalents	14, 23	**585.5**	107.4
		4,298.4	3,575.8
Total assets		**4,532.8**	3,838.4
Liabilities			
Non-current liabilities			
Borrowings	23	**(300.0)**	–
Trade and other payables	15	**(69.2)**	(90.3)
Provisions for other liabilities and charges	16	**(73.0)**	(68.3)
		(442.2)	(158.6)
Current liabilities			
Trade and other payables	15	**(1,809.2)**	(1,768.6)
Current tax liabilities		**(117.6)**	(78.2)
Provisions for other liabilities and charges	16	**(26.9)**	(20.2)
		(1,953.7)	(1,867.0)
Total liabilities		**(2,395.9)**	(2,025.6)
Total net assets		**2,136.9**	1,812.8
Equity			
Shareholders' equity			
Share capital	18	**7.0**	6.9
Share premium	18	**49.8**	49.8
Capital redemption reserve	19	**24.5**	24.5
Other reserve	19	**(961.3)**	(961.3)
Retained profit	19	**3,016.9**	2,692.9
Total equity		**2,136.9**	1,812.8

The financial statements on pages 120 to 147 were approved by the board of directors on 21 June 2017 and were signed on its behalf by:

R J Stearn
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total £m
At 1 May 2016		6.9	49.8	24.5	(961.3)	2,692.9	1,812.8
Profit after taxation for the year		–	–	–	–	645.1	645.1
Other comprehensive income for the year		–	–	–	–	(0.5)	(0.5)
Total comprehensive income for the year		–	–	–	–	644.6	644.6
Issue of ordinary shares	18	0.1	–	–	–	–	0.1
Purchase of ordinary shares		–	–	–	–	(64.5)	(64.5)
Transactions with shareholders:							
Charge in respect of employee share schemes	5	–	–	–	–	(1.3)	(1.3)
Deferred tax in respect of employee share schemes	6	–	–	–	–	(0.2)	(0.2)
Dividends to equity holders of the Company	20	–	–	–	–	(254.6)	(254.6)
At 30 April 2017		**7.0**	**49.8**	**24.5**	**(961.3)**	**3,016.9**	**2,136.9**

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total £m
At 1 May 2015		6.8	49.6	24.5	(961.3)	2,518.3	1,637.9
Profit after taxation for the year		–	–	–	–	404.1	404.1
Other comprehensive income for the year		–	–	–	–	(2.5)	(2.5)
Total comprehensive income for the year		–	–	–	–	401.6	401.6
Issue of ordinary shares	18	0.1	0.2	–	–	–	0.3
Purchase of ordinary shares		–	–	–	–	(1.2)	(1.2)
Transactions with shareholders:							
Credit in respect of employee share schemes	5	–	–	–	–	28.8	28.8
Deferred tax in respect of employee share schemes	6	–	–	–	–	4.9	4.9
Dividends to equity holders of the Company	20	–	–	–	–	(259.5)	(259.5)
At 30 April 2016		6.9	49.8	24.5	(961.3)	2,692.9	1,812.8

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	**2017 £m**	2016 £m
Cash flows from operating activities			
Cash generated from operations	23	**537.0**	94.0
Proceeds from sale of investment properties		**–**	0.2
Interest received		**1.9**	3.0
Interest paid		**(2.7)**	(2.7)
Income tax paid		**(115.6)**	(100.8)
Net cash flow from operating activities		**420.6**	(6.3)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	**(2.8)**	(4.9)
Proceeds on disposal of financial assets		**–**	12.8
Dividends from investments	10	**70.0**	–
Proceeds on disposal of property, plant and equipment		**0.5**	2.1
Movements in loans with joint ventures	10	**8.8**	(63.2)
Net cash flow from investing activities		**76.5**	(53.2)
Cash flows from financing activities			
Proceeds from the issue of shares		**0.1**	0.3
Purchase of own shares		**(64.5)**	(4.8)
Increase in borrowings		**300.0**	–
Dividends paid to Company's shareholders	20	**(254.6)**	(259.5)
Net cash flow from financing activities		**(19.0)**	(264.0)
Net increase/(decrease) in cash and cash equivalents		**478.1**	(323.5)
Cash and cash equivalents at the start of the financial year		**107.4**	430.9
Cash and cash equivalents at the end of the financial year	14, 23	**585.5**	107.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

General Information
The Berkeley Group Holdings plc (the "Company") is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG. The Company and its subsidiaries (together the "Group") are engaged in residential-led, mixed-use property development. Further information about the nature of the Group's operations and its principal activities are set out in the Directors' Report on page 108.

Basis of preparation
These Consolidated Financial Statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards ("IFRSs"), IFRS-IC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed on page 127.

The following new standards, amendments to standards and interpretations ("Standards") are applicable to the Group and are mandatory for the first time for the financial year which began on 1 May 2016: Annual Improvements to IFRSs – 2012-2014 Cycle; IFRS 11 Joint Arrangements (Amendment); IAS 16 Property, Plant and Equipment (Amendment); IAS 27 Consolidated and Separate Financial Statements (Amendment); IFRS 10 Consolidated Financial Statements (Amendment); IFRS 12 Disclosure of Interest in Other Entities (Amendment); IAS 28 Investments in Joint Ventures and Associates (Amendment) and IAS 1 Presentation of Financial Statements (Amendment). These Standards have not had a material impact on the results of the Company for the year ended 30 April 2017.

The following new standards, amendments to standards and interpretations ("New Standards") have been issued, but are not yet effective for the financial year ended 30 April 2017 and have not been adopted early: IAS 12 Income Taxes (Amendment); IAS 7 Cashflow Statements (Amendment); IFRS 9 Financial Instruments; IFRS 2 Share Based Payments (Amendment); IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.

The Group is currently considering the impact of IFRS 15 Revenue from Contracts with Customers which will be applicable in Berkeley's financial year ending 30 April 2019, as well as the other New Standards.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group and compared this to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to the uncertainty inherent in future financial forecasts and where applicable, reasonable sensitivities have been applied to the key factors affecting the financial performance of the Group. The Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Basis of consolidation
(a) Subsidiaries
The Consolidated Financial Statements comprise the financial statements of the Parent Company and all its subsidiary undertakings. The accounting date for subsidiary undertakings is 30 April.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration substantive rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Acquisition-related costs are expensed as incurred.

(b) Joint ventures
Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Segmental reporting
Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group determines its reportable segments having regard to permitted aggregation criteria with the principal condition being that the operating segments should have similar economic characteristics.

The Group is predominantly engaged in residential-led, mixed-use property development, comprising residential revenue, revenue from land sales and commercial revenue.

For the purposes of determining its operating segments, the chief operating decision-maker has been identified as the Executive Committee of the Board.

This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined that its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed-use development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

In addition to its development activities, the Group previously held certain residential properties for investment purposes. These investment activities represent a separate segment which was included within "Other activities" in the prior year, as they did not meet the size thresholds to be disclosed as a separate reportable segment.

Revenue
Revenue represents the amounts receivable from the sale of properties, investment properties and ground rent assets during the year and other income directly associated with property development. Properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete. Ground rent assets are treated as sold when contracts are exchanged, all material conditions precedent to the sale have been satisfied and the risks and rewards of ownership have transferred to the purchaser. See Accounting estimates and judgements below for further disclosures on revenue recognition.

Rental income is recognised in the income statement on a straight line basis over the life of the lease. Any lease incentives are recognised as an integral part of the total rental income.

Expenditure
Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale. The amount of cost related to each property includes its share of the overall site costs including, where relevant, its share of forecast costs to complete. Net operating expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. See Accounting estimates and judgements below for further disclosures on cost recognition.

Taxation
The taxation expense represents the sum of the current tax payable and deferred tax. Current tax, including UK corporation tax, is provided at the amounts expected to be paid (or received) using the tax rules and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or from differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred taxation is also dealt with in reserves.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets
Where the cost of acquiring new and additional interests in subsidiaries, joint ventures and businesses exceeds the fair value of the net assets acquired, the resulting premium on acquisition (goodwill) is capitalised and its subsequent measurement is based on annual impairment reviews and impairment reviews performed where an impairment indicator exists, with any impairment losses recognised immediately in the income statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Property, plant and equipment
Property, plant and equipment is carried at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of the assets on a straight line basis to their residual value over their estimated useful lives at the following annual rates:

Freehold buildings	2%	Fixtures and fittings	15%/20%
Motor vehicles	25%	Computer equipment	33 ⅓%

Freehold property disclosed in the notes to the consolidated financial statements consists of both freehold land and freehold buildings. No depreciation is provided on freehold land. Computer equipment is included within fixtures and fittings. The assets' residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date. Where an impairment is identified, the recoverable amount of the asset is identified and an impairment loss, where appropriate, is recognised in the income statement.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within net operating expenses in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Investment properties
Investment properties, which are properties held to earn rental income, are recognised using the "cost model" and are carried in the statement of financial position at historic cost less accumulated depreciation.

Depreciation is provided to write off the element of the cost of the assets that relates to buildings at 2% per annum on a straight line basis. No depreciation is charged on the element of the cost of the assets that relates to land.

Sales of investment properties are recognised in revenue and cost of sales. These are considered to be similar in nature to the underlying property sales of the Group.

Inventories
Property in the course of development and completed units are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads. Provision is made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

Land purchased for development, including land in the course of development, is initially recorded at cost. Where such land is purchased on deferred settlement terms, and the cost differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the income statement over the period to settlement.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within net operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net operating expense in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprises cash balances in hand and at the bank, including bank overdrafts repayable on demand which form part of the Group's cash management, for which offset arrangements across Group businesses have been applied where appropriate.

Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, sold or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade and other payables
Trade and other payables on normal terms are not interest bearing and are stated at their nominal value which is considered to be their fair value. Trade payables on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle that obligation, and the amount has been reliably estimated. See Accounting estimates and judgements below for further disclosures on recognition of provisions.

Deposits
New property deposits and on account contract receipts are held within current trade and other payables.

Employee benefits
(a) Pensions
The Group accounts for pensions under IAS 19 "Employee benefits". The Group has both defined benefit and defined contribution plans. The defined benefit plan was closed to future accrual with effect from 1 April 2007.

For the defined benefit scheme, the obligations are measured using the projected unit method. The calculation of the net obligation is performed by a qualified actuary. The operating and financing costs of these plans are recognised separately in the income statement; service costs are set annually on the basis of actuarial valuations of the scheme and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. In accordance with IAS 19 the Group does not recognise on the statement of financial position any surplus in the scheme.

Pension contributions under defined contribution schemes are charged to the income statement as they fall due.

(b) Share-based payments

Equity-settled
Where the Company operates equity-settled, share-based compensation plans, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, taking into account only service and non-market conditions.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled
The cost of cash settled transactions is recognised as an expense over the vesting period measured by reference to the fair value of the corresponding liability which is recognised on the balance sheet. The liability is remeasured at fair value at each balance sheet date until settlement with changes in fair value recognised in the income statement.

See Accounting estimates and judgements below for further disclosures on recognition of share based payments.

Dividends
Dividend distributions to shareholders are recognised as a liability in the period in which the dividends are appropriately authorised and approved for payout and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Leasing agreements
Payments and receipts under operating lease agreements are charged or credited against profit on a straight line basis over the life of the lease.

Accounting estimates and judgements
Management applies the Group's accounting policies as described above when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements, apart from those involving estimations, which are detailed below.

(a) Carrying value of land and work in progress and estimation of costs to complete
The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore due to the nature of the Group's activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made. These assessment and allocations evolve over the life of the development in line with the risk profile, and accordingly the margin recognised reflects these evolving estimates. Specifically, the Group has consistently applied an appropriately cautious approach to margin recognition in relation to the Group's particularly complex, long-term regeneration developments where certain whole-site costs are accelerated to the early stages of the development to reflect the greater uncertainty and the evolution of risk over the life of such developments.

(b) Provisions
The Group makes assumptions to determine the timing and its best estimate of the quantum of its construction and other liabilities for which provisions are held.

(c) Revenue recognition
Berkeley recognises revenue and profit on development property sales at the point of physical completion, where there are contracts exchanged and the customer is able to proceed to legal completion. This differs from many other housebuilders who recognise revenue and profit on legal completion. The Directors believe that Berkeley's basis of accounting is appropriate for the circumstances of its business and that it is in accordance with International Financial Reporting Standards as adopted by the EU, but note that its approach results in the recognition of both revenue and profits earlier than the legal completion methodology. Reaching a view as to whether revenue should be recognised requires judgement. These judgements are complemented by external certifications in assessing whether the properties sold meet the criteria for recognition in respect of physical completion. The customers' ability to complete the purchase is also considered at the point of revenue recognition.

Berkeley's accounting policy removes absolute reliance on the date of legal completion, which Berkeley believes is a significant contributing factor to many of the customer service issues within the wider industry, without materially altering the financial reporting risk. Adopting an alternative 'legal completion' basis for the current and preceeding year would not result in a material adjustment to the financial statements.

2 SEGMENTAL DISCLOSURE

For the purposes of determining its operating segments, the chief operating decision-maker has been identified as the Executive Committee of the Board. This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined that its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed-use development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

The Group has historically held certain residential properties for investment purposes. These investment activities did represent a separate segment which was included within other activities, however, the last property was disposed in the year ended April 2016 for revenue of £0.2 million and £nil operating profit. Therefore, no separate financial information is disclosed.

For the purpose of monitoring segment performance and allocating resources between segments all assets are considered to be attributable to residential-led mixed-use development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3 NET FINANCE COSTS

	2017 £m	2016 £m
Finance income	**2.1**	3.1
Finance costs:		
Interest payable on bank loans and non-utilisation fees	**(3.9)**	(2.8)
Amortisation of facility fees	**(1.5)**	(1.0)
Other finance costs	**(4.3)**	(6.8)
	(9.7)	(10.6)
Net finance costs	**(7.6)**	(7.5)

Finance income predominantly represents interest earned on cash deposits.

Other finance costs represent imputed interest on taxation and on land purchased on deferred settlement terms.

4 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following amounts:

	2017 £m	2016 £m
Staff costs (note 5)	**270.3**	287.3
Depreciation of property, plant and equipment (note 9)	**2.8**	3.1
Profit on sale of property, plant and equipment	**(0.2)**	(0.2)
Profit on sale of other investments	**–**	(2.8)
Operating lease costs	**2.7**	2.8
Fees paid and payable to the Company's current auditor for the audit of the Parent Company and consolidated financial statements	**0.5**	0.4
Fees paid and payable to the Company's current auditor for other services:		
– Audit of the Company's subsidiaries	**0.1**	0.1
– Audit related assurance services	**0.1**	0.1
– Taxation advisory services	**0.1**	0.1

The value of inventories expensed and included in the cost of sales is £1,625.7 million (2016: £1,264.6 million).

In addition to the above services, the Group's current auditor has been asked to act as auditor to The Berkeley Final Salary Plan. The appointment of auditors to the Group's pension scheme and the fees paid in respect of the audit are agreed by the trustees of the scheme, who act independently of the management of the Group. The fees paid to the Group's auditors for audit services to the pension scheme during the year were £8,500 (2016: £10,000).

Fees paid in the year to the Group's current auditor for audit-related assurance services relate to the interim review.

5 DIRECTORS AND EMPLOYEES

Profit before taxation is stated after charging/(crediting) the following amounts:

	2017 £m	2016 £m
Staff costs		
Wages and salaries	**194.4**	177.4
Social security costs	**20.1**	43.9
Share-based payments – Equity settled	**39.0**	37.3
Share-based payments – Cash settled	**10.6**	22.5
Pension costs	**6.2**	6.2
	270.3	287.3

The average monthly number of persons employed by the Group during the year was 2,443 (2016: 2,277).

Key Management compensation

Key management comprises the Main Board, as the Directors are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Details of Directors' emoluments as included in the Income Statement during the year are as follows:

	2017 £m	2016 £m
Directors' remuneration	**2.9**	2.9
Amount charged under long term incentive schemes	**41.0**	33.9
Company contributions to the defined contribution pension schemes	**0.1**	0.1
	44.0	36.9

The Directors' Remuneration Report includes disclosure of the gains made by Directors on the exercise of share options during the year, which was £83.8 million (2016: £40.6 million) in aggregate.

During the 2014/2015 financial year, the Company dismissed its finance director, Mr Simpkin, who has issued four sets of legal proceedings in the Employment Tribunal against the Company, the first set being issued on the 28 November 2014. Mr Simpkin claims detriment relating to alleged protected disclosures and unfair dismissal. All such claims are strongly denied by the Company. The Employment Tribunal claims have been stayed following the initial stay application of Mr Simpkin, which was rigorously opposed by the Company. On the 28 November 2015 Mr Simpkin served High Court proceedings on the Company. There is a preliminary High Court hearing in July 2017 to consider the way in which the Remuneration Committee and the Board exercised their respective discretions not to permit Mr Simpkin to retain awards otherwise lost under 2010 Bonus Plan and the 2009 and 2011 LTIP schemes. The Company is robustly defending the proceedings with the assistance of external professional advisers. Appropriate provision has been made in the financial statements for specific costs relating to this matter.

Equity-settled share based payments

The Group operates one (2016: two) equity-settled share-based payments schemes. The charge to the income statement in respect of share-based payments in the year relating to grants of share options awarded under the 2011 Long-Term Incentive Plan was £40.6 million (2016: £38.1 million). The charge to the income statement attributable to key management is £35.0 million (2016: £27.4 million). The charge to the reserves during the year in respect of employee share schemes was £1.3 million (2016: £28.8 million credit), resulting from the non-cash IFRS2 charge for the year, as reflected in the cash flow statement, adjusted for the reclassification of reserves on the decision to cash settle the part of the award relating to taxes which vested during the year.

There were 24,789 exercisable share options at the end of the year. During the year 5,740,438 options vested under the 2011 Long-Term Incentive Plan (2016: 2,765,000 under the 2009 Part B Long-Term Incentive Plan).

2011 Long-Term Incentive Plan

The Company announced in June 2011 as part of a strategic review of the business a long term plan to return approximately £1.7 billion to shareholders over the next 10 years. In December 2015, a revision to the plan was proposed to return an additional £0.5 billion to shareholders.

A long term remuneration plan was proposed to support this strategy, the 2011 Long Term Incentive Plan ("2011 LTIP"), which was approved by shareholders at the Annual General Meeting on 5 September 2011 followed by amendments at the Annual General Meeting on 16 February 2016 and the Extraordinary General Meeting on 23 February 2017. The key features of the 2011 LTIP are:

- if the Company returns £2.3 billion to shareholders over a ten year period via a series of dividend payments and share buy backs (£16.34 per share) by the milestone dates referred to below, participants will be entitled to exercise options and receive a number of ordinary shares in the capital of the Company at the end of each period.
- the maximum number of shares capable of being earned by all participants was 19,616,503 shares, being 13% of the fully diluted share capital of the Company at the date of approval of the plan. During the year, the introduction of individual participant caps was approved by shareholders. The proportion of options vesting at each milestone date is detailed on page 88 of the Directors Remuneration report.
- the exercise price of options granted under the 2011 LTIP will be £16.34 per share less an amount equal to the value of all dividends, paid between the date of approval of the 2011 LTIP and vesting dates, beginning in September 2016 with five annual vestings thereafter, provided the exercise price cannot be less than zero.

The cumulative distributions required by the plan on or before the relative milestone dates are set out below:

	Cumulative distributions
30 September 2016	£6.34 per share
30 September 2017	£8.34 per share
30 September 2018	£10.34 per share
30 September 2019	£12.34 per share
30 September 2020	£14.34 per share
30 September 2021	£16.34 per share

The fair value of the options granted during that year, determined using the current market pricing model, was £3.17 for options which then vest on 30 September 2021. The inputs into the current market option pricing model were:

	Inputs
Grant date	5 September 2011
Vesting date	30 September 2021
Share price at grant date (p)	1,236
Exercise price (p)	nil
Discount rate	6.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

5 DIRECTORS AND EMPLOYEES CONTINUED

As a result of the modification during the year, which introduced individual participant caps and extended the service period by a further two years, there was a decrease in the fair value cost of the options although the number of options granted has not changed. This has been considered a non-beneficial modification for accounting purposes, and accordingly there has been no impact on the accounting treatment applied.

The discount rate was determined by calculating the Group's expected cost of capital over the vesting period at the grant date.

During the year 1,250,557 options lapsed on the departure of one employee (2016: none) and there were no new additional options granted during the year (2016: 954,328). As at 30 April 2017 there were 10,187,780 options outstanding (2016: 17,045,831).

2009 Long-Term Incentive Plan
Part B
Part B of the 2009 Long-Term Incentive Plan vested on 15 April 2016. As a result, 2,487,121 shares were issuable to the participants, representing 2,765,000 options that vested under 2009 LTIP Part B, less 277,879 of shares equivalent to the exercise price on vesting of £3.06 per share. The Company elected to enable participants to choose to allow the Company to settle the income tax and national insurance liabilities of the participants of the Scheme in lieu of issuing shares to them for an equivalent value. This reduced the number of shares issuable by a further 1,125,026 to 1,362,095 which were issued on 15 April 2016. The share price at the date of vesting was £29.76. As at 30 April 2016 there were no options outstanding.

Cash-settled share based payments
Bonus Banking Plan
Under the Bonus Banking Plan, detailed in the Directors' Remuneration Report on page 96, 50% of the balance on the plan account at the end of the financial year is deferred in notional shares in the Company. The notional shares will be settled in cash each year excluding the year ending 30 April 2021 when the scheme will fully vest and at which point 50% of the remaining balance at that date will be settled in equity, and 50% in cash. Accordingly the plan is accounted for as cash settled, with only the proportion expected to vest in shares at the end of the plan accounted for as equity settled. This amount is not of significant quantum to warrant individual disclosure.

The liability has been accrued over the vesting period. The income statement is charged with an estimate for the vesting of notional shares awarded subject to service and non-market performance conditions. The charge for 2017 was £6.0 million (2016: £6.5 million), all of which related to key management.

The total carrying amount of liabilities for the Bonus Banking Plan at the end of the year was £6.8 million (2016: £5.5 million), recorded in accruals and deferred income.

During the year end 30 April 2016 the previous Bonus Banking Plan was settled resulting in a £1.2 million charge to reserves as a result of settling the final balance through the issue of shares purchased from the market.

Senior Management share appreciation rights
Certain key members of senior management have been awarded cash bonuses deferred in notional shares in the Company. The notional shares have a contractual life of five years after the bonus is allocated, and are settled in cash subject to continued employment by the Company and individual and divisional performance criteria.

The liability is accrued over the vesting period. The income statement is charged with an estimate for the vesting of notional shares awarded subject to service and non-market performance conditions. The charge for 2017 was £3.1 million (2016: £16.9 million).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £30.3 million (2016: £43.6 million), recorded in accruals and deferred income.

Pensions
During the year, two principal pension schemes were in place for employees. The Berkeley Group plc Group Personal Pension Plan and the St George PLC Group Personal Pension Plan are defined contribution schemes. The assets of these schemes were held in separate trustee administered funds.

The Berkeley Final Salary Plan is a defined benefit scheme which was closed to future accrual with effect from 1 April 2007.

Defined contribution plan
Contributions amounting to £5.3 million (2016: £5.2 million) were paid into the defined contribution schemes during the year.

Defined benefit plan
As at 30 April 2016, the Group operated one defined benefit pension scheme which was closed to future accrual with effect from 1 April 2007. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 335 past employees. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recently finalised valuation was carried out as at 1 May 2013 and finalised in December 2013. The method adopted in the 2013 valuation was the projected unit method, which assumed a return on investment both prior to and after retirement of 4.00% per annum and pension increases of 3.25% per annum. The market value of the Berkeley Final Salary Plan assets as at 1 May 2013 was £16.2 million and covered 97% of the scheme's liabilities. Following the finalisation of the 2007 valuation, with effect from 1 July 2008, employer's required regular contributions were reduced to zero. Following the finalisation of the 2013 valuation, the Group agreed with the Trustees of the Scheme to make additional contributions to the Scheme of £0.2 million for the remainder of the year (1 December 2013 to 30 April 2015) to address the Scheme's deficit after which required contributions were reduced to zero. Notwithstanding this the Group made additional voluntary contributions of £0.6 million during the year (2016: £0.6 million).

For the purposes of IAS 19, the 2013 valuation was updated for 30 April 2016.

The most significant risks to which the plan exposes the group are:

Inflation risk: A rise in inflation rates will lead to higher plan liabilities as a large proportion of the defined benefit obligation is indexed in line with price inflation. This effect will be limited due to caps on inflationary increases to protect the plan against extreme inflation.

Interest rate risk: A decrease in corporate bond yields would result in an increase to plan liabilities although this effect would be partially offset by an increase in the value of the plan's bond holdings.

Mortality risk: An increase in life expectancy would result in an increase to plan liabilities as a significant proportion of the Pension Schemes' obligations are to provide benefits for the life of the member.

The amounts recognised in the statement of financial position are determined as follows:

	2017 £m	2016 £m
Present value of defined benefit obligations	**(20.5)**	(15.9)
Fair value of plan assets	**21.0**	18.1
Net surplus	**0.5**	2.2
Effect of the asset ceiling	**(0.5)**	(2.2)
Net amount recognised on the statement of financial position	**–**	–

Movement in net defined benefit asset:

	Defined Benefit Obligation		Fair Value Plan Assets		Net Defined Benefit Asset	
	2017 £m	2016 £m	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Balance at 1 May	**(15.9)**	(16.6)	**18.1**	18.1	**2.2**	1.5
Included in income statement						
Net interest	**(0.6)**	(0.6)	**0.6**	0.6	**–**	–
Included in other comprehensive income						
Remeasurements:						
Actuarial (loss)/gain arising from:						
– demographic assumptions	**(0.6)**	–	**–**	–	**(0.6)**	–
– financial assumptions	**(3.7)**	0.5	**–**	–	**(3.7)**	0.5
– experience adjustments	**(0.3)**	0.3	**–**	–	**(0.3)**	0.3
Return on plan assets (excluding interest income)	**–**	–	**2.3**	(0.7)	**2.3**	(0.7)
Other						
Contributions by the employer	**–**	–	**0.6**	0.6	**0.6**	0.6
Benefits paid out	**0.6**	0.5	**(0.6)**	(0.5)	**–**	–
Balance at 30 April	**(20.5)**	(15.9)	**21.0**	18.1	**0.5**	2.2

Cumulative actuarial gains and losses recognised in equity:

	2017 £m	2016 £m
Cumulative amounts of losses recognised in the statement of comprehensive income at 1 May	**(6.1)**	(5.6)
Net actuarial losses recognised in the year	**(2.3)**	0.2
Change in the effect of the asset ceiling	**1.7**	(0.7)
Cumulative amounts of losses recognised in the statement of comprehensive income at 30 April	**(6.7)**	(6.1)

The fair value of the assets were as follows:

	30 April 2017 Long-term Value £m	30 April 2016 Long-term Value £m
UK Equities	**0.9**	0.8
Global Equities	**4.3**	3.1
Emerging Market Equities	**1.5**	1.4
Emerging Market Debt	**–**	0.9
High Yield Bonds	**1.9**	0.9
Diversified Growth Fund	**4.9**	3.0
Property	**–**	1.7
Government Bonds (over 15 years)	**1.1**	0.9
Government Bonds (5 to 15 years)	**1.9**	1.7
Index Linked Gilts (over 5 years)	**2.4**	1.9
Corporate Bonds	**1.4**	1.3
Cash	**0.7**	0.5
Fair value of plan assets	**21.0**	18.1

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA- rated. All other plan assets are not quoted in an active market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

5 DIRECTORS AND EMPLOYEES CONTINUED

History of asset values

	30 April 2017 £m	30 April 2016 £m	30 April 2015 £m	30 April 2014 £m	30 April 2013 £m
Fair value of scheme assets	**21.0**	18.1	18.1	16.0	16.0
Present value of scheme liabilities	**(20.5)**	(15.9)	(16.6)	(14.8)	(14.6)
Net surplus in the plan	**0.5**	2.2	1.5	1.2	1.4

Actuarial assumptions
The major assumptions used by the actuary for the 30 April 2017 valuation were:

Valuation at:	**30 April 2017**	30 April 2016
Discount rate	**2.60%**	3.50%
Inflation assumption (RPI)	**3.60%**	3.00%
Inflation assumption (CPI)	**2.70%**	2.10%
Rate of increase in pensions in payment post-97 (Pre-97 receive 3% p.a. increases)	**3.60%**	3.00%

The mortality assumptions are the standard S2PA CMI_2015_X [1.0%] (2016: S1PA CMI_2015_X [1.0%]) base table for males and females, both adjusted for each individual's year of birth to allow for future improvements in mortality rates. The life expectancy of male and female pensioners (now aged 65) retiring at age 65 on the balance sheet date is 22.0 years and 24.0 years respectively (2016: 22.0 and 24.3). The life expectancy of male and female deferred pensioners (now aged 45) retiring at age 65 after the balance sheet date is 23.3 years and 25.5 years respectively (2016: aged 40, 23.7 and 26.2).

Sensitivity analysis
The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased as a result of a change in the respective assumptions.

	Change in Assumption	Change in defined benefit obligation
Discount rate	-0.25% p.a	+4.2%
Rate of inflation	+0.25% p.a	+3.0%
Rate of mortality	+1 year	+3.7%

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. In practice, changes in some of the assumptions are correlated and so each assumption change is unlikely to occur in isolation, as shown above.

Funding
The Group expects to pay £0.6 million in contributions to its defined benefit plan in the year ending 30 April 2018, albeit it has no obligation to do so.

6 TAXATION

The tax charge for the year is as follows:

	2017 £m	2016 £m
Current tax		
UK corporation tax payable	**(162.4)**	(107.5)
Adjustments in respect of previous years	**1.8**	(14.9)
	(160.6)	(122.4)
Deferred tax		
Deferred tax movements	**(1.7)**	(4.4)
Adjustments in respect of previous years	**(5.0)**	–
	(6.7)	(4.4)
	(167.3)	(126.8)

Tax on items recognised directly in other comprehensive income is as follows:

	2017 £m	2016 £m
Deferred tax on remeasurements of the net defined benefit asset/liability (note 17)	**0.1**	0.1

Tax on items recognised directly in equity is as follows:

	2017 £m	2016 £m
Deferred tax in respect of employee share schemes (note 17)	**(0.2)**	4.9
Current tax in respect of employee share schemes (note 17)	**(5.6)**	(7.0)
	(5.8)	(2.1)

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 19.92% (2016: 20%).

The differences are explained below:

	2017 £m	2016 £m
Profit before tax	**812.4**	530.9
Tax on profit at standard UK corporation tax rate	**161.8**	106.2
Effects of:		
Expenses not deductible for tax purposes	**0.9**	0.8
Tax effect of share of results of joint ventures	**0.1**	1.9
Adjustments in respect of previous years	**3.2**	14.9
Effect of change in rate in tax (note 17)	**1.2**	1.6
Other	**0.1**	1.4
Tax charge	**167.3**	126.8

Corporation tax is calculated at 19.92% of the estimated assessable profit for the year.

The Group manages its tax affairs in an open and transparent manner with the tax authorities and observes all applicable rules and regulations in the countries in which it operates. Factors that may affect the Group's tax charge in future periods include changes in tax legislation and the resolution of open issues. The Group holds tax provisions in respect of the potential tax liability that may arise on the resolution of open tax issues, however, the amount ultimately payable may be higher or lower than the amount accrued thus reducing or improving the overall profitability and cash flow of the Group in future periods. The adjustments in respect of previous periods reflects the status of open issues on which significant progress has been made in the year.

Changes to UK corporation tax rates were substantially enacted as part of Finance Act (2015) (No2) on 18 November 2015 and the Finance Act 2016 on 15 September 2016. These changes include reductions to the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are based on when these assets are expected to be realised.

7 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated as profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

	2017 £m	2016 £m
Profit attributable to shareholders (£m)	**645.1**	404.1
Weighted average number of shares (m)	**137.9**	136.6
Basic earnings per ordinary share (p)	**467.8**	295.8

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares. At 30 April 2017, the Group had two (2016: two) categories of potentially dilutive ordinary shares: 11.4 million (2016: 16.8 million) share options under the 2011 LTIP and 12,000 (2016: 5,000) share options under the Bonus Banking plan.

5.6 million share options vested on 30 September 2016 under the 2011 LTIP scheme and 1.8 million were issued to participants, with the Company settling the option price and participants' tax liability in respect of the balance, in lieu of issuing shares. In 2016, 2.8 million share options vested and £1.4 million were issued, with the Company settling the option price and participants' tax liability in respect of the balance, in lieu of issuing shares, on 15 April 2016 under Part B of the 2009 LTIP scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7 EARNINGS PER ORDINARY SHARE CONTINUED

A calculation is performed to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the Group which is the unamortised share-based payments charge. The difference between the number of shares that could have been acquired at fair value and the total number of options is used in the diluted earnings per share calculation.

	2017 £m	2016 £m
Profit used to determine diluted EPS (£m)	**645.1**	404.1
Weighted average number of shares (m)	**137.9**	136.6
Adjustments for:		
Share options – 2009 LTIP Part B (m)	**–**	1.3
Share options – 2011 LTIP (m)	**5.0**	12.5
Bonus Banking plan shares	**–**	–
Shares used to determine diluted EPS (m)	**142.9**	150.4
Diluted earnings per ordinary share (p)	**451.4p**	268.7p

8 INTANGIBLE ASSETS

	Goodwill £m
Cost	
At 1 May 2016 and 30 April 2017	17.2
Accumulated impairment	
At 1 May 2016 and at 30 April 2017	–
Net book value	
At 1 May 2016 and at 30 April 2017	17.2
Cost	
At 1 May 2015 and 30 April 2016	17.2
Accumulated impairment	
At 1 May 2015 and at 30 April 2016	–
Net book value	
At 1 May 2015 and at 30 April 2016	17.2

The goodwill balance relates solely to the acquisition of the 50% of the ordinary share capital of St James Group Limited, completed on 7 November 2006 that was not already owned by the Group. The goodwill balance is tested annually for impairment. The recoverable amount has been determined on the basis of the value in use of the business using the current five year pre-tax forecasts. Key assumptions are as follows:

(i) Cash flows beyond a five year period are not extrapolated;

(ii) A pre-tax discount rate of 8.36% (2016: 10.18%) based on the Group's weighted average cost of capital.

The Directors have identified no reasonably possible change in a key assumption which would give rise to an impairment charge.

9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Property, plant and equipment				
	Freehold property £m	Fixtures and fittings £m	Motor vehicles £m	Total £m	Investment properties £m
Cost					
At 1 May 2016	17.4	10.0	4.5	31.9	–
Additions	–	2.6	0.2	2.8	–
Disposals	–	(0.5)	(1.0)	(1.5)	–
At 30 April 2017	**17.4**	**12.1**	**3.7**	**33.2**	**–**
Accumulated Depreciation					
At 1 May 2016	1.1	5.6	1.7	8.4	–
Charge for the year	0.1	2.2	0.5	2.8	–
Disposals	–	(0.3)	(0.5)	(0.8)	–
At 30 April 2017	**1.2**	**7.5**	**1.7**	**10.4**	**–**
Net book value					
At 1 May 2016	16.3	4.4	2.8	23.5	–
At 30 April 2017	**16.2**	**4.6**	**2.0**	**22.8**	**–**
Cost					
At 1 May 2015	16.6	8.7	4.5	29.8	0.2
Additions	2.6	1.6	0.7	4.9	–
Disposals	(1.8)	(0.3)	(0.7)	(2.8)	(0.2)
At 30 April 2016	17.4	10.0	4.5	31.9	–
Accumulated Depreciation					
At 1 May 2015	1.0	3.8	1.5	6.3	–
Charge for the year	0.3	2.1	0.7	3.1	–
Disposals	(0.2)	(0.3)	(0.5)	(1.0)	–
At 30 April 2016	1.1	5.6	1.7	8.4	–
Net book value					
At 1 May 2015	15.6	4.9	3.0	23.5	0.2
At 30 April 2016	16.3	4.4	2.8	23.5	–

10 INVESTMENTS

	2017 £m	2016 £m
Unlisted shares at cost	**11.0**	11.0
Loans	**70.3**	79.1
Share of post-acquisition reserves	**53.8**	60.3
Elimination of profit on transfer of inventory to joint ventures	**(0.1)**	(0.4)
	135.0	150.0

Details of the joint ventures are provided in note 26.

The Group's share of joint ventures' net assets, income and expenses is made up as follows:

	2017 £m	2016 £m
At 1 May	**150.0**	50.1
Profit after tax for the year	**63.8**	36.5
Dividends from investments	**(70.0)**	–
Net (decrease)/increase in loans to joint ventures	**(8.8)**	63.4
At 30 April	**135.0**	150.0

Net (decrease)/increase in loans to joint ventures includes movements in unlisted shares at cost. The current year movement includes no non-cash movement (2016: £0.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10 INVESTMENTS CONTINUED

The Group's share of joint ventures' net assets, income and expenses is made up as follows:

2017	St Edward £m	St William £m	Other £m	Total £m
Cash and cash equivalents	**129.9**	**1.2**	**0.1**	**131.2**
Other current assets	**126.7**	**107.3**	**–**	**234.0**
Current assets	**256.6**	**108.5**	**0.1**	**365.2**
Current liabilities	**(131.2)**	**(36.0)**	**–**	**(167.2)**
Non-current financial liabilities	**(51.0)**	**(12.0)**	**–**	**(63.0)**
	74.4	**60.5**	**0.1**	**135.0**
Revenue	**168.7**	**–**	**–**	**168.7**
Costs	**(94.7)**	**(7.7)**	**–**	**(102.4)**
Operating profit	**74.0**	**(7.7)**	**–**	**66.3**
Interest charges	**(1.4)**	**(0.9)**	**–**	**(2.3)**
Profit before taxation	**72.6**	**(8.6)**	**–**	**64.0**
Tax charge	**(0.2)**	**–**	**–**	**(0.2)**
Share of post tax profit of joint ventures	**72.4**	**(8.6)**	**–**	**63.8**

2016	St Edward £m	St William £m	Other £m	Total £m
Cash and cash equivalents	127.8	1.6	0.1	129.5
Other current assets	159.6	85.2	–	244.8
Current assets	287.4	86.8	0.1	374.3
Current liabilities	(145.9)	(22.5)	–	(168.4)
Non-current liabilities	(48.6)	(7.3)	–	(55.9)
	92.9	57.0	0.1	150.0
Revenue	161.6	–	–	161.6
Costs	(118.8)	(6.1)	–	(124.9)
Operating profit	42.8	(6.1)	–	36.7
Interest charges	–	–	–	–
Profit before taxation	42.8	(6.1)	–	36.7
Tax charge	(0.2)	–	–	(0.2)
Share of post tax profit of joint ventures	42.6	(6.1)	–	36.5

11 OTHER INVESTMENTS

Other investments comprise available-for-sale financial assets.

	2017 £m	2016 £m
At 1 May	**–**	12.0
Additions	**–**	–
Disposals	**–**	(10.0)
Fair value adjustment taken through other comprehensive income	**–**	(2.0)
At 30 April	**–**	–

Other investments comprise available for sale financial assets. These related to the Group's investment in 100,000 units in a fund into which in 2014 the Group sold 534 rental properties.

In the year to 30 April 2016, the Group completed the sale of this investment for proceeds of £12.8 million which realised a profit on disposal of £2.8 million of which £2.0 million had been previously recognised in the Consolidated Statement of Comprehensive Income and has therefore been recycled through the Consolidated Income Statement within operating expenses in the prior period.

Further disclosures relating to financial assets are set out in note 24.

12 INVENTORIES

	2017 £m	2016 £m
Land not under development	**414.1**	384.1
Work in progress	**2,981.7**	2,853.9
Completed units	**87.6**	18.1
	3,483.4	3,256.1

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13 TRADE AND OTHER RECEIVABLES

	2017 £m	2016 £m
Trade receivables	**186.1**	189.8
Other receivables	**32.6**	14.5
Prepayments and accrued income	**10.8**	8.0
	229.5	212.3

Further disclosures relating to trade receivables are set out in note 24.

14 CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash and cash equivalents	**585.5**	107.4

15 TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Current		
Trade payables	**(647.0)**	(478.0)
Deposits and on account contract receipts	**(974.9)**	(1,105.8)
Loans from joint ventures	**(0.1)**	(0.1)
Other taxes and social security	**(49.8)**	(63.2)
Accruals and deferred income	**(137.4)**	(121.5)
	(1,809.2)	(1,768.6)
Non-current		
Trade payables	**(69.2)**	(90.3)
Total trade and other payables	**(1,878.4)**	(1,858.9)

All amounts included above are unsecured. The total of £49.8 million (2016: £63.2 million) for other taxes and social security includes £14.6 million (2016: £30.5 million) for Employer's National Insurance provision in respect of share-based payments.

Further disclosures relating to current trade and non-current trade payables are set out in note 24.

16 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Post-completion development provisions	Other Provisions	Total £m
At 1 May 2016	(73.4)	(15.1)	(88.5)
Utilised	1.3	1.6	2.9
Released	24.8	1.7	26.5
Charged to the income statement	(32.8)	(8.0)	(40.8)
At 30 April 2017	**(80.1)**	**(19.8)**	**(99.9)**

	Post-completion development provisions	Other Provisions	Total £m
At 1 May 2015	(62.0)	(13.1)	(75.1)
Utilised	1.6	0.4	2.0
Released	18.5	0.3	18.8
Charged to the income statement	(31.5)	(2.7)	(34.2)
At 30 April 2016	(73.4)	(15.1)	(88.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 PROVISIONS FOR OTHER LIABILITIES AND CHARGES CONTINUED

Analysis of total provisions:

	2017 £m	2016 £m
Non-current	**73.0**	68.3
Current	**26.9**	20.2
Total	**99.9**	88.5

Provisions for other liabilities and charges primarily relate to provisions for a best estimate of certain post-completion development obligations in respect of the construction of the Group's portfolio of complex mixed-use developments which are expected to be incurred in the ordinary course of business, based on historic experience, but which are uncertain in terms of timing and quantum. The Group continually reviews its utilisation of this provision and, in recognition that the risk of post-completion development obligations reduces over time, releases any unutilised provision to the income statement on a systematic basis across the five years following post-completion.

In addition, the Group holds other provisions for onerous leases on properties leased by the Group and for the Group's exposure to specific estate liabilities on historic sites developed by the Group, as well as litigation. These are not individually significant in terms of quantum to warrant separate disclosure and the timing of the utilisation of the other provisions is uncertain.

17 DEFERRED TAX

The movement on the deferred tax account is as follows:

	Accelerated capital allowances £m	Retirement benefit obligations £m	Short-term timing differences £m	Total £m
At 1 May 2016	0.8	0.1	71.0	71.9
Adjustments in respect of previous years	–	–	(5.0)	(5.0)
Credited/(charged) to the income statement in year	0.1	(0.1)	(0.6)	(0.6)
Adjustment in respect of change of tax rate from 20% to 19%/17% (note 6)	(0.1)	–	(1.1)	(1.2)
Charged to income statement in the year	–	(0.1)	(1.7)	(1.8)
Credited/(charged) to equity at 19%/17%	–	0.1	(0.2)	(0.1)
Realisation of deferred tax asset on vesting of employee share scheme	–	–	(5.6)	(5.6)
Credited/(charged) to equity in year (note 6)	–	0.1	(5.8)	(5.7)
At 30 April 2017	**0.8**	**0.1**	**58.5**	**59.4**

	Accelerated capital allowances £m	Retirement benefit obligations £m	Short-term timing differences £m	Total £m
At 1 May 2015	0.4	–	72.3	72.7
Transfer to corporation tax receivable	–	–	5.6	5.6
Credited/(charged) to the income statement in year	0.4	–	(3.2)	(2.8)
Adjustment in respect of change of tax rate from 20% to 19%/17% (note 6)	–	–	(1.6)	(1.6)
Credited/(charged) to income statement in the year	0.4	–	(4.8)	(4.4)
Credited to equity at 20%	–	0.1	7.1	7.2
Adjustment in respect of change of tax rate from 20% to 19%/17% (note 6)	–	–	(2.2)	(2.2)
Realisation of deferred tax asset on vesting of employee share scheme	–	–	(7.0)	(7.0)
Credited/(charged) to equity in year (note 6)	–	0.1	(2.1)	(2.0)
At 30 April 2016	0.8	0.1	71.0	71.9

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of 19/17% as appropriate (2016: 19/17%). There is no unprovided deferred tax (2016: nil) at the balance sheet date.

All deferred tax assets are available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2017 is £59.4 million (2016: £71.9 million).

Deferred tax assets of £44.7 million (2016: £42.8 million) are expected to be recovered after more than one year.

The deferred tax credited to equity during the year was as follows:

	2017 £m	2016 £m
Deferred tax on remeasurements of the net defined benefit asset/liability (note 6)	**0.1**	0.1
Deferred tax in respect of employee share schemes (note 6)	**(5.8)**	(2.1)
Movement in the year	**(5.7)**	(2.0)
Cumulative deferred tax credited to equity at 1 May	**26.7**	28.7
Cumulative deferred tax credited to equity at 30 April	**21.0**	26.7

18 SHARE CAPITAL AND SHARE PREMIUM

The movements on allotted and fully paid share capital for the Company in the year were as follows:

	Ordinary shares		Share Capital		Share Premium	
	2017 No '000	2016 No '000	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Issued						
At start of year	**138,257**	136,657	**6.9**	6.8	**49.8**	49.6
Issued in year	**1,900**	1,600	**0.1**	0.1	**–**	0.2
At end of year	**140,157**	138,257	**7.0**	6.9	**49.8**	49.8

Each ordinary share of 5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

On 22 September 2016, 1.9 million ordinary shares (2016: 1.6 million) were allotted and issued to the Employee Benefit Trust.

During the 2017 financial period, shares were repurchased for a total consideration of £64.5 million, excluding transaction costs. These shares have not been cancelled.

At 30 April 2017 there were 0.4 million shares held in trust (2016: 0.3 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2017 was £13.8 million (2016: £10.1 million).

19 RESERVES

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 112.

Other reserve
The other reserve of negative £961.3 million (2016: negative £961.3 million) arose from the application of merger accounting principles to the financial statements on implementation of the capital reorganisation of the Group, incorporating a Scheme of Arrangement, in the year ended 30 April 2005.

Capital redemption reserve
The capital redemption reserve was created to maintain the capital of the Company following the redemption of the B Shares associated with the Scheme of Arrangement created in 2004 which completed on 10 September 2009 with the re-designation of the unissued B shares as ordinary shares.

Retained earnings
On 22 September 2016 the Company issued and transferred to the Company's Employee Benefit Trust 1.9 million ordinary shares. On 30 September 2016 1.8 million ordinary shares were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 Long Term Incentive Plan.

On 2 July 2015 the Company acquired and transferred to the Company's Employee Benefit Trust 0.1 million of its own shares through purchases on the London Stock Exchange at a total cost of £4.8 million. On 6 July 2015, 0.1 million ordinary shares were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the Bonus Banking Plan.

20 DIVIDENDS PER SHARE

The dividends paid in 2017 were a total of £254.6 million, being £117.7 million in March 2017 (85.24 pence per share) and £136.9 million in September 2016 (100 pence per share) (2016: £259.5 million being £136.6 million in January 2016 at 100 pence per share and £122.9 million in September 2015 at 90 pence per share).

21 CONTINGENT LIABILITIES

Certain companies within the Group have given performance and other trade guarantees on behalf of other members of the Group in the ordinary course of business. The Group has performance agreements in the ordinary course of business of £12.6 million which are guaranteed by third parties (2016: £15.1 million). The Group considers that the likelihood of an outflow of cash under these agreements is low and that no provision is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22 OPERATING LEASES – MINIMUM LEASE PAYMENTS

The total future aggregate minimum lease payments of the Group under non-cancellable operating leases are set out below:

	2017 £m	2016 £m
Amounts due within:		
Within one year	**2.5**	1.8
Between one and five years	**5.2**	2.5
After five years	**1.6**	1.8
	9.3	6.1

23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit after taxation for the year to cash generated from operations:

	2017 £m	2016 £m
Profit after taxation for the year	**645.1**	404.1
Adjustments for:		
– Taxation	**167.3**	126.8
– Depreciation	**2.8**	3.1
– Loss/(Profit) on sale of property, plant and equipment	**0.2**	(0.2)
– Profit on sale of financial assets	**–**	(2.8)
– Finance income	**(2.1)**	(3.1)
– Finance costs	**9.7**	10.6
– Share of results of joint ventures after tax	**(63.8)**	(36.5)
– Non-cash charge in respect of share-based payments	**10.9**	28.8
Changes in working capital:		
– Increase in inventories	**(227.3)**	(602.0)
– Increase in trade and other receivables	**(18.4)**	(67.8)
– Increase in trade and other payables	**13.2**	233.6
– Decrease in employee benefit obligations	**(0.6)**	(0.6)
Cash generated from operations	**537.0**	94.0

Reconciliation of net cash flow to net cash:

	2017 £m	2016 £m
Net increase/(decrease) in cash and cash equivalents, including bank overdraft	**478.1**	(323.5)
Net cash inflow from increase in borrowings	**(300.0)**	–
Movement in net cash/(debt) in the year	**178.1**	(323.5)
Opening net cash	**107.4**	430.9
Closing net cash	**285.5**	107.4

Net cash:

As at 30 April	**2017 £m**	2016 £m
Cash and cash equivalents	**585.5**	107.4
Borrowings	**(300.0)**	–
Net cash	**285.5**	107.4

24 CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group finances its operations by a combination of shareholders' funds, working capital and, where appropriate, borrowings. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. This allows the Group to take advantage of prevailing market conditions by investing in land opportunistically and work in progress at the right point in the cycle and deliver returns to shareholders through dividends or share buy backs. In 2012 the Group put in place a long-term strategic plan to see £13 per share returned to shareholders over the following 10 years. This plan was revised in December 2015 and the return to shareholders increased to £16.34 per share. This plan, reported in more detail in the Strategic Report on page 9, ensures there is sufficient working capital retained in the business to continue investing selectively in new land opportunities as they arise.

The Group monitors capital levels principally by monitoring net cash/debt levels, cash flow forecasts and return on average capital employed. The Group considers capital employed to be net assets adjusted for net cash/debt. Capital employed at 30 April 2017 was £1,851.4 million (2016: £1,705.4 million). The increase in capital employed in the year of £146.0 million reflects an increase in net assets during the year.

The Group's financial instruments comprise financial assets being: trade receivables and cash and cash equivalents and financial liabilities being: bank loans, trade payables, deposits and on account receipts, loans from joint ventures and accruals. Cash and cash equivalents and borrowings are the principal financial instruments used to finance the business. The other financial instruments highlighted arise in the ordinary course of business.

As all of the operations carried out by the Group are in sterling there is no direct currency risk, and therefore the Group's main financial risks are primarily:

– liquidity risk – the risk that suitable funding for the Group's activities may not be available;

– market interest rate risk – the risk that Group financing activities are adversely affected by fluctuation in market interest rates; and

– credit risk – the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group.

Financial instruments: financial assets
The Group's financial assets can be summarised as follows:

	2017 £m	2016 £m
Current		
Trade receivables	**186.1**	189.8
Cash and cash equivalents	**585.5**	107.4
	771.6	297.2
Non-current		
Available-for-sale financial assets	**–**	–
	–	–
Total financial assets	**771.6**	297.2

Trade receivables and available-for-sale financial assets are non-interest bearing. Of the current trade receivables balance of £186.1 million (30 April 2016: £189.8 million), £159.1 million (30 April 2016: £174.7 million) was not past due, with £18.3 million being 0–30 days past due (30 April 2016: £7.5 million, 0–30 days past due) and £8.7 million being over 30 days past due (30 April 2016: £7.6 million, over 30 days past due).

Cash and cash equivalents are short-term deposits held at either floating rates linked to LIBOR or fixed rates.

There are currently no group's assets that are measured at fair value.

Financial instruments: financial liabilities
The Group's financial liabilities can be summarised as follows:

	2017 £m	2016 £m
Current		
Trade payables	**(647.0)**	(478.0)
Loans from joint ventures	**(0.1)**	(0.1)
Accruals and deferred income	**(137.4)**	(121.5)
	(784.5)	(599.6)
Non-current		
Trade payables	**(69.2)**	(90.3)
Borrowings	**(300.0)**	–
	(369.2)	(90.3)
Total financial liabilities	**(1,153.7)**	(689.9)

All amounts included above are unsecured.

Current bank loans have term expiry dates within twelve months of the balance sheet date and are held at floating interest rates linked to LIBOR. Trade payables and other current liabilities are non-interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24 CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

The maturity profile of the Group's non-current financial liabilities, all of which are held at amortised cost, is as follows:

	2017 £m	2016 £m
In more than one year but not more than two years	**(8.0)**	(36.6)
In more than two years but not more than five years	**(338.4)**	(32.2)
In more than five years	**(22.8)**	(21.5)
	(369.2)	(90.3)

The carrying amounts of the Group's financial assets and financial liabilities approximate to fair value.

Current trade receivables and current trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year).

Current trade receivables include £0.7 million (2016: £8.1 million) relating to amounts owed by St Edward Homes Limited in respect of the inventory sold by the Group in 2009 (Note 25). This is held at its discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate). The discount rate applied reflects the nominal, risk-free pre-tax rate at the balance sheet date, applied to the maturity profile. At 30 April 2017 a rate of 0.21% was applied (2016: 0.67%).

Non-current trade payables comprise long-term land payables, which are held at their discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate) and borrowings. The discount rate applied reflects the nominal, risk-free pre-tax rate at the balance sheet date, applied to the maturity profile of the individual land creditors within the total. At 30 April 2017 a rate of 0.21% was applied (2016: 0.67%). Non-current loans approximate to fair value as they are held at variable market interest rates linked to LIBOR.

Liquidity risk
This is the risk that suitable funding for the Group's activities may not be available. Group management addresses this risk through review of rolling cash flow forecasts throughout the year to assess and monitor the current and forecast availability of funding, and to ensure sufficient headroom against facility limits and compliance with banking covenants. The committed borrowing facilities are set out below.

The contractual undiscounted maturity profile of the Group's financial liabilities, included at their carrying value in the preceding tables, is as follows:

	2017 £m	2016 £m
In less than one year	**(784.5)**	(599.6)
In more than one year but not more than two years	**(8.1)**	(36.9)
In more than two years but not more than five years	**(38.6)**	(33.0)
In more than five years	**(23.3)**	(23.3)
	(854.5)	(692.8)

Market interest rate risk
The Group's cash and cash equivalents and bank loans expose the Group to cash flow interest rate risk.

The Group's rolling cash flow forecasts incorporate appropriate interest assumptions, and management carefully assesses expected activity levels and associated funding requirements in the prevailing and forecast interest rate environment to ensure that this risk is managed.

If interest rates on the Group's cash/debt balances had been 50 basis points higher throughout the year ended 30 April 2017, profit after tax for the year would have been £1,116,000 higher (2016: £1,143,000 higher). This calculation is based on the monthly closing net cash/debt balance throughout the year. A 50 basis point increase in interest rate represents management's assessment of a reasonably possible change for the year ended 30 April 2017.

Credit risk
The Group's exposure to credit risk encompasses the financial assets being: trade receivables and cash and cash equivalents.

Trade receivables are spread across a wide number of customers, with no significant concentration of credit risk in one area. There has been no impairment of trade receivables during the year (2016: £nil), nor are there any material provisions held against trade receivables (2016: £nil), and £27.0 million trade receivables are past their due date (2016: £15.1 million).

The credit risk on cash and cash equivalents is limited because counterparties are leading international banks with long-term A credit-ratings assigned by international credit agencies.

Committed borrowing facilities
The Group has committed borrowing facilities as follows:

				2017				2016
	Available £m	**Drawn £m**	**Undrawn £m**	**Termination £m**	Available £m	Drawn £m	Undrawn £m	Termination £m
Term Loan	**300**	**(300)**	**–**	**Nov-21**	–	–	–	–
Revolving credit facility	**450**	**–**	**450**	**Nov-21**	575	–	575	Mar-21
	750	**(300)**	**450**		575	–	575	

On 25 November 2016, Berkeley increased its committed corporate banking facilities to £750 million from £575 million. The facilities have a five year term, with options over an additional two years.

At 30 April 2017 the total drawn down balance of the facility was £300 million (2016: £nil). In addition, at 30 April 2017 there were bank bonds in issue of £5.0 million (2016: £nil).

The committed facilities are secured by debentures provided by certain Group holding companies over their assets. The facility agreement contains financial covenants, which is normal for such agreements, with all of which the Group is in compliance.

25 RELATED PARTY TRANSACTIONS

The Group has entered into the following related party transactions:

Transactions with directors
In terms of new transactions in the 2017 financial year:

i) During the year, Mr A W Pidgley paid £44,794 (2016: £378,593), Mr R C Perrins paid £32,289 (2016: £155,167) and Mr S Ellis paid £92,732 (2016: nil) to the Group in connection with works carried out at their respective homes at commercial rates in accordance with the relevant policies of the Group. There were no balances outstanding at the year end.

ii) During the year, shareholder approval was obtained at the Company's Annual General Meeting held in September 2016 for the purchase by Mr K Whiteman, a Director of the Company, of an apartment at Royal Arsenal Riverside for £650,000 on 12 April 2016 from Berkeley Homes plc, a wholly owned subsidiary of the Company. Mr K Whiteman paid a contractual deposit on account of £97,500 during the year (2016: £65,000). At 30 April 2017, the contractual deposits due had all been paid to the Group, there were no current balances outstanding and the property was still under construction.

iii) During the year, shareholder approval was obtained at the Company's Extraordinary General Meeting held in February 2017 for the purchase by Mr S Ellis, a Director of the Company, of an apartment at 190 Strand for £2,285,000 on 1 December 2016 from St Edward (Strand) Partnership, a Joint Venture of the Company. Mr S Ellis paid a contractual deposit on account of £457,000 during the year. At 30 April 2017, the contractual deposits due had all been paid to the Group, there were no current balances outstanding and the property was still under construction.

Director property purchases previously disclosed and not yet completed, which have all received shareholder approval, include:

- Mr G J Fry - purchase of an apartment at Brewery Wharf for £565,000 in 2015. Prior to Mr G J Fry retiring as a Director of the Company on 31 December 2016, he legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group,
- Mr G J Fry – purchase of an apartment at Sovereign Court for £819,950 in 2014. As of the date of his retirement as a Director of the Company, Mr G J Fry had paid all the contractual deposits due, there were no balances outstanding and the property was still under construction.
- Mr R C Perrins – purchase of an apartment at 190 Strand for £2,100,000 in 2013. During the financial year, Mr R C Perrins legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group
- Ms D Brightmore Armour – purchase of an apartment at 190 Strand for £2,985,000 in 2014 along with a storage room at the property for £101,200 in 2015. At 30 April 2017, the contractual deposits due had all been paid to the Group, there were no current balances outstanding and the property was still under construction

On retiring as a Director of the Company, Mr G J Fry purchased his company owned vehicle for £29,100, which was the highest of four external quotes secured by the Group for the vehicle. As of the date of his retirement, Mr G J Fry had paid all amounts owing to the Group at that time.

Berkeley Homes plc has an agreement with Langham Homes, a company controlled by Mr T K Pidgley who is the son of the Group's Chairman, under which Langham Homes will be paid a fee for a land introduction on an arm's length basis. No payments have been made under this agreement in the financial year (2016: nil) and there were no outstanding balances at the financial year end (2016: nil). Langham Homes has not introduced any new land to the Group in the year. In the event that any further land purchases are agreed, further fees may be payable to Langham Homes in future periods.

Transactions with joint ventures
During the financial period there were no transactions with joint ventures other than movements in loans and receipt of a dividend from St Edward of £70,000,000 (2016: £40,000,000). The outstanding loan balances with joint ventures at 30 April 2017 total £80,700,000 (30 April 2016: £89,800,000).

In 2009 inventory was sold to St Edward Homes Limited for £17,411,000 being the share of the transaction attributable to the other venturer in the joint venture. At 30 April 2017 an amount of £736,000 was outstanding and included within trade receivables (30 April 2016: £8,091,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 SUBSIDIARIES AND JOINT VENTURES

(a) Subsidiaries

In accordance with section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, joint ventures and joint arrangements, the country of incorporation, the registered address and the effective percentage of equity owned, as at 30 April 2017 is disclosed below. The Berkeley Group plc is the only direct subsidiary of The Berkeley Group Holdings plc and is an intermediate holding company. All wholly-owned and partly owned subsidiaries are included in the consolidation and all associated undertakings are included in the Group's financial statements.

All of the companies listed below are incorporated in England and Wales have their registered office address at Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG and the principle activity is residential led mixed-use development and ancillary activities. All of the companies are wholly owned by the Group and unless otherwise indicated, all of the companies have ordinary share capital.

Agents of Berkeley Commercial Developments Limited

Ely Business Park Limited

Agents of Berkeley (Central London) Limited

Chelsea Bridge Wharf (Block A) Limited
Chelsea Bridge Wharf (Block B) Limited
Chelsea Bridge Wharf (Block P) Limited
Chelsea Bridge Wharf (C North) Limited
Chelsea Bridge Wharf (C South) Limited

Agents of Berkeley Homes (Hampshire) Limited

Berkeley Homes (South Western House No.1) Limited

Agents of Berkeley Homes plc

Berkeley (Canalside) Limited
Berkeley Build Limited
Berkeley Forty-Five Limited[i]
Berkeley Forty-Four plc
Berkeley Homes (Barn Elms) Limited
Berkeley Homes (Capital) PLC
Berkeley Homes (Central & West London) Plc
Berkeley Homes (Central London) Limited
Berkeley Homes (Chiltern) Limited
Berkeley Homes (East Anglia) Limited
Berkeley Homes (East Kent) Limited
Berkeley Homes (East Thames) Limited
Berkeley Homes (Eastern Counties) Limited
Berkeley Homes (Eastern) Limited
Berkeley Homes (Festival Waterfront Company) Limited
Berkeley Homes (Hampshire) Limited
Berkeley Homes (Home Counties) plc
Berkeley Homes (North East London) Limited
Berkeley Homes (Oxford & Chiltern) Limited
Berkeley Homes (South East London) Limited
Berkeley Homes (South London) Limited
Berkeley Homes (Southern) Limited
Berkeley Homes (Surrey) Limited
Berkeley Homes (Thames Gateway) Limited
Berkeley Homes (Thames Valley) Limited
Berkeley Homes (Three Valleys) Limited
Berkeley Homes (Urban Developments) Limited
Berkeley Homes (Urban Living) Limited
Berkeley Homes (Urban Renaissance) Limited
Berkeley Homes (West London) Limited
Berkeley Homes (Western) Limited
Berkeley Homes (West Thames) Limited
Berkeley Ninety-One Limited
Berkeley Partnership Homes Limited
Berkeley STE Limited
Berkeley SW Management Limited
Berkeley Urban Renaissance Limited
Clare Homes Limited
Lisa Estates (St Albans) Limited
PEL Investments Limited
St John Homes Limited
St Joseph Homes Limited
Stanmore Relocations Limited
Tabard Square (Building C) Limited

Agents of Berkeley Twenty Limited

Thirlstone Homes (Western) Limited
Thirlstone Homes Limited

Agents of St George Central London Limited

Castle Court Putney Wharf Limited
Imperial Wharf (Block C) Limited
Imperial Wharf (Block J) Limited
Imperial Wharf (Riverside Tower) Residential Limited

Agents of St George plc

St George Central London Limited
St George City Limited
St George Kings Cross Limited
St George North London Limited
St George South and Central London Limited
St George South London Limited
St George West London Limited

Agents of St George South London Limited

Battersea Reach Estate Company Limited
Kensington Westside No 2 Limited
Putney Wharf Estate Limited
Riverside West (Block C) Commercial Limited
Riverside West (Block C) Residential Limited
Riverside West (Block D) Commercial Limited
Riverside West (Block D) Residential Limited
Riverside West Car Park Limited
St George Wharf (Block B) Limited
St George Wharf (Block C) Limited
St George Wharf (Block D) Commercial Limited
St George Wharf Car Park Limited

Agents of St John Homes Limited

Berkeley Sixty-Six Limited

Non-Agency Companies[v]

Ancestral Homes Limited
Berkeley (Inner City Partnerships) Limited
Berkeley (SQP) Limited
Berkeley (Virginia Water) Limited[i]
Berkeley Affordable Homes Limited
Berkeley Asset MSA Limited
Berkeley College Homes Limited
Berkeley Commercial Developments Limited
Berkeley Commercial Investments Limited
Berkeley Commercial Limited
Berkeley Community Villages Limited
Berkeley Construction Limited
Berkeley Developments Limited[i]
Berkeley Eighteen Limited
Berkeley Eighty Limited
Berkeley Eighty-One Limited
Berkeley Eighty-Three Limited
Berkeley Eighty-Two Limited
Berkeley Enterprises Limited
Berkeley Festival Development Limited
Berkeley Festival Hotels Limited
Berkeley Festival Investments Limited
Berkeley Festival Limited
Berkeley Fifty Limited
Berkeley Fifty-Eight Limited
Berkeley Fifty-Five Limited
Berkeley Fifty-Four Limited
Berkeley Fifty-Nine Limited
Berkeley Fifty-One Limited
Berkeley Fifty-Seven Limited
Berkeley Fifty-Three Limited
Berkeley Fifty-Two Limited
Berkeley First Limited
Berkeley Five Limited
Berkeley Forty Limited
Berkeley Forty-Eight Limited
Berkeley Forty-Nine Limited
Berkeley Forty-Seven Limited

Berkeley Forty-Six Limited
Berkeley Forty-Three Limited
Berkeley Forty-Two Limited
Berkeley Fourteen Limited
Berkeley Group Pension Trustees Limited
Berkeley Group Services Limited
Berkeley Group SIP Trustee Limited
Berkeley Guarantee One Limited
Berkeley Homes (Carmelite) Limited
Berkeley Homes (Chertsey) Limited
Berkeley Homes (City & East London) Limited
Berkeley Homes (City) Limited
Berkeley Homes (Dorset) Limited
Berkeley Homes (East London) Limited
Berkeley Homes (Essex) Limited
Berkeley Homes (Fleet) Limited[i]
Berkeley Homes (Greater London) Limited
Berkeley Homes (Hertfordshire & Cambridgeshire) Limited
Berkeley Homes (Holdings) Limited (in liquidation)
Berkeley Homes (Kent) Limited
Berkeley Homes (North Western) Limited[i]
Berkeley Homes (PCL) Limited
Berkeley Homes (South) Limited
Berkeley Homes (Stanmore) Limited
Berkeley Homes Group Limited
Berkeley Homes plc[iii]
Berkeley London Residential Limited
Berkeley Manhattan Limited
Berkeley Ninety-Eight Limited
Berkeley Ninety-Five Limited
Berkeley Ninety-Four Limited
Berkeley Ninety-Nine Limited
Berkeley Ninety-Seven Limited
Berkeley Ninety-Six Limited
Berkeley Number Four Limited
Berkeley Number Seven Limited
Berkeley Number Six Limited
Berkeley One Hundred and Eight Limited
Berkeley One Hundred and Eighteen Limited
Berkeley One Hundred and Eighty-Eight Limited
Berkeley One Hundred and Eighty-Five Limited
Berkeley One Hundred and Eighty Limited
Berkeley One Hundred and Eighty-Nine Limited
Berkeley One Hundred and Eighty-One Limited
Berkeley One Hundred and Eighty-Seven Limited
Berkeley One Hundred and Eighty-Two Limited
Berkeley One Hundred and Fifteen Limited
Berkeley One Hundred and Fifty-Eight Limited
Berkeley One Hundred and Fifty-Five Limited
Berkeley One Hundred and Fifty-Four Limited
Berkeley One Hundred and Fifty Limited
Berkeley One Hundred and Fifty-Nine Limited
Berkeley One Hundred and Fifty-One Limited
Berkeley One Hundred and Fifty-Seven Limited
Berkeley One Hundred and Fifty-Six Limited
Berkeley One Hundred and Fifty-Three Limited
Berkeley One Hundred and Fifty-Two Limited
Berkeley One Hundred and Five Limited
Berkeley One Hundred and Forty-Eight Limited
Berkeley One Hundred and Forty-Five Limited
Berkeley One Hundred and Forty-Four Limited
Berkeley One Hundred and Forty Limited
Berkeley One Hundred and Forty-Nine Limited
Berkeley One Hundred and Forty-One Limited
Berkeley One Hundred and Forty-Seven Limited
Berkeley One Hundred and Forty-Six Limited
Berkeley One Hundred and Forty-Three Limited
Berkeley One Hundred and Four Limited
Berkeley One Hundred and Nine Limited
Berkeley One Hundred and Ninety-Eight Limited
Berkeley One Hundred and Ninety-Five Limited
Berkeley One Hundred and Ninety-Four Limited
Berkeley One Hundred and Ninety Limited
Berkeley One Hundred and Ninety-Nine Limited
Berkeley One Hundred and Ninety-One Limited
Berkeley One Hundred and Ninety-Seven Limited
Berkeley One Hundred and Ninety-Six Limited
Berkeley One Hundred and Ninety-Three Limited
Berkeley One Hundred and Ninety-Two Limited
Berkeley One Hundred and One Limited
Berkeley One Hundred and Seven Limited
Berkeley One Hundred and Seventeen Limited
Berkeley One Hundred and Seventy-Eight Limited
Berkeley One Hundred and Seventy-Five Limited
Berkeley One Hundred and Seventy-Four Limited
Berkeley One Hundred and Seventy Limited
Berkeley One Hundred and Seventy-Nine Limited
Berkeley One Hundred and Seventy-One Limited
Berkeley One Hundred and Seventy-Seven Limited
Berkeley One Hundred and Seventy-Six Limited
Berkeley One Hundred and Seventy-Three Limited
Berkeley One Hundred and Seventy-Two Limited
Berkeley One Hundred and Six Limited
Berkeley One Hundred and Sixteen Limited
Berkeley One Hundred and Sixty-Five Limited
Berkeley One Hundred and Sixty-Four Limited
Berkeley One Hundred and Sixty-One Limited
Berkeley One Hundred and Sixty-Six Limited
Berkeley One Hundred and Sixty-Three Limited
Berkeley One Hundred and Thirteen Limited
Berkeley One Hundred and Thirty-Eight Limited
Berkeley One Hundred and Thirty-Five Limited
Berkeley One Hundred and Thirty-Four Limited
Berkeley One Hundred and Thirty Limited
Berkeley One Hundred and Thirty-Nine Limited
Berkeley One Hundred and Thirty-One Limited
Berkeley One Hundred and Thirty-Seven Limited
Berkeley One Hundred and Thirty-Six Limited
Berkeley One Hundred and Thirty-Three Limited
Berkeley One Hundred and Thirty-Two Limited
Berkeley One Hundred and Three Limited
Berkeley One Hundred and Twenty-Eight Limited
Berkeley One Hundred and Twenty-Five Limited
Berkeley One Hundred and Twenty-Four Limited
Berkeley One Hundred and Twenty Limited
Berkeley One Hundred and Twenty-Nine Limited
Berkeley One Hundred and Twenty-One Limited
Berkeley One Hundred and Twenty-Seven Limited
Berkeley One Hundred and Twenty-Six Limited
Berkeley One Hundred and Twenty-Three Limited
Berkeley One Hundred and Twenty-Two Limited
Berkeley One Hundred and Two Limited
Berkeley Portsmouth Harbour Limited
Berkeley Portsmouth Waterfront Limited
Berkeley Properties Limited[i]
Berkeley Residential Limited[i]
Berkeley Ryewood Limited
Berkeley Seven Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 SUBSIDIARIES AND JOINT VENTURES CONTINUED

- Berkeley Seventy Limited
- Berkeley Seventy-Four Limited
- Berkeley Seventy-Nine Limited
- Berkeley Seventy-One PLC[ii]
- Berkeley Seventy-Seven Limited
- Berkeley Seventy-Six Limited
- Berkeley Seventy-Three Limited
- Berkeley Seventy-Two Limited
- Berkeley Sixty Limited
- Berkeley Sixty-Eight Limited
- Berkeley Sixty-Five Limited
- Berkeley Sixty Four Limited
- Berkeley Sixty-Nine Limited
- Berkeley Sixty-One Limited
- Berkeley Sixty-Six Limited
- Berkeley Special Projects Limited
- Berkeley Strategic Land Limited[ii]
- Berkeley Sustainable Communities Limited
- Berkeley Thirty-Eight Limited
- Berkeley Thirty-Nine Limited
- Berkeley Thirty-Three Limited
- Berkeley Three Limited
- Berkeley Twenty Limited
- Berkeley Twenty-Eight Limited
- Berkeley Twenty-Four Limited
- Berkeley Twenty-Nine Limited
- Berkeley Twenty-Seven Limited
- Berkeley Twenty-Three Limited
- Berkeley Twenty-Two Limited
- Berkeley Two Hundred and Eight Limited
- Berkeley Two Hundred and Eighteen Limited
- Berkeley Two Hundred and Eleven Limited
- Berkeley Two Hundred and Fifteen Limited
- Berkeley Two Hundred and Five Limited
- Berkeley Two Hundred and Fourteen Limited
- Berkeley Two Hundred and Nine Limited
- Berkeley Two Hundred and Nineteen Limited
- Berkeley Two Hundred and One Limited[i]
- Berkeley Two Hundred and Seven Limited
- Berkeley Two Hundred and Seventeen Limited
- Berkeley Two Hundred and Six Limited
- Berkeley Two Hundred and Sixteen Limited
- Berkeley Two Hundred and Ten Limited
- Berkeley Two Hundred and Thirteen Limited
- Berkeley Two Hundred and Three Limited
- Berkeley Two Hundred and Twelve Limited
- Berkeley Two Hundred and Twenty Limited
- Berkeley Two Hundred and Twenty-Four Limited
- Berkeley Two Hundred and Twenty-One Limited
- Berkeley Two Hundred and Twenty-Three Limited
- Berkeley Two Hundred and Twenty-Two Limited
- Berkeley Two Hundred and Two Limited
- Berkeley Two Hundred Limited
- Berkeley Ventures Limited
- BH (City Forum) Limited
- Boardcable Limited
- Bromyard House (Car Park) Limited
- Bromyard House (Freehold) Limited
- Bromyard House (North) Limited
- Bromyard House Limited
- BWW Management Limited
- Charco 143 Limited[i]
- Chelsea Bridge Wharf (Management Company) Limited
- Chelsea Bridge Wharf Car Park Limited
- Community Housing Action Limited
- Community Villages Limited
- CPWGCO 1 Limited
- Drummond Road (Number 1) Limited
- Drummond Road (Number 2) Limited
- Exchange Place No 2 Limited
- Fishguard Bridge Limited
- Fishguard Tunnel Limited
- Great Woodcote Park Management Limited
- Hertfordshire Homes Limited
- Historic Homes Limited
- Kentdean Limited
- One Tower Bridge Limited
- Quod Erat Demonstrandum Properties Limited
- Retirement Homes Limited
- Royal Clarence Yard (Marina) Limited
- Royal Clarence Yard (Phase A) Limited
- Royal Clarence Yard (Phase B) Limited
- Royal Clarence Yard (Phase C) Limited
- Royal Clarence Yard (Phase E) Limited
- Royal Clarence Yard (Phase G) Management Company Limited
- Royal Clarence Yard (Phase H) Limited
- Royal Clarence Yard (Phase I) Limited
- Royal Clarence Yard (Phase K) Management Company Limited
- Royal Clarence Yard Estate Limited
- Sandgates Developments Limited
- Sitesecure Limited
- SJC (Highgate) Limited
- St Edward Homes Number Five Limited
- St Edward Homes Number Four Limited
- St Edward Homes Number One Limited
- St Edward Homes Number Three Limited
- St Edward Homes Number Two Limited
- St Edward Limited
- St George (Crawford Street) Limited
- St George (Queenstown Place) Limited
- St George Blackfriars Limited
- St George Commercial Limited
- St George Developments Limited
- St George Ealing Limited
- St George Eastern Limited
- St George Inner Cities Ltd
- St George Investments Ltd
- St George London Limited
- St George Northfields Limited
- St George Partnerships Limited
- St George plc[iv]
- St George Project Management Limited
- St George Properties Limited
- St George Real Estate Limited
- St George Regeneration Limited
- St George Southern Limited
- St George Western Limited
- St George Wharf Hotel Limited
- St George's Hill Property Company Limited
- St James West London Limited
- St James Group Limited
- St James Homes (Grosvenor Dock) Limited
- St James Homes Limited
- Tabard Square (Building A) Limited
- Tabard Square (Building B) Limited
- Tabard Square (Car Park) Limited
- TBG (1) 2009 Limited
- TBG (3) 2009 Limited
- TBG (4) Limited
- TBG (5) LLP
- The Berkeley Festival Waterfront Company Limited
- The Berkeley Group plc
- The Millennium Festival Leisure Company Limited
- The Oxford Gateway Development Company Limited
- The Tower, One St George Wharf Limited
- Thirlstone (JLP) Limited
- Thirlstone Commercial Limited
- Thirlstone plc
- Woodside Road Limited

(i) A Ordinary and B Ordinary shares
(ii) Ordinary and Preference shares
(iii) Ordinary and Deferred shares
(iv) Ordinary, Deferred and Preference shares
(v) List contains companies that are a principle to agency agreements but are not agents themselves

	Country of Incorporation	Registered office
Aragon Investments Limited	Jersey	Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT
Berkeley (Carnwath Road) Limited	Isle of Man	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Berkeley (Hong Kong) Limited	Hong Kong	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Berkeley Homes Special Contracts plc[1] [i]	Scotland	Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN
Berkeley Investments (IOM) Limited	Isle of Man	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Berkeley Property Investments Limited	Jersey	Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT
Berkeley Residential (Singapore) Limited	Singapore	3 Anson Road, #27-01 Springleaf Tower, Singapore, 079909
Berkeley Whitehart Investments Limited	Jersey	Po Box 521 9 Burrard Street St Helier Jersey JE4 5UE
BRP Investments No.1 Limited	Jersey	Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT
BRP Investments No.2 Limited	Jersey	Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT
Comiston Properties Ltd	Bahamas	Shirlaw House, PO Box SS-19084, Shirley Street, Nassau, Bahamas
Real Star Investments Limited[2]	Jersey	Elizabeth House 9 Castle Street St Helier Jersey JE2 3RT
St George Battersea Reach Limited	Jersey	Kleinwort Benson House Po Box 76 Wests Centre St Helier Jersey JE4 8PQ
TBG (Jersey) 2009 Limited	Jersey	44 Esplanade St Helier Jersey JE4 9WG

(1) Agency companies of Berkeley Homes plc
(2) Agency companies of St James Group Limited
(i) Ordinary, A Deferred and B Deferred shares

(b) Joint Ventures
At 30 April 2017 the Group had an interest in the following joint ventures which have been equity accounted to 30 April and have an accounting date of 30 April unless otherwise indicated. All of the companies listed below are incorporated in England and Wales have their registered office address at Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG and the principle activity is residential led mixed-use development and ancillary activities. All of the companies are 50% owned by the Group and unless otherwise indicated, all of the companies have ordinary share capital:

Berkeley Breamore (Oceana) Limited[ii]	St Edward Homes Partnership Freeholds Limited
Berkeley Carlton Holdings Limited[i]	St Edward Strand Partnership Freeholds Limited
Berkeley Sutton Limited[ii]	St George Little Britain (No 1) Limited[ii]
Community Housing Initiatives Limited**	St George Little Britain (No 2) Limited[ii]
Diniwe One Limited	St Katharine Homes LLP
Diniwe Two Limited	STKM Limited
One Tower Bridge Partnership (unregistered)+	Strand Property Unit Trust (unregistered)+
SEH Manager Limited	St William Homes LLP*
SEH Nominee Limited	The St Edward Homes Partnership (unregistered)+
SES Manager Limited[iii]	The St Edward (Strand) Partnership (unregistered)+
SES Nominee Limited	Thirlstone Centros Miller Limited[ii]
St Edward Homes Limited[iv]	U B Developments Limited[ii]

(i) A Ordinary shares
(ii) B Ordinary shares
(iii) A Ordinary and B Ordinary shares
(iv) A Ordinary, C Preference and D Preference shares

* Accounting date of 31 March
** Accounting date of 31 December
+ Principal place of business is 19 Portsmouth Road, Cobham, Surrey, KT11 1JG

COMPANY BALANCE SHEET

As at 30 April	Notes	2017 £m	2016 £m
Fixed assets			
Investments	C5	**1,413.9**	1,412.7
		1,413.9	1,412.7
Current assets			
Debtors	C6	**20.5**	26.8
Cash at bank and in hand		**0.9**	0.9
		21.4	27.7
Current liabilities			
Creditors (amounts falling due within one year)	C7	**(718.9)**	(634.0)
Net current liabilities		**(697.5)**	(606.3)
Total assets less current liabilities and net assets		**716.4**	806.4
Capital and reserves			
Called-up share capital	C8	**7.0**	6.9
Share premium account		**49.8**	49.8
Capital redemption reserve		**24.5**	24.5
Profit and loss account		**635.1**	725.2
Total shareholders' funds		**716.4**	806.4

The financial statements on pages 148 to 153 were approved by the board of directors on 21 June 2017 and were signed on its behalf by:

R J Stearn
Finance Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
At 1 May 2016		6.9	49.8	24.5	725.2	806.4
Profit after taxation for the year		–	–	–	228.5	228.5
Issue of ordinary shares	C8	0.1	–	–	–	0.1
Purchase of ordinary shares		–	–	–	(64.5)	(64.5)
Transactions with shareholders:						
Credit in respect of employee share schemes		–	–	–	(0.1)	(0.1)
Deferred tax in respect of employee share schemes		–	–	–	0.6	0.6
Dividends to equity holders of the Company	C9	–	–	–	(254.6)	(254.6)
At 30 April 2017		**7.0**	**49.8**	**24.5**	**635.1**	**716.4**

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
At 1 May 2015		6.8	49.6	24.5	723.8	804.7
Profit after taxation for the year		–	–	–	229.5	229.5
Issue of ordinary shares	C8	0.1	0.2	–	–	0.3
Purchase of ordinary shares		–	–	–	(1.2)	(1.2)
Transactions with shareholders:						
Credit in respect of employee share schemes		–	–	–	28.8	28.8
Deferred tax in respect of employee share schemes		–	–	–	3.8	3.8
Dividends to equity holders of the Company	C9	–	–	–	(259.5)	(259.5)
At 30 April 2016		6.9	49.8	24.5	725.2	806.4

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1 ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and, as set out below, where advantage of FRS 101 reduced disclosure exemptions has been taken.

The accounting policies adopted for the Parent Company, The Berkeley Group Holdings plc, are otherwise consistent with those used for the Group which are set out on pages 124 to 127.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

The principal activity of The Berkeley Group Holdings plc ("the Company") is to act as a holding company.

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

Going concern
The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial Review on pages 72 to 75.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group, including the return of £2.2 billion to shareholders by 2021, and compared this to the level of committed loan facilities and cash resources over the medium term. In making this assessment consideration has been given to the uncertainty inherent in future financial forecasts and where applicable reasonable sensitivities have been applied to the key factors affecting the financial performance of the Group.

Based on the financial performance of the Group, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future, notwithstanding its net current liability position of £697.5 million (30 April 2016: £606.3 million). For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Expenditure
Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Pensions
Pension contributions under defined contribution schemes are charged to the income statement as they fall due.

Investments
Investments in subsidiary undertakings are included in the balance sheet at cost less provision for any impairment.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share-based payments
The Company operates one equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. Amounts recognised in respect of executive directors of the Company's subsidiaries are recognised as an addition to cost of Investment.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

C1 ACCOUNTING POLICIES CONTINUED

Dividends
Dividend distributions to shareholders are recognised as a liability in the period in which the dividends are appropriately authorised and approved for payout and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

C2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging the following amounts:

	2017 £m	2016 £m
Auditors' remuneration – audit fees	**0.1**	0.1

No disclosure of other non-audit services has been made as this is included within note 4 of the consolidated financial statements.

C3 DIRECTORS AND EMPLOYEES

	2017 £m	2016 £m
Staff costs		
Wages and salaries	**2.6**	3.4
Social security costs	**(1.2)**	14.0
Share-based payments – Equity settled	**27.5**	21.7
Share-based payments – Cash settled	**4.8**	3.9
	33.7	43.0

The average monthly number of persons employed by the company during the year was 10, all of whom are Directors (2016: 10).

The national insurance payable under the 2011 Long-Term Incentive Plan, following the introduction of individual participate caps, represents a reduction from the accrued position at the previous year end resulting in an Income Statement credit which has not been entirely offset by current year national insurance charges.

Directors
Details of Directors' emoluments are set out in the Remuneration Report on pages 89 to 107.

Pensions
During the year, the Company participated in one of the Group's pension schemes, The Berkeley Group plc Group Personal Pension Plan. Further details on this scheme are set out in note 5 of the Consolidated Financial Statements. Contributions amounting to £nil (2016: £57,623) were paid into the defined contribution scheme during the year.

Share-based payments
The charge to the income statement in respect of equity settled share-based payments in the year, relating to grants of shares; share options and notional shares awarded under the 2011 Long-Term Incentive Plan was £27.5 million (2016: £21.7 million). The charge to the income statement in respect of cash settled share-based payments under the Bonus Banking Plan was £4.8 million (2016: £3.9 million). The charge to the reserves during the year in respect of employee share schemes was £0.1 million (2016: £28.8 million), resulting from the non-cash IFRS2 charge for the year adjusted for the reclassification of reserves on the decision to cash settle the part of the award relating to taxes which vested during the year. Further information on the Company's share incentive schemes are included in the Remuneration Report on pages 89 to 107 as well as note 5 to the Consolidated Financial Statements.

C4 THE BERKELEY GROUP HOLDINGS PLC PROFIT AND LOSS ACCOUNT

The profit for the year in the Company is £228.5 million (2016: profit of £229.5 million).

C5 INVESTMENTS

	2017 £m	2016 £m
Investments in shares of subsidiary undertaking at cost at 1 May	**1,412.7**	1,400.6
Additions	**1.2**	12.1
Investment in shares of subsidiary undertaking at cost at 30 April	**1,413.9**	1,412.7

Additions in the year relate to company contributions to The Berkeley Group plc for employee services to be settled through the issue of shares on the vesting of the Berkeley Group Holdings plc 2011 Long Term Incentive Plan awards for the benefit of executive directors of its subsidiaries.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of subsidiaries are given within note 26 of the Consolidated Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

C6 DEBTORS

	2017 £m	2016 £m
Current		
Deferred tax	**20.5**	26.8

The movements on the deferred tax asset are as follows:

	2017 £m	2016 £m
At 1 May	**26.8**	6.5
Remeasurement of deferred tax on employee share schemes	**–**	14.9
At 1 May	**26.8**	21.4
Deferred tax in respect of employee share schemes credited to reserves	**(2.5)**	8.1
Realisation of deferred tax asset on vesting of employee share scheme	**(3.8)**	(2.7)
At 30 April	**20.5**	26.8

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of 19/17% as appropriate (2016: 19/17%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2016: nil) at the balance sheet date.

The deferred tax asset of £20.5 million relates to short-term timing differences (2016: £26.8 million).

C7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £m	2016 £m
Amounts owed to subsidiary undertakings	**(702.9)**	(609.7)
Other taxation and social security	**(10.3)**	(24.3)
Accruals and deferred income	**(5.7)**	–
	(718.9)	(634.0)

All amounts included above are unsecured. The interest rate on £676.0 million (2016: £649.9 million) of the balance owed to subsidiary undertakings is 4.0% (2016: 4.0%), with no fixed repayment date. At 30 April 2017 all other amounts owed to subsidiary undertakings are at floating rates linked to LIBOR and have no fixed repayment date.

C8 CALLED-UP SHARE CAPITAL

Each ordinary share of 5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

The movements on allotted and fully paid share capital for the Company in the year were as follows:

	Ordinary shares		Share Capital		Share Premium	
	2017 No '000	2016 No '000	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Issued						
At start of year	**138,257**	136,657	**6.9**	6.8	**49.8**	49.6
Issued in year	**1,900**	1,600	**0.1**	0.1	**–**	0.2
At end of year	**140,157**	138,257	**7.0**	6.9	**49.8**	49.8

On 22 September 2016, 1.9 million ordinary shares were allotted and issued to the Employee Benefit Trust (2016: 1.6 million).

On 30 September 2016, 1.8 million ordinary shares (2016: 1.4 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 Long Term Incentive Plan (2016: 2009 Long Term Incentive Plan Part B).

At 30 April 2017 there were 0.4m shares held in the Employee Benefit Trust (2016: 0.3m). The market value of these shares at 30 April 2017 was £13.8 million (2016: £10.1 million).

The movements in the year are disclosed in note 18 and note 19 of the Consolidated Financial Statements.

C9 DIVIDENDS PER SHARE

The dividends paid in 2017 were a total of £254.6 million, £117.7 million in March 2017 (85.24 pence per share) and £136.9million in September 2016 (100 pence per share) (2016: £259.5 million being £136.6 million in January 2016, 100 pence per share, and £122.9 million in September 2015, 90 pence per share).

C10 RELATED PARTY TRANSACTIONS

The Company has not undertaken related party transactions during the year with entities that are not wholly owned subsidiaries of The Berkeley Group Holdings plc. Transactions with wholly owned members of The Berkeley Group Holdings plc are exempt under FRS 101 with reduced disclosure.

FIVE YEAR SUMMARY

Years ended 30 April	**2017 £m**	2016 £m	2015 £m	2014 £m	2013 £m
Income statement					
Revenue from operations	**2,723.5**	2,047.5	2,020.2	1,620.6	1,372.6
Operating profit	**756.2**	501.9	524.1	374.8	280.1
Share of results of joint ventures	**63.8**	36.5	28.3	12.1	(1.3)
Net finance costs	**(7.6)**	(7.5)	(12.7)	(6.9)	(8.1)
Profit before taxation	**812.4**	530.9	539.7	380.0	270.7
Taxation	**(167.3)**	(126.8)	(116.2)	(87.1)	(61.0)
Profit after taxation	**645.1**	404.1	423.5	292.9	209.7
Basic earnings per ordinary share	**467.8p**	295.8p	313.0p	221.8p	160.0p
Statement of financial position					
Capital employed	**1,851.4**	1,705.4	1,207.0	1,312.1	1,277.7
Net cash	**285.5**	107.4	430.9	129.2	44.7
Net assets	**2,136.9**	1,812.8	1,637.9	1,441.3	1,322.4
Net assets per share attributable to shareholders(1)	**1,556p**	1,314p	1,199p	1,066p	1,009p
Ratios and statistics					
Return on capital employed(2)	**42.5%**	34.5%	41.6%	29.9%	22.9%
Return on equity after tax(3)	**32.7%**	23.4%	27.5%	21.2%	17.3%
Return on equity before tax(4)	**41.1%**	30.8%	35.1%	27.5%	22.4%
Units sold(5)	**3,905**	3,776	3,355	3,742	3,712

(1) Net assets attributable to shareholders divided by the number of shares in issue excluding shares held in treasury and shares held by the employee benefit trust.

(2) Calculated as profit before interest and taxation (including joint venture (loss)/profit before tax) divided by the average net assets adjusted for (debt)/cash.

(3) Calculated as profit after taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

(4) Calculated as profit before taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

(5) The number of units completed and taken to sales in the year excluding joint ventures.

FINANCIAL DIARY

Annual General Meeting and Trading Update	6 September 2017
Half year end	31 October 2017
Interim Results Announcement for the six months ending 31 October 2017	December 2017
Trading Update	March 2018
Year end	30 April 2018
Preliminary Announcement of Results for the year ending 30 April 2018	June 2018
Publication of 2018 Annual Report	August 2018

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Share price information
The Company's share capital is listed on the London Stock Exchange. The latest share price is available via the Company's website at www.berkeleygroup.co.uk

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Herbert Smith Freehills LLP

Bankers
Barclays Bank plc
HSBC Bank plc
Lloyds Banking Group plc
Santander UK plc
Svenska Handelsbanken AB (Publ)
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