



Berkeley
Group

Building homes Strengthening communities Improving lives

2020 Annual Report



Tony Pidgley CBE, 1947–2020

Since the issue of Berkeley's results for the year ended 30 April 2020 we have with the greatest sadness announced the death of our founder and Chairman Tony Pidgley CBE. Tony's values, vision and philosophy are deeply embedded within Berkeley and all it does and stands for. The 2020 Annual Report reflects Tony's lifelong passion for creating quality homes, strengthening local communities and improving people's lives.

Berkeley at a Glance

Berkeley builds homes and communities across London, Birmingham and the South-East of England.

We focus on large-scale regeneration developments where our unique expertise and strong capital base can unlock long-term social and economic value for our stakeholders.

We are a purpose driven company, with a clear long-term vision and deeply embedded culture and values that shape everything we do, underpinning our success, our brand and the positive contributions we make to society, the economy and the natural world.

Our Purpose is to build quality homes, strengthen communities and improve people's lives.

Our Vision is to be a world-class business, defined by the quality of the places we create, generating long-term value and having a positive impact on society.

Our Values

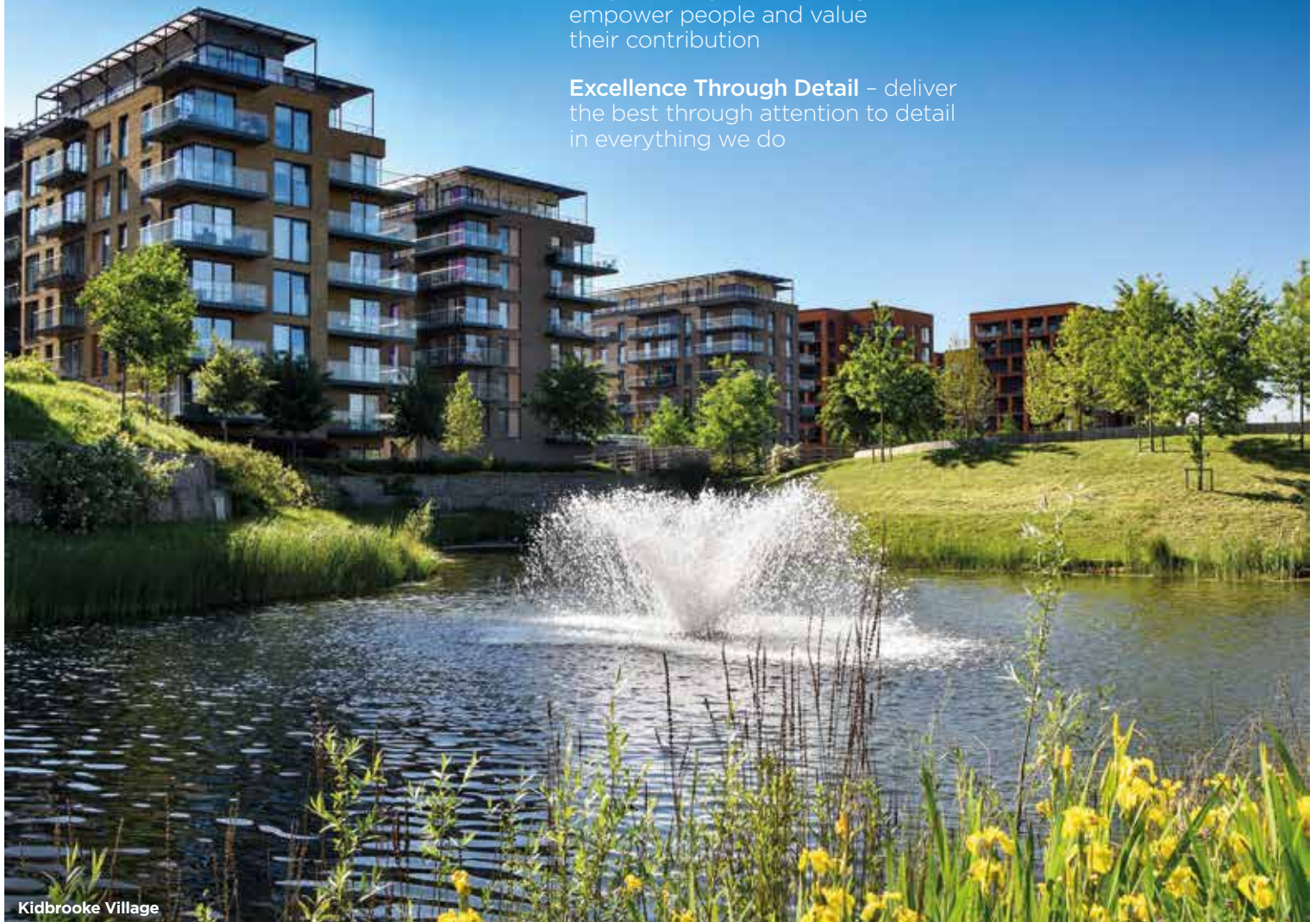
Have Integrity – build trust by being open, clear and credible

Be Passionate – take pride in what we do and the impact we make

Think Creatively – find individual solutions for every site and situation

Respect People – work together, empower people and value their contribution

Excellence Through Detail – deliver the best through attention to detail in everything we do



Kidbrooke Village

Highlights

Delivering for all stakeholders

Financial Highlights*

Profit before tax

£503.7m

(2019: £775.2m)

Net asset value per share

£24.72

(2019: £23.05)

Pre-tax return on equity

16.6%

(2019: 27.9%)

Cash due on forward sales

£1,858m

(2019: £1,831m)

Net cash

£1,138.9m

(2019: £975.0m)

Future gross margin in land holdings

£6,417m

(2019: £6,247m)

Operational Highlights

2,723

homes delivered
(plus **435** in joint ventures)

includes some **10%** of London's new private and affordable homes and supporting some **32,000** jobs

35

sites

have net biodiversity gain strategies, which will create approximately 450 acres of new or measurably improved natural habitats on these developments alone

A-

sector-leading score for transparency and action on climate change from CDP

£270m

of subsidies

provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year

78.8

Net Promoter Score

maintained industry-leading Net Promoter Score (NPS) and customer service ratings

Carbon positive

business operations delivered for a third consecutive year

Contents

Strategic Report

- 1 Highlights
- 4 Berkeley's Strategy
- 6 Long-Term Regeneration
- 14 Chairman's Statement
- 16 Carbon and Climate Change
- 18 Nature and Biodiversity
- 20 Building Strong Communities
- 22 Chief Executive's Statement
- 28 Market Overview
- 30 Business Strategy: Our Vision
- 46 Environmental, Social and Governance Performance
- 48 Berkeley Foundation
- 50 Business Model
- 52 Key Performance Indicators
- 54 Stakeholder Engagement
- 60 Section 172 (1) Statement
- 62 Sustainability Accounting Standards Board Disclosures
- 64 Task Force on Climate Related Disclosures
- 65 Non-Financial Reporting Statement
- 66 How We Manage Risk
- 80 Trading and Financial Review

Corporate Governance

- 86 Chairman's Introduction to the Corporate Governance Report
- 88 Board of Directors
- 92 Board Leadership and Company Purpose
- 96 Division of Responsibilities
- 99 Nomination Committee Report
- 102 Audit Committee Report
- 106 Directors' Remuneration Report
- 135 Directors' Report

Financial Statements

- 144 Independent Auditors' Report
- 151 Consolidated Income Statement
- 151 Consolidated Statement of Comprehensive Income
- 152 Consolidated Statement of Financial Position
- 153 Consolidated Statement of Changes in Equity
- 154 Consolidated Cash Flow Statement
- 155 Notes to the Consolidated Financial Statements
- 189 Company Balance Sheet
- 190 Company Statement of Changes in Equity
- 191 Notes to the Company Financial Statements
- 196 Five Year Summary
- 197 Financial Diary and Registered Office and Advisors

* Reconciliations and explanations of our financial highlights are provided in our Key Performance Indicators section on page 52.



Before





Celebrating 20 years of Barnes Waterside

Two decades ago our groundbreaking partnership with the Wildfowl and Wetlands Trust, Thames Water and Richmond Council transformed four disused concrete reservoirs into a community of 230 homes and the London Wetlands Centre, a world renowned nature reserve and education centre.

“This project demonstrates how quickly wildlife can bounce back when given the chance and the value of green and blue spaces to the health and wellbeing of local people.”

Kevin Peberdy
Chief Operating Officer,
Wildfowl & Wetlands Trust

Strategic Report

- 4 Berkeley's Strategy
- 6 Long-Term Regeneration
- 14 Chairman's Statement
- 16 Carbon and Climate Change
- 18 Nature and Biodiversity
- 20 Building Strong Communities
- 22 Chief Executive's Statement
- 28 Market Overview
- 30 Business Strategy: Our Vision
- 46 Environmental, Social and Governance Performance
- 48 Berkeley Foundation
- 50 Business Model
- 52 Key Performance Indicators
- 54 Stakeholder Engagement
- 60 Section 172 (1) Statement
- 62 Sustainability Accounting Standards Board Disclosures
- 64 Task Force on Climate Related Disclosures
- 65 Non-Financial Reporting Statement
- 66 How We Manage Risk
- 80 Trading and Financial Review

Berkeley's Strategy

Long-Term Strategy

Berkeley's long-term strategy is to invest in opportunities with the right risk-adjusted returns, while ensuring its financial strength reflects the prevailing macro environment, and to make returns to the shareholders who support us to achieve our purpose.

Strategic Focus

Berkeley has a unique operating model that is responsive to the cyclical nature of the housing market and focuses on transforming the most challenging and complex sites into exceptional places where communities thrive.

Strategic appreciation that the market is inherently cyclical

Focus on long-term, complex and capital intensive regeneration

Focus on London, Birmingham and the South-East

Operational risk offset through financial strength at all times


Market-leading in sustainability and climate change

Long-term commitment to community building and enhancing nature and biodiversity

Recognised brands and autonomous, experienced teams

Unparalleled commitment to customer satisfaction

Unrelenting commitment to the quality of our homes and places

 **Business model**
Read more on pages 50 to 51

 **People at the very heart of placemaking**
Read more on page 15

Land Holdings

Berkeley invests in land at the right point in the cycle and the depth and quality of the land holdings ensures that we do not need to acquire land unless there is a clear opportunity to add value.

Our current portfolio consists of 58,413 plots across 98 sites. Since 2011, Berkeley has increasingly focused on large-scale brownfield regeneration sites where our holistic approach to placemaking and community building can deliver lasting positive change.

In total, Berkeley is now bringing forward over 25 of the largest and most complex brownfield regenerations, a number of which are now in, or coming into, production.

Land Holdings as at 30 April 2020	Total Group	100% Owned	Joint Ventures
Sites	98	74	24
Plots - owned	50,558	39,765	10,793
Plots - contracted	7,855	2,393	5,462
Plots - total	58,413	42,158	16,255

Our Brands

100% owned

Berkeley

Designed for life

Berkeley is the original brand, founded in 1976 in Surrey.

St George

Designed for life

St George was originally formed as a joint venture with the Speyhawk Group in 1985 and became wholly owned in 1991.

St James

Designed for life

St James was originally formed as a joint venture with Thames Water in 1996 and became wholly owned in 2007.

St Joseph

Designed for life

St Joseph was formed in 2016 to focus on the Birmingham and West Midlands markets.

Joint Ventures

St Edward

Designed for life

St Edward is a joint venture, formed in 2006 and co-owned by Berkeley and M&G.

St William

Designed for life

St William is a joint venture, formed in 2014 and co-owned by Berkeley and National Grid.

 **Long-term sites**
Read more on pages 6 to 13

Our Portfolio

Sites under construction

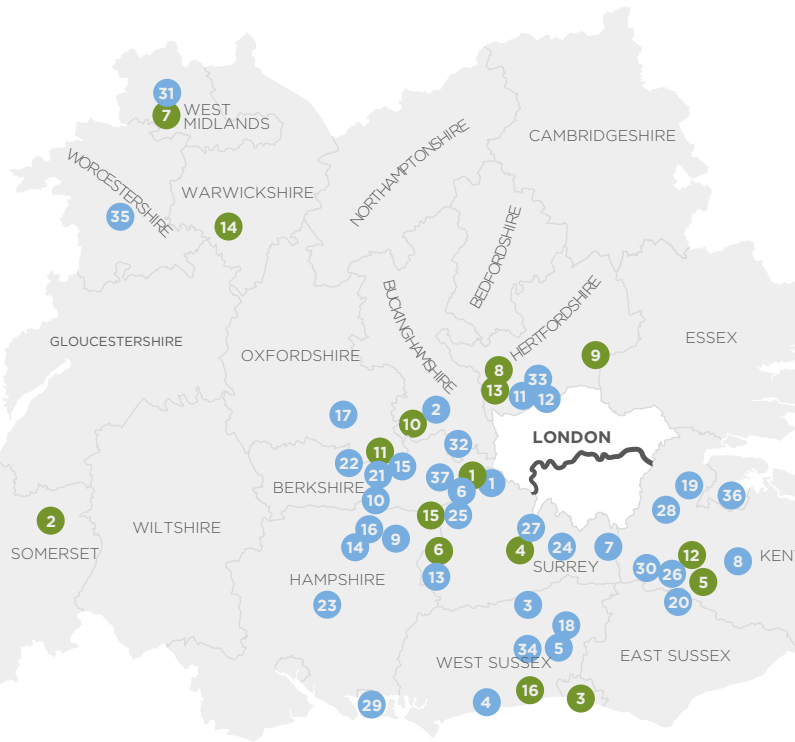
70

Future sites

28

Total sites in the land bank

98



Out of London under construction

- 1 17 - 51 London Road, Staines
- 2 Abbey Barn Park, High Wycombe
- 3 Broadacres, Southwater
- 4 Bersted Park
- 5 Barleycroft, Rudge Wick
- 6 Brompton Gardens, Ascot
- 7 Courtyard Gardens, Oxted
- 8 Cranbrook
- 9 Edenbrook Village, Fleet
- 10 Eldridge Park, Wokingham
- 11 Elmswater, Rickmansworth
- 12 Fairwood Place, Borehamwood
- 13 Farnham
- 14 Fleet
- 15 Green Park Village, Reading
- 16 Hartland Village, Fleet
- 17 Highcroft, Wallingford
- 18 Highwood Village, Horsham
- 19 Holborough Lakes
- 20 Hollyfields, Hawkenbury
- 21 Huntley Wharf, Reading
- 22 Kennet Island, Reading
- 23 Knights Quarter, Winchester
- 24 Leighwood Fields, Cranleigh
- 25 Lumina, Camberley
- 26 Paddock Wood

- 27 Princes Chase, Leatherhead
- 28 Quinton Court, Sevenoaks
- 29 Royal Clarence Marina, Gosport
- 30 Royal Wells Park, Tunbridge Wells
- 31 Snow Hill Wharf, Birmingham
- 32 Taplow Riverside
- 33 The Arches, Watford
- 34 The Paperyard, Horsham
- 35 The Waterside, Royal Worcester
- 36 Victory Pier, Gillingham
- 37 Woodhurst Park, Warfield

Out of London future sites

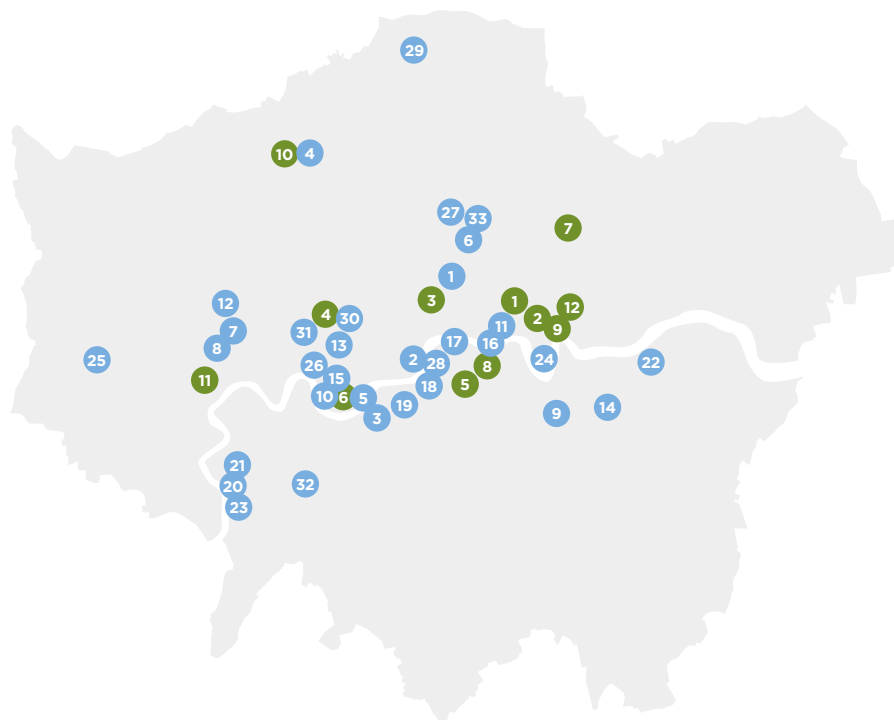
- 1 Ascot
- 2 Bath
- 3 Brighton Gas Works*
- 4 Effingham
- 5 Fidelity, Oakhill House*
- 6 Frimley Green
- 7 Glasswater Locks, Birmingham
- 8 Hemel Hempstead
- 9 Hertford
- 10 Horlicks, Slough
- 11 Reading
- 12 Sevenoaks
- 13 St Alban's Road, Watford
- 14 Stratford-Upon-Avon
- 15 Sunningdale Park
- 16 Worthing Gas Works*

London under construction

- | | |
|--|-----------------------------------|
| 1 250 City Road, Islington | 25 Southall Waterside |
| 2 9 Millbank, Westminster | 26 Sovereign Court, Hammersmith |
| 3 Battersea Reach | 27 The Cottonworks, Finsbury Park |
| 4 Beaufort Park, Hendon | 28 The Dumont, Albert Embankment |
| 5 Chelsea Creek | 29 Trent Park, Enfield |
| 6 Clarendon, Haringey | 30 West End Gate, Paddington |
| 7 Dickens Yard, Ealing | 31 White City Living |
| 8 Filmworks, Ealing | 32 Wimbledon Hill Park |
| 9 Forbury, Blackheath | 33 Woodberry Down, Finsbury Park |
| 10 Fulham Reach | |
| 11 Goodman's Fields, Aldgate | |
| 12 Grand Union Place, Brent | |
| 13 Kensington Row and Royal Warwick Square | |
| 14 Kidbrooke Village | |
| 15 King's Road Park, Fulham | |
| 16 London Dock, Wapping | |
| 17 One Blackfriars, Southwark | |
| 18 Oval Village | |
| 19 Prince of Wales Drive, Battersea | |
| 20 Queenshurst, Kingston | |
| 21 Richmond Chase | |
| 22 Royal Arsenal Riverside, Woolwich | |
| 23 Royal Exchange, Kingston | |
| 24 South Quay Plaza, Docklands | |

London future sites

- 1 Bethnal Green
- 2 Bow Common
- 3 Camden Goods Yard*
- 4 Centre House, Wood Lane
- 5 Chambers Wharf, Southwark
- 6 Fulham
- 7 Lea Bridge
- 8 Malt Street, Southwark*
- 9 Poplar
- 10 Silk Stream, Barnet
- 11 Syon Lane, Hounslow*
- 12 TwelveTrees Park, Newham



* New sites contracted for acquisition during the year

Long-Term Regeneration

Sites acquired before 2011

Berkeley has increased the number of long-term brownfield regeneration projects within its portfolio from 5 in 2011, to over 25 in 2020. These underused sites are being transformed into welcoming neighbourhoods of between circa 1,000 to 5,000 homes, supported by a mix of community amenities and infrastructure. These holistic placemaking programmes are delivered in collaboration with local communities and partners, taking up to 30 years to complete.

Berkeley is unique in having built up the expertise, experience and capital base to successfully manage the complex planning, remediation, infrastructure, construction and social challenges involved in these long-term projects.

We are now the only developer undertaking major brownfield regeneration at scale in London and the South East, as the increasing risk and complexity of these activities has seen those with lesser expertise and resources leave this area of the market. Returning blighted brownfield sites to sustainable community use is vital to meeting local housing needs, energises local economies and relieves pressure on greenfield land.



Woodberry Down Hackney | N4 | Berkeley

Site: post war housing estate regeneration
| 64 acres

Vision:

- 5,700 mixed-tenure homes | 1,800 delivered to date
- community-led regeneration of post war estate
- creation of the Woodberry Wetlands nature reserve in partnership with London Wildlife Trust and Thames Water
- unique partnership delivery model with Woodberry Down Community Organisation, Hackney Council, Manor House Development Trust and Notting Hill Genesis
- 15 acre network of parkland | public squares | playgrounds | nature trails | diverse mix of wildlife habitats
- waterside amphitheatre | Redmond Community Centre | shops | cafés and restaurants | pub | post office
- electric car charging infrastructure
- community event programme | dedicated community development support

“Our partnership at Woodberry Down is delivering one of Europe’s biggest single-site regeneration projects, providing new, modern, genuinely affordable homes for existing tenants and fantastic new facilities and open spaces for everyone.”

**Philip Glanville,
Mayor of Hackney**



Kidbrooke Village
Greenwich | SE3 | Berkeley

Site: housing estate regeneration | 270 acres

Vision:

- 4,966 mixed-tenure homes | 1,900 delivered to date
- phased regeneration of failing post-war Ferrier Estate
- early delivery of social rent homes to rehouse existing estate residents on site
- 86 acres of biodiverse parkland and open space | natural children's playspace | multi-use games area
- +258% net biodiversity gain within Cator Park delivered in partnership with London Wildlife Trust | wetland habitats, swales and wildflower meadows | 500+ new trees
- Kidbrooke Construction Skills Centre | pub | gym | supermarket | office | cafés | restaurant | community space and health centre
- electric car charging infrastructure
- community development support | year round community events programme
- delivered 37 of the first Berkeley Urban Houses; three storey modular town houses built off-site



Chelsea Creek
Hammersmith & Fulham | SW6 | St George

Site: brownfield | 10 acres | derelict gasworks

Vision:

- 1,230 mixed-tenure homes | 800 delivered to date
- 4.5 acres of public space set around two new canals and a marina
- pedestrian and cycle routes including bridge links across the canals
- two children's playspaces
- biodiverse landscaping | 200 new trees | green and brown roofs
- shops | art gallery
- energy efficient building fabric | sustainable urban drainage network | electric car charging infrastructure | secure cycle parking



Royal Arsenal Riverside
Greenwich | SE18 | Berkeley

Site: brownfield | 89 acres | derelict munitions manufacturing site

Vision:

- 5,100 mixed-tenure homes | 3,500 homes delivered to date
- restored and repurposed 23 Grade II Listed buildings
- 12 acres of public space including pedestrian streets | cycle routes and footpaths | public squares | 1km Thames Path
- 6.5 acres of parkland | 500 new trees | green roofs | bat and bird boxes | meadow and grassland planting
- nurseries | dentist | pharmacy | bank | pubs | supermarkets | hotel | cafés | restaurants
- combined heat and power network | energy efficient building fabric
- Berkeley delivered on-site Crossrail station box
- electric car charging infrastructure | 1,100 cycle parking spaces



Beaufort Park
Barnet | NW9 | St George

Site: brownfield | 25 acres | derelict RAF aerodrome and industrial buildings

Vision:

- 3,200 mixed-tenure homes | 2,500 delivered to date
- 8 acres of public space including parkland | traditional square and bandstand | two children's playspaces | pedestrian and cycle routes
- 4.5 acres of green space | green roofs | bat and bird boxes
- nursery | shops | café | pubs | restaurants | business space
- restoration of the Grade II Listed Grahame-White Watchtower building
- well established community traditions including annual Party in the Park and carol concerts

Long-Term Regeneration

Sites acquired since 2011



Southall Waterside

Ealing | UB2 | Berkeley

Site: brownfield | 88 acres | derelict gasworks

Vision:

- 3,750 mixed-tenure homes | 300 delivered to date
- 42 acres of public open space including two parks | children’s playspace | 1km landscaped canal frontage | fitness trails and cycle network | public squares and gardens
- target 75.5% net biodiversity gain | meadows | hedgerow | grassland | 2,500 new trees and copses | wetlands with new reedbeds and ponds
- leisure, entertainment and retail space
- community hub | nursery | primary school | health centre
- new road bridge, relief road and connection to A-road network
- footbridge connections to neighbouring 90 acre Minet Country Park | short walk to forthcoming Southall Station on the Elizabeth Line
- electric car charging | photovoltaic panels | communal heat and power network
- calendar of community events | dedicated community support



St Albans Road

Watford | WD24 | Berkeley

Site: brownfield | 6 acres | retail park

Vision, subject to planning permission:

- 1,200 mixed-tenure homes
- new primary school | nursery | playspace and multi-use games areas | community hall
- 2 acres of public open space | Wi-Fi enabled public piazza | space for GP surgery | flexible commercial space
- target +287% biodiversity net gain | 2 acres of natural landscaping | 300 new trees | living roofs | bird boxes and beehives
- energy efficient building fabric
- 1,350 cycle parking spaces | electric car charging infrastructure | improved cycling and pedestrian links
- community development plan



West End Gate

Westminster | W2 | Berkeley

Site: brownfield | 3 acres | car park and mixed use buildings

Vision:

- 844 mixed-tenure homes | 100 delivered to date
- traditional mansion block architecture reflecting local character
- 4,300 sqft flagship restaurant | shops | bars | cafés | public artworks
- increased tree cover | biodiverse gardens and natural habitats | central water feature | rainwater harvesting system
- electric charging infrastructure | car club | 1,300 secure cycle spaces
- energy efficient building fabric | communal heat and power network



Computer generated image

250 City Road

Islington | EC1V | Berkeley

Site: brownfield | 5 acres | former offices and employment area

Vision:

- 950 mixed-tenure homes | 230 delivered to date
- iBasin 78,000 sqft contemporary office complex delivered to BREEAM 'Excellent' standard and Wired Score 'Platinum' | 39,000 sqft of restaurants, bars, cafés and 190-bed nhov hotel
- 49% open space including 1.9-acre Wi-Fi enabled parkland and central piazza with bronze sculptures celebrating the site's historic links to the canal network
- new natural habitats including varied parkland | new mature trees | wildflower planting | green roofs | bat boxes
- electric car charging | car club | 1,400 secure cycle spaces
- communal heat and power network | energy efficient building fabric | heat reflective glazing



Computer generated image

Horlicks

Slough | SL1 | Berkeley

Site: brownfield | 12 acres | former Horlicks factory

Vision:

- 1,300 mixed-tenure homes
- restoring the iconic factory, clock tower and Grade II Listed war memorial
- 2 acres of public open space including a landscaped public square | pedestrian and cycle routes
- 5,000 sqft nursery
- 2.6 acres of landscaped gardens | 315 new trees | mixed natural habitats
- energy efficient building fabric | photovoltaic panels
- electric vehicle car club | electric car charging infrastructure | 1,300 cycle spaces



Green Park Village

Reading | RG2 | St Edward

Site: brownfield | 180 acres | light-industrial, vehicle storage and top-soil storage

Vision:

- 1,175 mixed-tenure homes and extra-care apartments | 370 delivered to date
- market square with water feature | primary school and nursery | community sports facilities | community hall | shops and café | children's playspaces
- 10 acres of green space | 250 new trees | feature lake and swales | trim trails
- new train station and transport interchange | electric vehicle charging infrastructure | secure cycle spaces | pedestrian and cycle network
- sustainable drainage network | solar panels
- public art | calendar of community events



Prince of Wales Drive

Wandsworth | SW8 | St William

Site: brownfield | 5 acres | former gasholder site

Vision:

- 955 mixed-tenure homes | 250 delivered
- railway viaduct arches converted to access routes and opened up for commercial uses
- 50% open space including two public squares | landscaped gardens | children's playspace | footpaths | biodiverse habitats
- café | gym | shops | nursery | offices
- heritage artworks including remnants of the former gasholder
- electric car charging infrastructure | car club | 1,200 secure cycle spaces
- photovoltaic panels | energy efficient building fabric | communal heat and power network

Long-Term Regeneration

Sites acquired since 2011



Computer generated image

London Dock

Tower Hamlets | E1 | St George

Site: brownfield | 15 acres | derelict print works and offices
Vision:

- 1,800 mixed-tenure homes | 450 delivered to date
- restoration of Grade II Listed Pennington Street Warehouse as a commercial hub
- shops | office space | restaurants | creative and maker space
- 7.5 acres of public space including a pedestrianised boulevard | Gauging Square | network of landscaped streets, footpath and cycle ways
- target +435% net biodiversity gain including 4.5 acres of green space | mixed natural habitats and diverse native planting | 170 new trees | green and brown roofs
- sustainable urban drainage systems | combined heat and power | electric car charging infrastructure | secure cycle parking
- London Dock Community Fund awarding £18,000 per year to local causes | community events programme



Computer generated image

Malt Street

Southwark | SE1 | Berkeley

Site: brownfield | 6 acres | former warehouse and factory
Vision, subject to planning permission:

- 1,453 mixed-tenure homes
- 50% public open space including a linear park and 1-acre public square
- green roofs with rooftop beehives | network of trees to form a linked canopy | bat and bird boxes | diverse native species and seasonal planting to support wildlife
- extensive community consultation | 90+ local engagement events
- energy efficient building fabric
- sustainable urban drainage network



Computer generated image

Poplar Riverside

Tower Hamlets | E14 | St William

Site: brownfield | 20 acres | derelict gasworks
Vision:

- 2,800 mixed-tenure homes
- 50% open space including 2.5 acre riverside park | multi-functional community spaces | pedestrian and cycle network | reopening access to the River Lea
- target +83% biodiversity gain including wetland habitats | grassland | riverside meadow
- shops | cafés | restaurants | pub | flexible workspace | leisure spaces | community hub | land for the delivery of a secondary school
- electric car charging infrastructure | secure cycle storage
- energy efficient building fabric | communal heat and power network



Before



After

Hartland Village

Hampshire | GU51 | St Edward

Site: brownfield | 205 acres | derelict jet engine testing and development site

Vision:

- 1,500 mixed-tenure homes
- 48% public space including biodiverse parkland | village green | cycle and walking network | 70 acre country park | nature trails
- target +37% net biodiversity gain including wetland habitats | grassland | 1,000 new trees

- village centre including 420 pupil primary school | nursery | community hall | shops | café
- community amenities and landscape delivered early to nurture community life, with dedicated community support
- hyperoptic broadband connection to every home and commercial space
- 2,759 cycle parking spaces | electric vehicle charging infrastructure
- rainwater harvesting | sustainable drainage network including a lake and swales



Computer generated image



Computer generated image

Syon Lane

Hounslow | TW7 | St Edward

Site: brownfield | 14 acres | former supermarket sites

Vision, subject to planning permission:

- 2,100 mixed-tenure homes
- 40,000 sqft of commercial space
- 6 acres of open space including a new civic square | water gardens | pedestrian routes
- new Tesco store | community space | GP surgery | gym | workspace | bar | restaurant
- biodiverse landscape designed in partnership with London Wildlife Trust including wildlife pond | naturalistic planting | grass and wildflower meadows | 400+ new trees
- 3,000+ secure cycle spaces | electric car charging infrastructure

Silk Stream

Barnet | NW9 | St George

Site: brownfield | 8 acres | Sainsbury's supermarket and car park

Vision, subject to planning permission:

- 1,309 mixed-tenure homes
- 38% open public space including 1.5-acre park | wildflower grassland | children's playspace | pedestrian routes | new trees
- new 96,000 sqft replacement supermarket | restaurants | offices | gym
- banks of neighbouring Silk Stream landscaped and opened up
- energy efficient building fabric | green and brown roofs | rain gardens | sustainable urban drainage systems
- partnership with Sainsbury's ensuring existing store remains open until replacement complete

Long-Term Regeneration

Sites acquired since 2011



White City Living

Hammersmith & Fulham | W12 | St James

Site: brownfield | 10 acres | former warehousing and logistics site

Vision:

- 1,845 mixed-tenure homes | 100 delivered to date
- over 50% public space including a 5-acre park | public gardens, waterfalls and fountains | pedestrian routes
- target +86% biodiversity net gain (phase one) | increased tree cover | parkland | linear habitats | native planting
- bridge and pedestrian decks built over the Central Line | pedestrian access routes created through railway arches
- shops | cafés | restaurants | outdoor events venue | community space
- electric car charging infrastructure | car club | secure cycle parking
- hyperoptic data connection to all homes and commercial spaces
- all commercial units BREEAM ‘Very Good’ or ‘Excellent’ standard
- energy efficient building fabric | communal heat and power network



Computer generated image

Clarendon

Haringey | N8 | St William

Site: brownfield | 12 acres | derelict gasworks and industrial sheds

Vision:

- 1,714 mixed-tenure homes
- 41% public space including a community park | public square | playspace | pedestrian routes
- electric car charging infrastructure | 3,000 secure cycle spaces
- rainwater harvesting feeding landscape irrigation
- all bathrooms precision manufactured off site
- 120,000 sqft of mixed commercial space
- community café | nursery | community space | shops | bars
- energy efficient building fabric | communal heat and power network serving wider community



Computer generated image

South Quay Plaza

Tower Hamlets | E14 | Berkeley

Site: brownfield | 4 acres | former office complex

Vision:

- 1,289 mixed-tenure homes
- community crèche | riverside bars and restaurants
- 65% public space including landscaped edge of South Dock | children’s playspace | heritage arts trail
- new park | play areas | riverside walkway | over 280 new trees | native planting
- rooftop photovoltaic panels | 15,000-litre capacity rainwater harvesting system | communal heat and power network
- electric car charging infrastructure | 2,000 secure cycle spaces



Computer generated image

Grand Union

Brent | HAO | St George

Site: brownfield | 22 acres | derelict industrial estate

Vision:

- 3,030 mixed-tenure homes
- 50% public open space including a canal-side public square and gardens | pedestrian and cycle routes
- target +220% net biodiversity gain including 8.4 acres of green space | riverside meadow and grassland habitats | native trees and diverse seasonal planting
- shops | community centre | nursery | affordable workspace | health centre | multi-level light industrial building
- rooftop photovoltaic panels | green and brown roofs | combined heat and power | sustainable urban drainage systems | rainwater harvesting | BREEAM 'Excellent' for all non-residential space
- locally shaped masterplan with extensive community engagement programme | 25+ consultation events
- creation of Grand Union Development Trust and Alperton Summer Festival



Computer generated image

Oval Village

Lambeth | SW11 | Berkeley

Site: brownfield | 8 acres | former gasholder site and neighbouring supermarket and office

Vision:

- 1,300 mixed-tenure homes
- extensive community engagement programme | 16 key stakeholder groups | 24-hour community hotline | 30+ outreach events | local employment programmes
- 20% open space including a park square | cycle and footpaths | car free streets
- target +179% net biodiversity gain | enhanced natural habitats | enhanced tree cover | green and brown roofs
- replacement supermarket | community space | 160,000 sqft co-working space | shops | café | restaurants | bars
- electric charging infrastructure to 40% of parking spaces | car club | 1,200 secure cycle spaces
- restoration of Grade II Listed gasholder, with the iconic backdrop of the Oval Cricket Ground
- photovoltaic panels | energy efficient building fabric | communal heat and power network



Computer generated image

TwelveTrees Park

Newham | E16 | Berkeley

Site: brownfield | 26 acres | former Parcelforce depot

Vision:

- 3,800 mixed-tenure homes
- new entrance to West Ham Station and three bridges across the Docklands Light Railway
- 1,000 pupil secondary school | community space | shops | restaurants | bars | leisure | workspace and offices
- 45% public open space including a 4.5 acre park | pedestrian and cycle network | public squares
- biodiverse landscaping strategy | mixed natural habitats | green roofs | beehives, bird boxes and bat boxes | diverse native planting
- rainwater harvesting | sustainable urban drainage network
- energy efficient building fabric | communal heat and power network | photovoltaic panels



Computer generated image

King's Road Park

Hammersmith & Fulham | SW6 | St William

Site: brownfield | 15 acres | derelict gasworks

Vision:

- 1,830 mixed-tenure homes
- 38% open space including a 6 acre community park | public square and event space | pedestrian and cycle network | biodiverse landscaping
- youth centre | community space | shops | bars | cafés | restaurants | leisure spaces
- electric charging infrastructure to 100% of parking spaces | 3,500 secure cycle spaces | car club
- energy efficient building fabric | communal heat and power network
- restoration of listed buildings, war memorials and a Grade II* Listed gasholder, thought to be the world's oldest

Chairman's Statement



Awards highlights

Housebuilder of the Year, Building Awards

The Mayor of London's Award for Sustainable & Environmental Planning, Kidbrooke Village

The Mayor of London's Award for Good Growth, Oval Village

Future of Real Estate Award, EG Awards

National Company of the Year, EG Awards

Sustainable Housebuilder of the Year, Housebuilder Awards

RIBA National Award, Merano Residences

Investor in Customers, Gold Award

Carbon Reduction or Offset Programme of the Year, Better Society Awards

RoSPA Health & Safety Awards, Construction Housebuilding & Property Development Sector Award Winner

Business of the Year, Third Sector Business Charity Awards



Our awards and achievements

Read more on pages 32 to 33 and 44 to 45

These results reflect a strong performance for the year, driven by the fantastic progress of our long-term brownfield regeneration sites, many of which are now maturing into welcoming and popular communities.

The onset of the Covid-19 lock-down in the last five weeks of the period had a significant impact on our operating environment, but Berkeley ended the year in a strong financial and operational position as our resilient business model and agile working culture defined our response. Berkeley's strategy is designed for a high risk cyclical housing market, so when conditions shift for any reason we have high liquidity, long-term cash flow visibility and highly skilled teams with the grip to effect decisive operational change. This means we are well placed to manage the current period of uncertainty without call on the Government's furlough scheme or its Covid Corporate Financing Facility.

Our agility mitigated the early impacts of Covid-19 and ensured the safety and wellbeing of our people, customers, suppliers and local communities, which is always our first priority. The speed and precision of the implementation of the necessary far-reaching changes to our working practices showed our highly skilled people and suppliers at their very best.

The suffering and upheaval caused by Covid-19 has given cause to reflect on what really matters and our purpose

and contributions to society. As the crisis unfolded, we were struck by the selfless bravery of our front line public services and the kindness and resilience of the local communities in which we work. Our local teams have been part of this heartening response, which has reaffirmed our core belief in the value of community-building and supporting local people.

For us, placemaking is all about people. It's about turning underused spaces into welcoming neighbourhoods which reflect the local character and where people are connected to each other, proud of their homes and feel part of community life. There is no exact formula for achieving this, but as we are seeing at places like Hartland Village, Woodhurst Park, Kidbrooke Village and Trent Park, we can make fantastic progress when we listen to people and take time to engage them in creating and managing their neighbourhoods.

This year we have further embedded and delivered our approach to net biodiversity gain, with 35 sites now on course to measurably increase natural life. These projects, including Poplar Riverside, White City Living and Southall Waterside, will deliver over 450 acres of new or measurably enhanced natural habitats and become beautiful green landscapes where people can experience the benefits of nature.

I am very proud that this is Berkeley's third year of delivering carbon positive building operations, thanks to our long-term commitments to reduce energy use and use cleaner sources of power. We have also continued our work towards delivering net zero carbon developments and will continue to engage with Government, the energy sector and our World Green Building Council partners to develop long-term solutions.

Over the last twelve months MHCLG reaffirmed Government's commitment to improving building safety with a suite of new measures, including guidance on cladding. While we welcome the commitment to improving the building regulation regime, the impact of the latest guidance on mortgage valuations and the ability of fire engineers to provide the necessary certificates for lenders is creating delays in the second hand housing market which seems unlikely to ease until a collaborative regime, based on risk assessment, is established.

The year has seen further progress in developing our own facility for the manufacture of precision made homes using innovative, modern methods of construction. The bespoke machinery is being installed during the coming year prior to production commencing. This really represents the future for our industry, addressing many of the challenges around the supply chain, skills, the environment and quality.

During the year, Berkeley made shareholder returns of £280.3 million, of which £130.5 million was represented by share buy-backs and £149.8 million by dividends. Of the £140.0 million return already announced to be made by 30 September 2020, £6.0 million has been made to date through share buy-backs. The amount that will be returned as dividend will be announced on 13 August 2020 taking account of any share buy-backs in the intervening period.

In closing, I want to express my gratitude and appreciation to our people. They are highly skilled, hugely committed and put our core values into practice every day. This deeply embedded culture is what sets Berkeley apart and ensures we deliver long-term value for all stakeholders.

Tony Pidgley CBE
Executive Chairman



People at the very heart of placemaking

Our driving purpose is to create quality homes, strengthen communities and improve people's lives through fantastic placemaking. The foundations of our approach include:

 <p>Prioritise long-term brownfield regeneration – focusing our resources on returning underused sites to community use</p>	 <p>Embrace community engagement – going the extra mile to seek out local people, listen and deliver the things they care about</p>	 <p>Create inclusive, welcoming and tenure blind communities – with homes of all tenures built to the same high design standards</p>
 <p>Meet National Space Standards – so every new home offers the generous living spaces people need</p>	 <p>Deliver quality outside space with every home – to support people's health, wellbeing and quality of life</p>	 <p>Deliver high quality public amenities – shaped in partnership with local people so they meet real needs and bring communities together</p>
 <p>Embrace net biodiversity gain – so every new site adds to nature and supports people's wellbeing</p>	 <p>Enable zero carbon homes by 2030 – developing zero carbon transition plans for every new site</p>	 <p>Deliver electric car charging infrastructure – to enhance air quality and support a more sustainable transport system</p>
 <p>Deliver carbon positive building operations – to tackle climate change</p>	 <p>Invest in advanced manufacturing – to create the beautifully designed, low carbon, high quality homes of the future</p>	

Carbon and Climate Change

Berkeley has long recognised the importance of both reducing carbon emissions to minimise future climate change and adapting our business to help ensure that our operations, our supply chain, and the homes and places we create remain resilient to changes in temperatures and weather patterns.

Our approach to climate change was originally set out in 2007 within our Climate Change Policy and has featured as a key commitment theme within our core business strategy, Our Vision, since its inception in 2010.

Long-standing commitment to addressing climate change



Reducing carbon emissions

There is a fundamental need to take action to reduce the emissions resulting from both our development activities and from the use of the homes and places we create. Our key focus during 2018–2020 has been on delivering carbon positive operations and identifying solutions that enable net zero carbon homes (see pages 17 and 37). We have also been exploring future transport trends to understand how we can design for these and encourage a shift away from an over-reliance on petrol and diesel vehicles.

We are currently developing science-based targets to guide our future approach to reducing carbon emissions, including increased focus on embodied carbon, defined as the emissions resulting from the extraction, processing and transportation of materials to our sites.

Adapting to climate change

Climate change poses risks to our business with the potential to impact our operations, supply chain and customers (see pages 76 to 77). A detailed climate change adaptation risk identification exercise was undertaken in 2014 to inform our strategy, facilitated by specialist consultants and involving key representatives from across the business. The key risks identified for the homes and places we develop were flooding, overheating and water shortage. Berkeley takes action to minimise the potential for these risks throughout the development process. As an example, in 2017 Berkeley launched a thermal comfort risk assessment tool, which highlights site-specific risks and actions to reduce the risk of overheating during design, construction and occupation.

We will now evolve our understanding of climate change risks and our approach through undertaking more detailed climate-related scenario analysis.

Climate-related disclosures

Berkeley welcomes the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). We report qualitatively on the governance, strategy, risk management, and metrics and targets components of the recommendations on page 64 and within a stand-alone report available on our website.



Detailed qualitative and quantitative information is provided to CDP's Climate Change Programme on an annual basis. We are proud that our 2019 disclosure was recognised with a leadership score of 'A-'.



Electric charging points at Richmond Chase



Electric excavator at Trent Park

Carbon Positive Operations

Committed to reducing the carbon emissions from our sites, offices and sales suites



100%

renewable electricity procured for UK activities since May 2017

Carbon positive

in our operations since May 2017

14%

reduction in emissions since 2016

Taking action to reduce the emissions resulting from our operations is a priority. We are pleased that our efforts to reduce electricity consumption through measures such as efficient lighting and master switches were recognised during energy audits completed in the year by external parties. We have also procured 100% renewable electricity for our sites, offices and UK-based sales suites since May 2017.

With a focus on large-scale regeneration schemes, the activities undertaken by Berkeley and our contractors remain carbon intensive; the removal of existing structures that are no longer fit for purpose and the extensive remediation of brownfield sites is heavily reliant on plant and machinery that is traditionally fuel powered. Recognising that taking action to reduce emissions resulting from fuel consumption is our biggest challenge, this year we have switched to using biodiesel on our Green

Park Village site, whilst on other sites we have collaborated with our contractors to trial the industry's first fully electric mini excavator.

In 2020, our absolute location-based emissions have reduced by 14% compared to our baseline year of 2016. Significant changes to behaviours, procedures and technologies will need to continue over the coming years to further reduce our operational carbon emissions. In the meantime, we continue to voluntarily support verified projects that realise carbon emissions reductions to offset more than our remaining emissions on an annual basis and to continue to be carbon positive. Details on the projects supported in 2020 can be found on our website.

Net Zero Carbon Homes

Committed to reducing the carbon emissions from the homes we develop



Net zero carbon homes

in operation by 2030

First

homebuilder to produce zero carbon transition plans for all new sites

Programme partner



UKGBC Advancing Net Zero

Berkeley's aim is to create highly efficient, low energy homes which can draw the power they need from clean and renewable sources. However there remains uncertainty in the industry around the right long-term solutions for homes due to changing energy policies and uncertainty around carbon emissions from grid electricity and gas in the future.

In 2019, with the support of specialist external consultants, we produced zero carbon transition plans for three trial sites to help us to deliver homes which can operate at net zero carbon by 2030. Our research and analysis determined that it is achievable through a combination of design and future proofing measures, and taking into consideration the required energy infrastructure, available technologies and sustainable operating costs for our customers.

In May 2019 we set a new commitment for a zero carbon transition plan to be produced for all new sites, with eight additional plans completed to date. Although each plan is site specific and therefore unique, there are common elements: minimising energy consumption through performance improvements in the building fabric (for example improved insulation properties); allowing for a range of technologies to provide space heating; maximising potential for battery storage; and negotiating renewable energy tariffs for our customers.

To engage with others in our industry and to help inform our understanding on the successful delivery of a low carbon built environment, Berkeley continues to be a programme partner of the Advancing Net Zero work being led by the UK Green Building Council (UKGBC).

Nature and Biodiversity

More nature afterwards than before we began

On every Berkeley site we ensure that there is more nature incorporated into the development than was there before. People and nature belong together. Nature calms our minds, lifts our spirits and gives us the beautiful green spaces where we can all relax, explore, rest and play. Being close to nature, day after day, can improve our wellbeing, strengthen our communities and make us all-round happier and healthier people.

Developing our pioneering approach

We have always recognised the importance of biodiversity and the value that nature brings to people. That is why we incorporate open space, tree-lined streets and parks. It is the reason we appoint an ecologist to every site and incorporate living roofs.

In 2016, in recognition of our intention to leave more nature behind when we have finished than existed before we began, we committed to creating a net biodiversity gain on all our sites.

We worked with experts to create a toolkit which we now use on every site to baseline the existing conditions and then calculate the increase we can achieve through different interventions.

Calculating net biodiversity gain

At the start of each project, we instruct an ecologist to use their specialist knowledge to measure the site's biodiversity using our toolkit, based on standardised metrics and values developed by DEFRA and Natural England. This establishes the baseline score.

Our approach helps us to make informed choices resulting in stronger and more nature-rich landscapes over the long-term.

The Nine Concepts: making space for nature and beauty

Our approach is about more than just the calculation of creating a net gain; it is about encouraging our ecologist, designers and landscape

engineers to incorporate nature into our developments from the earliest design stages. To enable this we have also developed the Nine Concepts document which provides ideas of how we can create nature-rich landscapes.



Our ideas brought to life



At Paddock Wood we are creating two areas of species-rich grassland within the open spaces; this will help to attract bees, moths and butterflies.



At Sunningdale Park we are enhancing existing woodland and an orchard and creating new woodland.



At Leven Road, Poplar we are creating a wildflower meadow and intensive green roofs.



At Southall Waterside we are creating a new wetland that will be planted with reeds which will also improve the water quality of the site.

Partnerships

We developed our approach over many years working with partners who inspired and challenged us. It started 20 years ago when we worked with Wildfowl and Wetlands Trust (WWT) to create Barnes Waterside and the London Wetlands Centre, as pictured on pages 2 to 3. Later, we partnered with the London Wildlife Trust to deliver the Woodberry Wetlands in the heart of Hackney.

By working with these partners we were able to see the benefit that nature brings to our developments. The Wildlife Trusts continue to provide practical support in the delivery of living landscapes on our developments.

Future legislation

The Government now intends to make biodiversity net gain mandatory for all new sites and we were pleased to be cited in its consultation for our existing approach to nature and biodiversity net gain. The forthcoming requirement will be for a 10% increase in biodiversity habitat value, which the vast majority of our sites far exceed, so we will be well-placed to continue to demonstrate our leadership in this area.

35

developments have committed to creating a net biodiversity gain

185Ha

Habitat creation or enhancement committed to, equivalent to an area larger than Hyde Park

Best practice

Our approach was cited in the Government's consultation on making net gain mandatory for new developments



CIRIA BIG Biodiversity Challenge Awards

- Client Award for net biodiversity gain approach in 2018
- Medium Scale Permanent Award at Fitzroy Gate in 2017
- Pollinator Award at One Tower Bridge in 2016

Implementing a net biodiversity gain at Kidbrooke Village



In 2018, we chose Kidbrooke Village to demonstrate our approach by creating our first large-scale implementation of a net biodiversity gain strategy. The project focused on rewilding the traditionally planted 20 acre Cator Park, which was created in an early phase of the project.

Green infrastructure – Working with the London Wildlife Trust and landscape architects HTA, we introduced a more valuable network of green infrastructure, creating wildflower meadows, grassland and wetland habitats. We introduced more varied native planting, and we allowed areas to grow wild so they support more life.

Habitats and vegetation types – Through spring and summer Kidbrooke Village is a riot of wildflowers, shrubs, bushes, reeds and grasses. It hums with dragonflies, butterflies, bees and beetles. There are far more birds, including

water fowl, herons, willow warblers and starlings. A peregrine falcon has also been spotted.

Links to community – Since the rewilding began, it is more of a focal point for community life and we partner with London Wildlife Trust to organise nature walks, bird and bug spotting sessions, school visits, family fun days and conservation volunteering.

Net biodiversity gain – According to our toolkit, the rewilding of Kidbrooke Village will deliver a net biodiversity gain of more than 200% once it grows to full maturity. It now takes less water and energy to maintain and the landscape acts as a sustainable urban drainage system which naturally holds and filters rainwater.

Building Strong Communities

Having a lasting social impact

Our ambition on every development is to strengthen the local community, improve people's quality of life and have a lasting social impact that can be felt beyond our site boundaries. This is what really drives us and we focus on regenerating large-scale brownfield sites with the greatest potential for positive change.



“We work collaboratively with local stakeholders to co-create plans with local influence and character.”



A community-led approach

We work hard to understand every community in which we work and to build strong relationships with local people, councils, charities and grass roots organisations. Community engagement is an integral first step in our masterplanning process and continues throughout project delivery. This is how we develop shared objectives and deliver the changes local stakeholders care about most.

Early stage community investment

We prioritise the delivery of public amenities and welcoming natural spaces, ensuring the wider community benefits from an early stage. Examples include the 65 acre Country Park we delivered in the first phase of Woodhurst Park (Bracknell Forest) and the 40,000 sqft pop-up cultural and community hub we created at Clarendon (Haringey).

Locally inspired masterplans

We don't use standardised building designs or housing types. Instead, each masterplan is unique, informed by the site's heritage and shaped in partnership with local communities. We select design teams with the skills to meet the specific needs of each project, including leading architects, engineers, ecologists and landscape specialists, who work collaboratively with local stakeholders to co-create plans with local influence and character.

Right: Hartland Village was designed with the local community to include a 70 acre park and public amenities

Below: the open landscape at Kidbrooke Village



Hartland Village Country Park






Woodberry Down

Evidence based community building

Since 2012 we have been working with social scientists and leading academics to create and embed an evidence based community building framework, Creating Successful Places. We have now applied the framework's 13 key criteria to 60 projects, helping us to deliver more sustainable places with a high quality of life.

Maximising social value

Over the last year we have been developing an internal toolkit which enables project teams to quantify the social value their development will create over the long-term. Using a set of indicators our teams will be able to test the relative value of different interventions so they can achieve the maximum social impact.


 Read more on pages 38 to 39

Community voice and influence

Strong and enduring communities have empowered local leaders, so we actively encourage residents to join or form social clubs and decision making bodies which shape and influence the local area in the long-term.

Culture and values

Long-term community building is highly complex and requires a pragmatic, patient and flexible mind-set from all concerned. Our collaborative culture and strong values underpin our long-term approach to placemaking and help us successfully navigate the challenges involved. We respect people, listen carefully, think creatively and have the passion to make sure thousands of small decisions are made in the spirit of partnership.

 Read more about our values on page 94



“We respect people, listen carefully, think creatively and have the passion to make sure thousands of small decisions are made in the spirit of partnership.”



Chief Executive's Statement



Summary of performance

Berkeley has delivered pre-tax profit of £503.7 million for the year. This is from the sale of 2,723 homes (2019: 3,698) at an average selling price of £677,000 (2019: £748,000), reflecting the mix of properties sold in the year. The reduction in profit before tax of 35.0% on the prior year was anticipated and reflects the progressive completion of a number of Central London developments acquired in the period from 2009 to 2013.

These results represent a strong performance and are in line with the guidance in place at the start of the year. Robust trading during the year, with improved sentiment and gathering momentum, following the decisive December General Election result, led to consensus for the year increasing to around £550 million. The Company was on track to meet this prior to the Covid-19 lockdown at the end of March when guidance was revised to £475 million, on concern of the ability to complete property transactions during lockdown. Berkeley therefore surpassed its initial expectation in this regard, in spite of the challenges of maintaining production on site and for customers in securing mortgages and achieving legal completions in this period.

From the onset of Covid-19 we have focused on adapting our activities to keep all stakeholders safe, to limit impacts on our ongoing operations and to fulfil our commitments to our customers and partners. Following the Government's 23 March lockdown instruction, we worked quickly to establish safe protocols for our site operations; always with reference to industry bodies, including the Construction Leadership Council, and Government guidance. After an initial reduction to around 40% of normal production capacity, our activities have been largely restored and stabilised through the effective implementation of these safe working practices and, on average, our sites are currently operating at around 80% of production capacity. This has taken a huge amount of hard work and dedication from our experienced teams and supply chain.

Looking forward, this response to the initial impact of Covid-19 means that the Company is still targeting a cumulative pre-tax ROE of 15% for the six year period ending on 30 April 2025, which broadly equates to average annual pre-tax profit of £500 million. We now anticipate profit delivery in the coming year to be weighted towards the second half of the year in an approximate one third to two thirds ratio. This does assume

no further significant disruption from a second wave of Covid-19 or a disorderly end to the Brexit transition period.

Berkeley's net cash of £1,138.9 million (April 2019: £975.0 million) continues to reflect the measured investment of recent years and is commensurate with the uncertain operating environment. Notwithstanding this, Berkeley has increased the estimated gross profit in its land holdings to £6.4 billion (April 2019: £6.2 billion).

Strategy update and Shareholder Returns

Berkeley's purpose is to create homes, strengthen communities and improve lives, using its sustained commercial success to make valuable and enduring contributions to society, the economy and natural world. To achieve this, the Company's long-term strategy is to invest in opportunities with the right risk-adjusted returns, while ensuring that its financial strength reflects the prevailing macro environment, and to make returns to the shareholders who support the Company to achieve its purpose, through either dividends or share buy-backs.

Since the end of the financial crisis in 2011, the Company has acquired a number of long-term regeneration sites, some of which are now in, or coming into, production and is in the process of bringing forward over 25 large and complex residential-led developments, of which 20 have been acquired since the start of this period.

These sites typically deliver between 1,000 and 5,000 homes and their development can take up to 30 years to complete. Their complexity often means that it can be five or six years before the first homes are delivered. They require significant upfront capital investment, coupled with the unique expertise that the Group has accumulated over the last 20 years and which is embedded throughout its 21 autonomous operating companies. Berkeley is transforming neglected industrial and brownfield land into thriving new communities which deliver quality homes of all tenures, biodiverse open spaces and a mix of shops, offices and amenities for local people.

The successful transformation of these sites is founded on trusted partnerships with local authorities and communities and their development is directly aligned to the Government's strategy for increasing the supply

“Berkeley’s purpose is to create homes, strengthen communities and improve people’s lives. Our sustained commercial success enables the valuable and enduring contributions we make to society, the economy and the natural world.”

of good quality homes across all tenures. The Company is now the only developer undertaking major brownfield regeneration at scale in London and the South-East as the increasing risk and complexity of these activities has seen those with lesser expertise and resources leave this area of the market. The delivery of these sites is vital to meeting the housing needs of the country’s towns and cities, while relieving pressure on greenfield land.

Over the last two years construction has begun on over 20 new sites giving Berkeley a firm foundation for delivering, prior to Covid-19, an anticipated 50% increase in production over the next five years, underpinned by a strong opening forward sales position. While Covid-19 has caused short-term delays and volatility, it does not change the fundamental strength of the business, which is set up in appreciation of the risks of a cyclical market.

In terms of capital allocation, the priority right now, as it is for all responsible businesses, is on cash conservation to safeguard the business and ensure that it is in the best possible place once the recovery begins. Berkeley has reviewed its business plan, eliminated non-essential expenditure, and re-profiled its sites to focus its work in progress investment on delivering its forward sales and where it has good visibility of the local market. The depth and quality of the land bank means that we will only acquire land with compelling characteristics, where we can add value over the long-term.

Notwithstanding this, Berkeley’s financial strength means that it can continue to meet its purpose by investing in its unique operating model to deliver large, complex regeneration sites and help the country rebound from the impact of the pandemic and to continue supporting approximately 32,000 UK jobs, directly and indirectly, in its business and supply chain for the foreseeable future.

The Company remains committed to its programme to deliver sustainable Shareholder Returns of £280 million per annum up until 2025, but will defer the previously proposed return of £455 million surplus capital for up to two years due to the volatility presented by Covid-19. This will also provide the Company with the flexibility to use the surplus capital to either make enhanced cash returns to shareholders or to invest in incremental land interests, should opportunities arise which would lead to enhanced shareholder value over the cycle. The surplus capital will remain on the Balance Sheet until the enhanced

returns or incremental land investment is made. Incremental land investment will be defined as cash spent on land interests, over and above the cost of land used in the Income Statement, from 1 May 2020.

In this period of uncertainty, Berkeley will continually review its strategy and has flexibility and optionality within its business model to adjust its plans quickly should market conditions change; always prioritising financial strength ahead of annual profits.

Berkeley is able to make its Shareholder Returns through either share buy-backs or dividends. Since January 2017, when share buy-backs were first introduced, the Company has acquired 14.6 million shares for £514.3 million, at an average price of £35.25 per share and the annual return of £280 million now equates to £2.23 per share; an 11% increase to the initial £2.00 per share. The next six monthly return of £140 million is due to be paid by 30 September 2020. Of this £6.0 million has already been made via share buy-backs. The amount to be returned as dividend will be announced on 13 August 2020 and paid on 11 September 2020 to shareholders on the register on 21 August 2020, taking account of any further share buy-backs in the intervening period.

Housing market

Going into the lockdown period Berkeley was experiencing a stable and satisfactory trading environment. Sales for the 12 months were some 10% ahead of the prior year, with sentiment buoyed by the certainty brought by the decisive December 2019 General Election result.

This momentum also reflected both the desirability of Berkeley’s homes in under-supplied markets and increased launch activity with a number of new developments coming to the market in 2019/20. These included Grand Union in Brent, St William’s King’s Road Park and The Cottonworks in Finsbury, Royal Exchange in Kingston and a number of developments in the South-East including Abbey Barn Park in High Wycombe, Huntley Wharf in Reading, Hollyfields in Royal Tunbridge Wells, St William’s Courtyard Gardens in Oxted and Lumina in Camberley. In addition, St Edward agreed to dispose of 190 retirement living apartments at Royal Warwick Square, Kensington, through a forward sale agreement to a retirement living provider.

Pricing remained firm throughout the financial year and Berkeley secured prices above its business plan levels, broadly covering any cost increases.

Chelsea Creek



Chief Executive's Statement continued

Sales in April and May reflected the impact of lockdown and were around 50% below normal market conditions, with pricing remaining above business plan levels. This is a good result given the very significant disruption to the sales and home moving process during this period. As the economy gradually re-opens we are seeing activity increase, but it is too early to determine where demand will settle over the coming months.

Fundamentally, this remains a good time to purchase in our markets of London and the South-East where supply remains well below underlying demand. With interest rates at historically low levels and good mortgage availability, following a temporary interruption as the UK entered lockdown, affordability levels are high for those who have a deposit; particularly when compared with the cost of renting. For those who can look through the prevailing short-term uncertainty, there are opportunities for long-term value.

It will be important to see what measures Government puts in place around property taxation, the speed and cost of planning and its own direct investment in the sector (including Help To Buy), as this will play a significant part in determining the pace of recovery in a sector that can play a leading role in the recovery of the wider economy.

The Group's cash due on forward sales at 30 April 2020 is at £1.86 billion compared with £1.83 billion a year ago. The cash due on these forward sales will be collected in the next three financial years and it excludes sales of affordable housing and sales by our joint ventures. Berkeley's sales continue to be split broadly evenly between owner-occupiers and investors, with overseas customers continuing to see value in the London market. Help To Buy reservations accounted for a net 290 sales in the year, including joint ventures.

Berkeley has added six new sites to its land holdings in the year, which includes three in our joint ventures. In London, the sites are in Old Kent Road in Southwark where we have completed a challenging land assembly and achieved a resolution to grant consent for up to 1,300 new homes, a site acquired conditionally in Brentford where we will be working to deliver a scheme of over 1,000 new homes (St Edward) and in Camden

where we will be providing over 600 new homes. Outside London, we have acquired a site unconditionally in Tonbridge, Kent for around 150 new homes and in the St William joint venture we have conditionally contracted sites in Brighton and Worthing.

These new sites are fantastic additions to our land holdings and provide Berkeley with the opportunity to add value over time. We continue to appraise new land opportunities, but in the current environment with heightened risk, a key factor will be the extent to which both vendors and planning authorities recognise the development risk. This complexity means acquiring and bringing forward new sites remains challenging and a slow process, however, Berkeley is in a strong position having brought through planning and into development a significant number of long-term schemes in the last few years.

On the planning front we have secured eight new consents in the year, including St William's development in Poplar for up to 2,800 new homes and the former Horlicks factory redevelopment in Slough for 1,300 new homes, and we also obtained 58 revisions to existing consents.

Build cost rises continued at around 4% until the end of 2019. From the beginning of this calendar year build costs have been neutral. As the UK emerges from lockdown, and we assess medium-term demand levels, we anticipate further deflationary pressure on costs in the short-term as activity levels are uncertain.

Our Vision

Through the 'Our Vision' strategy for the business we aim to generate long-term value and have a positive impact on our employees, customers, the environment and society.

The strategy has now been in place for a decade and we have set commitments every two years under our five strategic focus areas: Customers, Homes, Places, Operations and Our People. The achievements and advances set out below are now embedded in Berkeley's day-to-day operations and, during the coming financial year, we will put in place a new set of stretching targets for the future. Performance highlights include:





Chiswick Gate



Kidbrooke Village

- **Putting customers at the heart of our decisions:** We maintain an Investor in Customers Gold rating across all operating companies. Our Net Promoter Score of 78.8 (on a scale of -100 to +100) and Recommend To A Friend score of 98.5% are both significantly higher than the industry averages of 39 and 89%, respectively (HBF, March 2020 figures).
- **Taking action on climate change:** We incorporate adaptation measures for future weather patterns into the homes and developments we build and are the first homebuilder to produce zero carbon transition plans for all new developments. These will enable the homes to operate at zero carbon from 2030, taking into account how the design, specification and infrastructure we provide can reduce the carbon emissions of home owners both now and in the future. We have maintained our award-winning carbon positive approach within our operations since 2017/18, and received a sector leading 'A-' score for transparency and action on climate change from CDP.
- **Building communities:** Our projects are large scale and long-term, giving us greater scope to involve local people, understand their priorities and make lasting contributions to the local community's strength, wellbeing and quality of life. This enables us to create welcoming and inclusive neighborhoods with homes of all tenures and a mix of beautiful public spaces, natural landscapes and amenities that bring people together to enjoy community life. Once residents start to move in we use Community Development Plans to get neighbours talking and create social connections across the wider area. We have now trialled a Social Value Toolkit on three sites, which helps our teams to quantify and maximise the social benefits of our holistic regeneration and placemaking strategies.
- **Pioneering approach to nature:** Our leading approach to achieve a net biodiversity gain on each and every site we develop has been commended by Natural England and echoed in the Government's Environment Bill which sets out the intention to mandate net biodiversity gain for new developments. We have committed to create or enhance around 450 acres since we implemented the commitment. Nature is just one area for which we were recognised as Sustainable Housebuilder of the Year at the Housebuilder Awards 2019.

Chief Executive's Statement continued

- **Championing health, safety and wellbeing:** Our latest 12 month rolling Annual Injury Incidence Rate (AIIR) is 1.17 reportable incidents for every 1,000 people working on our sites and in our offices (2019: 1.14). This is testament to the dedication of our teams in focusing on behavioural safety in addition to adhering to stringent standards. This year we have developed a network of more than 220 mental health first aiders and have signed up to the Building Mental Health Charter and Framework.
- **Considerate construction:** We are proud to run our sites with consideration to local communities and the environment. Our 12 month rolling average Considerate Constructors Scheme score of 43/50 is significantly above the industry average for the same period (37/50) and demonstrates the care we take on each development under construction to limit our impact on our surroundings.
- **Nurturing careers and improving the industry's image:** A focus on emerging talent as a means of helping to address the industry skills shortage has resulted in an increase in the proportion of our workforce being an apprentice, graduate or training (9% in 2019/20). The REACH Apprenticeship Scheme was named CITB's Large Apprentice Employer of the Year 2019 and we held the fourth Berkeley Group Apprenticeship Awards in autumn 2019 to celebrate the efforts of our supply chain, which supported more than 500 apprentices working on our sites during the year.
- **Promoting diversity and inclusion:** We continue to prioritise and promote diversity within our workforce and the wider industry through our Diversity and Inclusion Strategy. Measures include an enhanced maternity policy, in-house diversity awareness training programmes, recruitment and training programmes targeting underrepresented groups and expanding our partnership with Women in Construction (WIC). This is an area upon which we will continue to focus.

The Berkeley Foundation

The Berkeley Foundation (the 'Foundation'), a registered charity, works in partnership with the voluntary sector to focus the skills, resources and fundraising efforts of the Berkeley

Group on helping young people overcome barriers, improve their lives and build a fairer society.

Performance highlights from the year include the launch of a new £350,000 funding programme to support young women from marginalised communities into work, extending our Super 1's disability cricket partnership with the Lord's Taverners and awarding £200,000 in emergency grants to support our local charity partners to maintain their vital services in the wake of Covid-19.

Over the course of the year the Foundation committed £3 million to good causes across London, Birmingham and the South of England, supporting more than 4,600 people through its programmes and partnerships. This contribution was made possible through the generosity and commitment of Berkeley Group staff, with 63% of our people directly contributing to the Foundation and volunteering more than 10,000 hours of their time. Berkeley Group maintained its Diamond Payroll Giving Award in 2019 and the Foundation's impacts were recognised with four major accolades at the Third Sector Business Charity Awards, including the Corporate Foundation award and the overall Business of the Year prize.

Outlook

The UK economy has experienced almost four years of uncertainty since the referendum on leaving the European Union in 2016. While the decisive December 2019 General Election result saw an improvement in sentiment at the start of the year, the risks and opportunities around the nature of our future trade agreements with the EU and other countries still remain. Covid-19 has now introduced a new set of unprecedented challenges and is indiscriminately questioning the resilience of individual sectors and companies in the most searching way.

Berkeley starts the coming year from a position of relative strength, with net cash of £1,138.9 million, forward sales of £1.9 billion and an estimated £6.4 billion of gross profit in our land holdings. Our unique operating model, with financial strength and agility at its heart, has enabled us to act quickly to review our business plan in light of the risks presented by Covid-19 and continue investing in our brand, delivering homes on our large, complex, regeneration sites, putting people at the heart of placemaking.





White City Living

“The Company is now the only developer undertaking major brownfield regeneration at scale in London and the South-East as the increasing risk and complexity of these activities has seen those with lesser expertise and resources leave this area of the market. The delivery of these sites is vital to meeting the housing needs of the country’s towns and cities, while relieving pressure on greenfield land.”

This puts Berkeley in a position from which it can continue to deliver for all its stakeholders during these unprecedented times, helping the country rebound from the impact of the pandemic and to continue supporting approximately 32,000 UK jobs, directly and indirectly, in its business and supply chain for the foreseeable future.

Richmond Chase



Underpinning this investment for Berkeley, is the under-supply of quality new homes in London and South-East. Beyond the immediate tragic human impact, Covid-19 will undoubtedly have a profound impact on how we work, how we live and how we spend our leisure. Berkeley’s focus on the quality of life on its developments, prioritising nature, connectivity and the wellbeing of its customers will be an advantage as the market recovers. London remains a fantastic global city and with interest rates at an all-time low, the cost of buying a home for those who can afford a deposit is low, compared with the alternative of renting.

Housebuilding and construction can play a vital role in the broader economic recovery following Covid-19. This will require Government support, similar to that seen following the 2008/09 financial crisis, including: the reversal of the property tax increases seen since 2014; a reduction in the bureaucracy and cost of planning; and direct investment into affordable housing.

In closing, it is important to return to the human cost of this terrible pandemic and our first priority remains the health, safety and wellbeing of our people, our customers and our supply chain, whose response over recent weeks has been remarkable, and I sincerely thank them all.

Rob Perrins
Chief Executive

Market Overview

Understanding our market

The housing market is cyclical in nature and is one of the key indicators of the health of the economy. Berkeley has a strong track record of delivering homes through numerous market cycles, predominantly in London and the South East of England.

Supportive market fundamentals

The UK economy has experienced a period of prolonged uncertainty in recent years, through the negotiations to leave the European Union, the 2019 General Election and, most recently, the Covid-19 global pandemic.

However, the underlying housing market fundamentals remain robust:

- the London and South East markets remain undersupplied;
- interest rates remain at historical low levels following recent emergency rate cuts;
- mortgage availability is strong; and
- affordability levels are supportive for those who have the requisite deposit.

Any positive Government intervention and stimulation measures will also assist the sector's recovery.

London and South-East under supplied

The latest Government manifesto sets out to deliver 300,000 homes a year nationally by the mid 2020s, a level which has not been achieved since the late 1960s, when the public sector was contributing over 40% of all new homes a year alongside the private sector⁽¹⁾.

There were 241,000 additional homes delivered in England in 2018/19 (of which 214,000 were new build), the highest level for 40 years^(1,2), which is nearly 30% lower than the annual target. However, the supply of these homes do not match the underlying demand on a regional basis⁽³⁾. Whilst a number of regions are oversupplied, there are material shortfalls in Berkeley's key markets, being London and the South East.

Looking at London specifically, housing delivery has averaged 36,000 homes a year over the last three years, of which new build delivery has averaged 30,000⁽²⁾. This is around half of the London housing need of 72,000 identified⁽³⁾, which in turn is higher than the 53,000 now targeted per annum within the London Plan. This is a recently revised target, down from 65,000 a year following an assessment of the achievability of bringing smaller sites forward for development in the Capital.

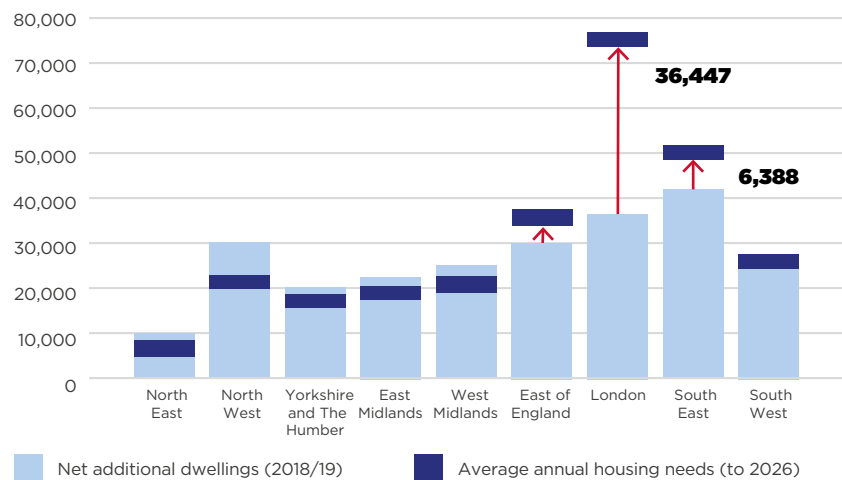
The acute undersupply in London is set to worsen in the medium-term. There were just over 12,000 construction starts during 2019⁽⁴⁾, which is 30% lower than in 2018, 50% lower than the peak achieved during 2015 and over 75% lower than the Mayor of London's latest revised target.

Falling transaction volumes and SDLT receipts

Ahead of the Covid-19 induced interruption to sales activity in both the new build and second hand market, transaction volumes nationally had fallen by 7% year on year during 2019, to around 785,000. London accounted for around 82,000 of these, which was 9% lower than in 2018⁽⁵⁾.

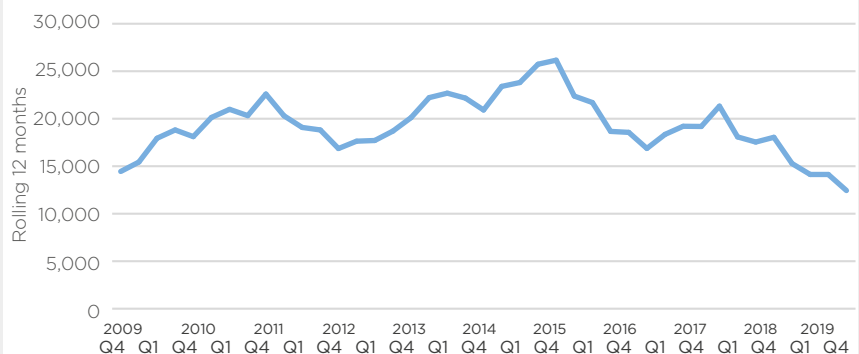
Current (2019) transaction levels are nearly 40% lower nationally than the peak in 2007 ahead of the Global Financial Crisis, and around 55% lower within London⁽⁵⁾. The pace at which any pent-up demand returns to the market will depend upon how the economy recovers, with unemployment levels and Government stimulus being critical drivers.

Housing supply shortfall in London and South East



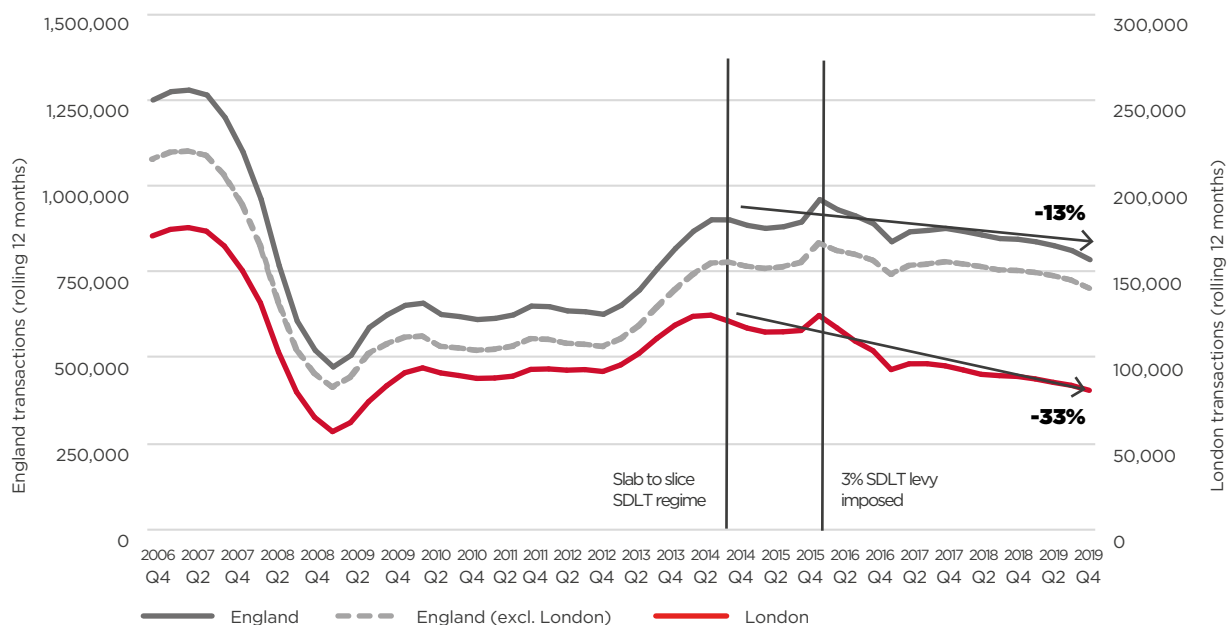
Sources: MHCLG^(2,3)

Falling new starts in London



Source: MHCLG⁽⁴⁾

Transaction volumes in London and England



Source: Land Registry

The Help To Buy Equity Loan scheme in its current form ends in March 2021, and will be replaced by a scheme with regional price caps and available to first time buyers only for a further two years out to March 2023. The scheme had previously supported around 40% of the national new build market, and to a much lesser extent in London.

The change in SDLT regime and rate increase in December 2014 signalled the beginning of a period of stagnation, and then reduction, in transaction volumes. This was exacerbated by the introduction of the 3% SDLT levy for additional property purchases in April 2016.

Additional property purchasers (including overseas purchasers) are an important element of the housing market, providing greatly needed, good quality rental accommodation. They also contribute significantly to the delivery of new build homes, as they typically acquire early in the development cycle which provides developers and their funders with the requisite financial security to bring forward what are highly capital intensive, and otherwise speculative, developments. This helps enable the delivery of thousands of new homes, in a funding market where owner-occupiers are restricted by mortgage offer periods and income multiples, and development finance for smaller developers is predicated on the financial security provided by forward sales.

Since December 2014, volumes have reduced by 13% nationally and by a third in London⁽⁶⁾.

In March 2020, the Government announced a 2% SDLT surcharge for overseas purchasers, effective from April 2021. The impact of this policy is yet to be determined, but these purchasers have always been an integrally small but important part of the overall housing market, particularly in London's new build sector for the reasons previously stated.

SDLT receipts totalled £8.3 billion in 2019, of which £1.7 billion related to the 3% levy, with around a fifth of all transactions being subject to the levy. Current (2019) SDLT receipts are around £1.0 billion lower than the peak SDLT receipts reported in 2017. Approximately half of this reduction relates to the First Time Buyer (FTB) relief introduced in November 2017 (which has not materially increased FTB activity)⁽⁷⁾. The balance of the reduction reflects the fact that the benefit of the additional levy income is now being outweighed by reducing transaction volumes.

Additionally, SDLT revenue is disproportionately geared towards London, with nearly 40% being generated from just over 10% of total transactions and, as such, the greater decline in London transactions detrimentally impacts SDLT revenues.

Interventions that could stimulate housing delivery

Housing and construction are critical bellwethers to the overall economy and during previous cycles Governments

have successfully stimulated growth with a focused approach to these key sectors. In the current operating environment, the following interventions would prevent a further contraction of the housing market, revive much-needed housing delivery and create the foundation for a wider economic recovery. Introducing these measures also provides Government with a unique opportunity to engage and focus the homebuilder sector on raising standards and embracing sustainable placemaking.

- SDLT reductions or holidays to encourage both owner-occupiers and the investors who underpin housing delivery. A reduction in stamp duty revenue would be balanced by a stimulated construction and homebuilding sector, which would deliver more affordable homes, wider social contributions, sustain greater employment and increase other tax receipts (income tax, VAT, corporation tax).
- An extension of the existing Help To Buy scheme ahead of tapering price caps could assist in boosting demand in the near term and bring home ownership into reach for more households.
- Review of the planning tariffs (affordable housing requirements, Section 106 contributions and Community Infrastructure Levy) for complex, long-term developments to reflect the uncertain environment.
- Direct investment into the sector.

Sources: (1) MHCLG Live Table 244; (2) MHCLG LT 118; (3) MHCLG Consultation, 2017; (4) MHCLG LT 253a; (5) Land Registry; (6) HM Revenue & Customs; (7) UK Finance

Business Strategy: Our Vision

Berkeley's business strategy is called 'Our Vision'. Through the delivery of Our Vision, we aim to be a world-class business, defined by the quality of the places we create, generating long-term value and having a positive impact on society.

There are five areas of strategic focus under Our Vision:



Customers

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

Read more on pages 34 to 35



Homes

Deliver high quality homes with low environmental impact where people aspire to live

Read more on pages 36 to 37



Places

Create strong communities where residents can live an enjoyable, sustainable life

Read more on pages 38 to 39



Operations

Make the right long-term decisions, run the business efficiently and work collaboratively with our supply chain

Read more on pages 40 to 41



Our People

Develop highly skilled teams that work together in a safe, healthy and supportive environment and contribute to wider society

Read more on pages 42 to 43

By focusing on strategic objectives under these areas, we ensure that we continue to provide customers with an exceptional service, whilst delivering high quality homes and places where communities can thrive and where people can live sustainable lifestyles.

We also recognise that the skills, knowledge and dedication of our people, alongside the efficient management of our operations, are fundamental to the ongoing success of our business.

Strategic commitments

Every two years we review and develop strategic commitments under each of our focus areas to drive continual improvement. We ensure a consistently strong approach through the following mechanisms:

– Integration of new themes

The regular review of commitments provides the opportunity to identify and address any emerging global, industry or business issues and opportunities.

– Evolution of continuing themes

A number of themes remain high level priorities for Berkeley to take action on. These feature within our strategic commitments for recurring periods, in recognition of the need to drive incremental change.

Our headline commitments are our priority actions for each two year period. In addition to these, we have supporting commitments, which in many instances are previous headline commitments that have become embedded into our everyday activities.

Completion of ten years of Our Vision

In May 2018, we launched ten headline commitments to achieve by April 2020, underpinned by revised supporting commitments in each focus area.

The conclusion of this cycle marks a decade of Our Vision and is an ideal time for us to reflect upon the achievements of the strategy, and plan for the future.

Read more on pages 32 to 33

Preparing for the next ten years

In early 2020 we undertook detailed research and a materiality study to determine how Our Vision should evolve for the next decade and beyond.

Materiality

The first step in defining the most material topics for Berkeley included analysis of industry trends, industry reports, peer reviews and wider global commitments. The result of this research was a list of 16 topics.

In order to prioritise and gauge the relative importance of each of these 16 topics, and with the support of an objective third party, Berkeley obtained feedback from more than 40 internal and external stakeholders. Stakeholder groups included industry experts, government agencies, contractors, external consultants, suppliers and internal stakeholders. Through a mixture of surveys and interviews, both quantitative and qualitative data were collected. Each of the topics was also independently rated on the importance and impact it may have to the core Berkeley business. This includes both risk and likelihood considerations.

The following were found to be the most material topics for Berkeley:

- **Build Quality Standards** – ensuring homes and developments meet strict quality and safety standards.
- **Health, Safety and Wellbeing** – including employees, external contractors and those working along the supply-chain.
- **Climate Change** – including both mitigation (reducing current impact) and adaptation (adapting and updating current operations for the future).
- **Sustainable Homes and Developments** – ensuring the homes and places we create are sustainable, promote sustainable living and are future ready.

Sustainability

Our Vision is an integrated business strategy, bringing together our commitments across a wide range of business topics, including sustainability. This is reflected by having a Main Board Executive Director with overarching responsibility for Our Vision, sustainability, and health and safety. We believe that each of our employees has a duty to integrate sustainability into their role and working practices. Policies and standards are set at a Group level (see our Non-Financial Reporting Statement on page 65), and are supported by a sustainability management system in place across all of our operating companies. This includes procedures to manage sustainability at each stage of the development process.

It is important that we help to address global challenges through our activities. We have reviewed the United Nations' Sustainable Development Goals (SDGs) and the targets that sit beneath them, to understand how they relate to our business and where we can make the most significant contribution. Although all the goals are important and interconnected, we have identified four that we have the greatest ability to influence.

Updating Our Vision moving forward

We are now embedding our lessons learnt from the past ten years into daily business activities, with a focus on the key topics which are material to us. The results of this work will inform our development and update of Our Vision, Berkeley's responsible business strategy, moving forward.



SUSTAINABLE DEVELOPMENT GOALS



Read more about our approach to sustainability: www.berkeleygroup.co.uk/sustainability

Ten Years of Our Vision

Celebrating a decade of achievements


For more than 40 years, Berkeley has been synonymous with attention to detail, respect for people and communities, great customer service and a real passion for places that grace their surroundings and that people can be proud of.

In 2010, we created Our Vision as an ambitious strategy for the future and to provide a framework for us to set out our commitments across the five areas of focus. The strategy has now been in place for a decade and we are proud of the many achievements it has driven over this period across each of our five focus areas; **Customers**, **Homes**, **Places**, **Operations** and **Our People**.



Building communities

A focus on people and partnerships has always been at a centre of what we do. We have completed pioneering work on how to create strong communities and are now beginning to quantify the value that each of our developments brings to society.

 Read more on pages 20 to 21

37,800

homes in over 180 communities


60

sites followed Building Communities framework



Taking action on carbon

We were the first homebuilder to sign up to Level 3 of the Code for Sustainable Homes and also the first to become carbon positive in our operations in 2017/18. As well as focusing on efficiencies, we are now going beyond Government requirements by compiling a zero carbon transition plan for each new development to enable the homes to operate at net zero carbon by 2030.

 Read more on pages 16 to 17

Carbon positive operations since May 2017


First

homebuilder to produce zero carbon transition plans



Enhancing nature

We have always focused on the spaces between the buildings as much as the homes themselves, through the incorporation of excellent landscaping. For more than a decade we have consulted an ecologist for each site and we were the first developer to commit to biodiversity net gain. Now every project team ensures there will be more nature after we finish a development than before we began.

 Read more on pages 18 to 19

First

developer to commit to a net biodiversity gain on all new sites

35

sites committed to biodiversity net gain



Queen's Award

We won the Queen's Award for Sustainable Development in 2014 for our approach set out within Our Vision and held the award until 2019. This is the UK's highest accolade for business success and it was the second time Berkeley has been recognised having previously won the award in 2008, becoming the first housebuilder to have achieved this.



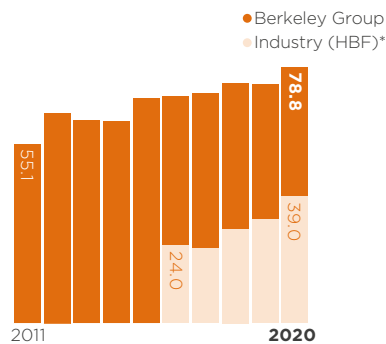
Excelling in customer experience

We put the customer at the heart of every decision. We focus on providing a tailored, excellent service to all of our customers and high quality homes. We monitor feedback from each customer and focus on all homes being ready on time as well as the customer feeling special and valued.

Investor in Customers Gold Award achieved across all businesses

78.8

Net Promoter Score (NPS) significantly higher than the industry average



*Based on Home Builders Federation (HBF) data first published in 2016



Innovation and off-site manufacture

Berkeley East Thames delivered the patented and award-winning Urban House type in 2017, later using off-site methods.

Berkeley has committed and started to develop our own facility for the manufacturing of precision made homes which presents the future for our industry, addressing many of the challenges around quality, the supply chain, environmental efficiencies and skills.

Championing health, safety and wellbeing

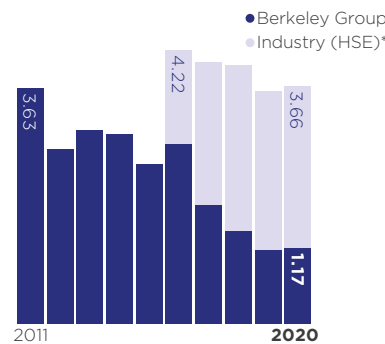
Our Annual Injury Incidence Rate (AIIR) has decreased significantly over the decade, which is testament to the focus of every construction site and management team. Every division has implemented a wellbeing programme for staff and we are a signatory to the industry Building Mental Health Charter.

220

trained mental health first aiders

1.17

Annual Injury Incidence Rate (AIIR) consistently outperforms the industry average



*Based on Health & Safety Executive data and methodology

Supporting learning through apprenticeships and training

We set our first major commitment to apprentices and training in 2014 and over the past five years have increased the number of graduates and apprentices in our own workforce, as well as supported our supply chain in this area. We introduced the annual Berkeley Apprentice Awards in 2016 to celebrate these successes.

9.3%

of our own employees are now apprentices, graduates or in formal training

300

average number of apprentices working across our operations each month since 2016

Considerate construction

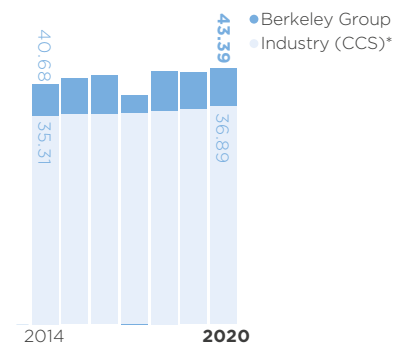
Each of our teams works hard to operate with consideration to our workforce, the environment and our neighbours. We are a partner member of the Considerate Constructors Scheme (CCS) and receive regular external audits against its Code of Considerate Practice. We are delighted to be recognised annually at the CCS Awards, including Most Considerate Site in the UK twice in the decade.

260

awards in the decade

43/50

Considerate Constructors Scheme (CCS) scores consistently ahead of the industry average



*Based on independent CCS audits, out of a maximum score of 50



Contributing to society through the Berkeley Foundation

We launched the Berkeley Foundation in 2011 to enable us to have a positive impact on young people and their families. Around two thirds of our employees get involved each year through fundraising, donations and Give as You Earn.

>26,000

people reached since 2011

£20.9m

committed since 2011

Customers

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

Excelling in customer experience

Our customers are at the heart of every decision we make. We are always mindful that we are building someone's home; the place they will enjoy, relax in and feel secure. We have created a 'customer first' mind-set and empower teams to think and act differently. Key to the ongoing success of our business is that we listen to, understand and respond to the needs of our customers. This is supported by a range of employee training opportunities and the continuation of our Sales Academy to bring talented individuals from other industries into the business.

Setting standards

We benchmark our customer service performance against companies both in and out of the sector using the Net Promoter Score (NPS). We were once again awarded the Investor in Customers Gold Award across each of our businesses, in addition to Outstanding Customer Service Awards

from In-house Research for the fifth consecutive year.

Improving communication

Our sales teams have an in-depth knowledge of their development to help our customers find the right home to best suit their needs. Each customer receives a tailored information pack and has a designated Berkeley representative throughout their home buying journey. Customers are given the opportunity to use our interactive online system, MyHome Plus, covering a range of features, from selecting choices and options to receiving updates on construction progress.

Promoting sustainable living

We provide home specific sustainability information during marketing, purchase and completion. At Hartland Village, for example, we provide customers with an illustrated Garden Guide providing practical guidance on how to boost biodiversity within their own garden. Berkeley is one of a select group of

developers whose customers can secure mortgage interest discounts on energy efficient new homes, using Barclays' Green Home Mortgage.

Making homebuying accessible

Our UK First Policy requires each individual home to be made available in the UK either first or at the same time as launching overseas. Berkeley is proud to support the Mayor of London's initiative to offer lower-cost new properties exclusively to Londoners and UK-based buyers first.

Our approach to placemaking and communities, coupled with our reputation for high quality delivery and customer service, provides Berkeley with the best opportunity to forward sell our homes where possible. This approach underpins our future financial performance and provides good visibility of cash flow. It is imperative as a risk management tool in a capital intensive cyclical industry.



Headline commitment:

Net Promoter Score

Establish Berkeley amongst the top performing companies for customer service, as evidenced by the Net Promoter Score.



In 2018 we committed to continue to focus on providing excellent customer service, and an excellent overall customer experience. We sought to monitor our performance, share good practice amongst our teams and implement new initiatives.

Over the two year commitment period we:

- Improved our six month rolling average Net Promoter Score to 78.8 (on a scale of -100 to 100), outperforming the industry and demonstrating that our customers are likely to recommend us to a friend.
- Continued to focus on three items which we know are most important to our customers: providing timely and accurate responses to customer queries, ensuring that homes are defect free and making customers feel special and valued.
- Monitored and discussed customer experience and our Net Promoter Score at each Group Customer Service and Sales and Marketing Committee meeting, together with lessons learnt from different parts of the business.
- Enhanced our interactive online system, MyHome Plus, to enable customers to easily access the information they need on their new home.
- Continued to use technology such as FieldView to support thorough build quality assurance processes and dedicated after sales care.
- Progressed work to better understand and respond to the emotional journeys of our customers.

In 2020/21 we will continue to put customers at the heart of our decisions and focus all teams on delivering an exceptional customer experience.

78.8

Net Promoter Score, compared to an industry average of 39 (HBF, March 2020)

98.5%

customers would recommend us to a friend, compared to an industry average of 89% (HBF, March 2020)

Headline commitment:

Mortgage lending

Make the case for a proportionate approach to lending, including two year mortgage offers, so that every purchaser has a fair chance in the new build market.



In 2018 we committed to make the case for the introduction of longer mortgage offer periods to give every purchaser an equal opportunity in the new build market. The business models of lenders are influenced by the traditional housing market and the systems in place are there to serve this model.

Over the two year commitment period we:

- Met with a number of the UK's leading lending banks.
- Had ongoing encouraging engagement with one lender regarding running a trial of a new mortgage product. Unfortunately the trial did not occur during the 2018 - 2020 period, but we will continue to work with lenders and make the case for the introduction of longer mortgage offer periods to cover temporary disruptions to the mortgage market.
- Continued to be one of a select group of developers to have been identified to make available Barclays' Green Home Mortgage product, where purchasers of our energy efficient new homes can receive discounts on the interest rate they pay on their mortgage.
- Engaged in active dialogue with several major lenders to facilitate the introduction of virtual valuations in response to the Covid-19 restrictions. This has allowed our customers to continue with their mortgages despite the challenging circumstances.

In 2020/21 we will continue to have dialogue with lenders around the new build market. We believe that the events of 2020 have proved beyond doubt that longer mortgage products are essential if customers are to have the confidence that their banks will stand by them when they purchase homes off plan. It is only by backing our customers to make these purchases that we can keep building the homes that London needs.

In addition to progressing work under our headline commitments, we have been taking steps to deliver our other 2018 - 2020 commitments, which are to:

- ☐ Understand and respond to customers' emotional journeys
- ☑ Promote the use of MyHome Plus
- ☑ Market homes in the UK and London first
- ☑ Meet minimum standards for sales and marketing suite set-up
- ☑ Communicate sustainable living to customers
- ☑ Promote digital and sustainable communication
- ☑ Undertake sales and marketing suite exit interviews



Read more about our approach online:

www.berkeleygroup.co.uk/about-berkeley-group/our-vision/customers

Homes

Deliver high quality homes with low environmental impact where people aspire to live

Focusing on detail

We build high quality homes for everyone: families, first-time buyers, students, and for senior citizens, including those who need care. We do not have any standard property types or formats, and no two Berkeley developments are the same. Instead we work with the best architects to create unique designs that meet the varied requirements of all types of home buyers.

Creating safe and healthy homes

We design a range of features into our homes that benefit residents' health and wellbeing, including good levels of daylight, insulation to help regulate temperature and reduce noise, and storage space. This year we have launched our new design framework for healthy homes and supported industry work on designing safer homes.

Taking action on climate change

We apply an energy hierarchy to each development, by focusing on the building fabric and then incorporating clean and renewable technologies. Each of our new sites compiles a transition plan to understand how we can enable our homes to operate at net zero carbon by 2030. To ensure that our homes are comfortable both now and in the future with expected changes in climate, we use our thermal comfort risk assessment to take into account factors that can affect overheating, such as location, building type and ventilation strategies.

Designing sustainable homes

We seek to ensure that the materials we specify and procure are responsibly sourced, in accordance with our Sustainable Specification and Procurement Policy. We also incorporate a range of features into

our homes to help our customers further reduce their impact, from energy efficient light fittings and recycling bins, to low water use fittings and fixtures.

Building homes for the future

As technology evolves and new products enter the market, we continually undertake research and development to enable us to be at the forefront of employing new innovative technologies and the right infrastructure to best serve and future-proof our homes for our customers. At the same time, we continue to embed our minimum infrastructure recommendations covering broadband and cabling provision, which enable our customers to benefit from the freedom of being able to 'plug in' technologies as they become available.



Headline commitment:

Safe and healthy homes

Launch a design framework to contribute to the wellbeing of our customers, including safety, air quality and thermal comfort.



In 2018 we committed to undertake research into how well designed homes can lead to better health and wellbeing outcomes for residents, and to develop a new framework for our teams to use during the design process.

Over the two year commitment period we:

- Undertook detailed research in the area of healthy homes, drawing on both UK and international sources of best practice.
- Compiled a new healthy home design framework, structured around seven topic areas: thermal comfort, safety and security, noise, indoor air quality, light, adaptability and space and storage. The framework introduces a range of recommendations that could be applied to help create a 'healthier' home.
- Launched the framework to our project teams to support the design phase of all new developments, building upon our longer-standing commitments to space and storage standards, as well as minimising overheating through the use of our thermal comfort risk assessment.
- Developed a strategic partnership with the Royal Society for the Prevention of Accidents (RoSPA). Through this partnership, we supported the production of the 'Safer by Design' standard, a framework to reduce serious accidental injury in new-build homes through a series of prioritised and evidence based design recommendations. This was formally launched in autumn 2019.

In 2020/21 we will embed the healthy homes framework into our design processes, and aim to complete our first homes to RoSPA's new Safer by Design Gold standard.

85%

completed homes met Berkeley space standards, with minimum ceiling heights, storage and sizing above typical requirements

21

developments under construction have undertaken overheating risk assessments to help identify measures to mitigate the risk

Headline commitment:

Net zero carbon

Produce a transition plan for each new development which enables the homes to operate at net zero carbon by 2030.



In 2018 we committed to develop transition plans, with the aim to identify how we can enable our homes to operate at net zero carbon by 2030. Our research has shown that this can be achieved through design and future-proofing measures. We want to deliver zero carbon homes for our customers but there remains uncertainty about the right long-term solution that will provide our homes with low carbon heating and energy.

Over the two year commitment period we:

- Researched how we can deliver low carbon energy and heat in new developments, in the context of changing energy policies and uncertainty around the carbon intensity of gas and electricity within the grid.
- Used findings to trial zero carbon transition plans for three of our sites. The trials enabled us to understand what the common elements for delivering low carbon homes are, including; having a 'fabric first' approach, being technology agnostic, allowing for a wide range of technologies to provide heating, maximising storage potential for future technologies such as batteries and negotiating green or renewable energy tariffs for our customers.
- Became the first homebuilder to introduce a new commitment for all new sites to develop a zero carbon transition plan. In total we have completed 11 transition plans.
- Continued to be a programme partner for the UKGBC's Advancing Net Zero work, to help inform industry understanding and the delivery of a low carbon built environment.

We will continue to produce zero carbon transition plans in 2020/21 and to be prepared for future changes in regulation in this area.

11

zero carbon transition plans developed to enable homes to operate at net zero carbon by 2030

94%

completed homes with an Energy Performance Certificate (EPC) rating of at least a B

In addition to progressing work under our headline commitments, we have been taking steps to deliver our other 2018 - 2020 commitments, which are to:

- Undertake post occupancy evaluation to understand the in use performance of our buildings
- Enable connected homes
- Specify sustainable materials in accordance with our Sustainable Specification and Procurement Policy
- Install internal recycling facilities in new homes
- Install water efficient fittings, so that new homes achieve an internal water use of less than 105 litres per person per day
- Install energy efficient lighting in new homes
- Meet Berkeley minimum fire ratings and energy efficiency standards for domestic appliances, which are over and above the Government guidelines



Read more about our approach online:

www.berkeleygroup.co.uk/about-berkeley-group/our-vision/homes

Places

Create strong communities where residents can live an enjoyable, sustainable life

Meeting a local need

Our experienced land teams focus on investing in the right locations where there is strong demand for new homes, good transport links and the scope to create successful new places. We undertake a rigorous evaluation of the opportunities and risks of each potential acquisition, focusing on complex regeneration sites. This and our strong financial position ensure that we deliver on our offers, fostering trust and underpinning enduring relationships.

Building communities

By approaching each development in a spirit of partnership, and by working in collaboration with local authorities and communities, we strive to establish a true sense of community on our developments. At TwelveTrees Park we engaged with the local community to formulate a steering group who are helping to curate the community

spaces in the development. We engage during the early design and planning phase and we use our toolkit, Creating Successful Places, as a framework to ensure that the right facilities and mechanisms are implemented to create a unique and fantastic place to live and to realise a shared vision. The development of community plans for some sites helps to facilitate thriving communities whilst focusing on how the development will be managed in the long-term.

More nature afterwards than before we began

We have always recognised the value that nature brings to people through the incorporation of open space, tree-lined streets and parks. We launched our approach to biodiversity net gain on every site in 2017 and since then, are set to enhance or create 185 hectares of space across 35 sites. Throughout the development of our

approach we have worked closely with the London Wildlife Trusts who have helped to provide practical support in the delivery of living landscapes on our developments.

Designing sustainable places

We want our developments to enable our customers to live sustainable lifestyles. Providing public realm and facilities, such as schools and places to eat and exercise, can be key to this. We also incorporate infrastructure that promotes sustainable travel, such as pedestrian routes, cycle storage and electric vehicle charging points. Truly sustainable places are great places now, but also stand the test of time; we include features such as sustainable drainage and rainwater harvesting systems, to increase resilience to future climate change impacts, such as flooding, overheating and water shortages.



Headline commitment:

Community and social value

Understand the social value generated by new development and embed a coherent approach to building communities on all our sites.



In 2018 we committed to embed our long-standing work on building communities on all of our sites and to begin to quantify and explain the benefits that our developments generate for local communities, the local economy, and the environment.

Over the two year commitment period we:

- Engaged the local community in the design of each new development and applied our Creating Successful Places framework.
- Continued to develop community plans on existing developments. These often include events, such as the Summer Fete at Kidbrooke Village, whilst at South Quay Plaza an app promotes activities to residents.
- Worked with a specialist consultancy to develop an approach to measure the value to society of our developments. We used more than 20 indicators to assess the value, each of which is underpinned by peer-reviewed research.
- Trialled the approach on three developments, taking Berkeley data on aspects from access to nature to job creation and community spaces to quantify the value to society they will generate each year once they are lived in. This is in addition to any s106 agreements made as part of the planning process. A key factor was found to be job creation through the provision of commercial spaces.

In 2020/21 we will refine and test the methodology to ensure that it is balanced and robust and introduce a new tool to help our project teams to value the development throughout the design stages and ultimately to ensure that we incorporate the right design features to maximise the social value in the long-term.

£60m per year

Value to society to be generated from three pilot developments once they are lived in, in addition to the benefits of any s106 agreements made as part of the planning process

16

community plans across our developments under construction

Headline commitment:

Sustainable transport

Explore future transport trends and encourage a modal shift away from an over-reliance on petrol and diesel cars.



In 2018 we committed to understanding how transport methods and our customers' needs and expectations are likely to change over time and using this research to identify practical actions we could take as a developer to promote sustainable travel.

Over the two year commitment period we:

- Reviewed the current utilisation of car parking, cycle parking and electric vehicle spaces on a number of existing developments, and reviewed travel plans to identify best practice.
- Researched how the transport mix is likely to change over time, making us well placed to anticipate future travel patterns and design accordingly.
- Continued to ensure that developments under construction provide future residents with sustainable travel options including car clubs, cycle storage spaces and electric car charging points.
- Hosted a roundtable with external experts such as Healthy Streets, London Cycling Campaign and E.ON to discuss the key findings from the research and drafted a list of key principles for sustainable transport for our developments.
- Held an internal workshop to debate and refine the new principles, including Healthy Streets, cycling infrastructure, electric car charging points and designing for deliveries to our sites.
- Were awarded the Transport for New Homes Award 2019 for Royal Arsenal Riverside, celebrating recent developments where residents do not need cars to live a full life.

In 2020/21 we will seek to embed the sustainable transport principles into our standard design practices.

61,000

cycle storage spaces being provided on developments under construction

3,600

electric car charging points being provided on developments under construction, with infrastructure being put into place to support an additional 2,200

In addition to progressing work under our headline commitments, we have been taking steps to deliver our other 2018 - 2020 commitments, which are to:

- ✓ Achieve net biodiversity gain on all new developments
- ✓ Develop an approach to integrated water management
- ✓ Explore temporary meanwhile uses during construction works
- ✓ Achieve BREEAM Very Good on all commercial space, student accommodation and senior living housing
- ✓ Install living roofs on all suitable residential apartment roof spaces
- ✓ Review the performance of managing agents and the durability of schemes



Read more about our approach online:

www.berkeleygroup.co.uk/about-berkeley-group/our-vision/places

Operations

Make the right long-term decisions, run the business efficiently and work collaboratively with our supply chain

A focus on quality

The quality of our homes is paramount to our reputation and our build teams always strive for the highest standards. This year a thorough review of build quality processes has been undertaken and a Group-wide Build Quality Assurance system has been compiled to ensure consistency of approach. We are a board member of the Get It Right Initiative (GIRI) – a UK construction industry group actively improving productivity and quality in the sector by eliminating errors.

Collaborating with our supply chain

We maintain a network of senior trade sponsors within our business to engage with contractors, in addition to daily collaboration on a site-by-site basis and holding local events such as supply chain conferences. Our Supply Chain Portal provides information to

tendering companies and over the 2018 – 2020 Our Vision period we have implemented enhanced and consistent arrangements to procure contractors on best overall value, rather than cost alone. We are a long-standing signatory to the Prompt Payment Code, paying contractors within 30 days.

Carbon positive and sustainable construction

We were the first UK homebuilder to become carbon positive in our operations in 2017/18; we focus on energy efficiency, procure renewable electricity for our UK activities and offset more than the remaining emissions each year.

Each of our operating companies is supported by a dedicated sustainability professional who provides advice and training, and completes sustainability

assessments. We are proud to have zero environmental prosecutions and to be awarded Three Trees in WWF's timber scorecard 2019. We are a partner of the Supply Chain Sustainability School, to provide consistent messaging on sustainability to the supply chain.

Operating considerably

By registering each of our sites to the Considerate Constructors Scheme (CCS) we sign up to a Code of Considerate Practice and our site teams strive to minimise impact on our neighbours. In 2019/20 we achieved an average score of 43/50 in independent audits, compared with an industry average of 37/50.



Headline commitment:

Off-site manufacture

Deliver the Berkeley Modular facility and ensure that 30% of construction value is delivered through off-site assembly by 2020.



In 2018 we committed to deliver the Berkeley Modular facility and develop our approach to considering both volumetric off-site manufacture and the use of off-site components within all future projects.

Over the two year commitment period we:

- Constructed a 160,000 sqft factory building in Northfleet, Kent, to house Berkeley Modular's advanced precision manufacturing facility, with a focus on producing high quality modules. Work is progressing with fitting out and testing the facility to support production commencement.
- Developed a definition of volumetric and component off-site manufacture for the business for consistent understanding and data capture.
- Updated our commercial reporting systems to formally capture costs in relation to off-site assembly. All projects must review the potential for off-site manufacture from an early stage and monitor spend on off-site methods.
- Increased the proportion of site build cost delivered through off-site assembly cost to 12%; whilst the figure is below the initial target, it is expected to increase in the future once the manufacturing facility is fully operational and allowing for projects which have recently selected volumetric and modular off-site methods to commence construction.
- Achieved more than 20% of build value through off-site manufacture at a number of sites. At South Quay Plaza this was achieved through the use of bathroom pods, a unitised facade and pre-cast walls and columns, which are now solutions being used across the business.

In 2020/21 we will continue to embed our approach to modular construction into our operations and identify opportunities on a project-by-project basis from the earliest stages in the design process.

12%

construction value delivered through off-site assembly

40

sites incorporating volumetric or component off-site assembly

Headline commitment:

Waste and plastics

Work with our supply chain to develop a zero waste strategy, focusing on key wastes including plastics.



In 2018 we committed to better understand the waste streams produced by our activities and take joint action with our supply chain to address waste production.

Over the two year commitment period we:

- Analysed existing waste data in more detail in order to identify priority areas for reduction.
- Held a zero waste workshop with around 50 senior stakeholders to collaboratively explore what a zero waste future could look like for Berkeley sites and the wider industry. Barriers to achieving zero waste and potential solutions to overcome these were highlighted and discussed.
- Drafted a zero waste strategy ready for release across the business in 2020.
- Conducted plastic reduction reviews across our offices and sites to increase awareness and align on our ambition, sharing key insights across the business.
- Implemented a number of initiatives within divisions to reduce waste, focusing on plastics. For example, reusable packaging systems have been set up to allow materials and products to be brought to site, unloaded and the packaging immediately removed by the supplier.
- Focused on increasing awareness and discussions about single-use plastic during the early tender stages and included this as a consideration for the assessment and sign off of all main packages at Berkeley East Thames.
- Became members of the Alliance for Sustainable Building Product's (ASBP) Plastics in Construction Group.

In 2020/21 we will launch our zero waste strategy. We recognise the need for a transition to a circular economy and that this will be an ongoing challenge for our business and the sector in general over the coming years.

95%

waste reuse and recycling rate from construction activities

50

senior industry stakeholders attended our supply chain waste workshop

In addition to progressing work under our headline commitments, we have been taking steps to deliver our other 2018 - 2020 commitments, which are to:

- Reduce carbon emissions per person by 14% and evolve our carbon positive programme
- Use and provide feedback from our Tender Scoring Matrix for procuring on best overall value
- Reduce water use per person by 6%
- Use paper efficiently and source it sustainably
- Source materials responsibly, including certified timber
- Undertake office sustainability reviews and site sustainability assessments
- Sign up to the Considerate Constructors Scheme (CCS) and achieve a minimum score of 40/50 in every audit
- ✓ Enhance procedures for build quality and quality assurance



Read more about our approach online:

www.berkeleygroup.co.uk/about-berkeley-group/our-vision/operations

Our People

Develop highly skilled teams that work together in a safe, healthy and supportive environment and contribute to wider society

Attracting, developing and retaining talent

Our employees are our strongest resource; it is important that we attract, develop and retain talented teams at every level. Each operating company runs personal and professional development schemes and ensures individuals receive the support and training that they need.

Promoting inclusivity

Our Equality and Diversity Policy sets out our goal of promoting diversity and inclusion and is supported by our Diversity and Inclusion Strategy to create an environment where people are respected and appreciated for what makes them different.

Developing young people

Our graduate programme is rated in the top 100 companies for early careers by the Job Crowd and we welcomed 31 new graduates in 2019. We are also pleased to support an average of 300 apprentices across

our operations each month, including 100 directly employed by Berkeley. Berkeley Capital's REACH apprenticeship scheme was named Large Apprentice Employer of the Year 2019 by the Construction Industry Training Board (CITB) and we celebrated the success of both individuals and suppliers at our fourth annual Apprentice Awards in autumn 2019.

Responsible employment

We are committed to paying at least the Living Wage Foundation's Living Wage. We continue to take action to ensure that our business and supply chain are free of modern slavery (see our Modern Slavery Statement and policy on our website for more detail).

Championing health, safety and wellbeing

Working with our supply chain we aim to achieve industry-leading performance, and demonstrate clear and unequivocal leadership to others

in the construction sector. Each operating company has dedicated resource to drive performance, supported by weekly Director-level visits to each site and status reviews at each Board meeting. In the past year we became a signatory to the Building Mental Health Charter, launched the first CALM zone at Southall Waterside and now have more than 220 trained mental health first aiders. Berkeley St Edward was the sector winner at the RoSPA Awards in June 2019.

Improving lives through the support of the Berkeley Foundation

We encourage employees to have a positive impact on society both directly and through the support of the Berkeley Foundation, a registered charity aimed at helping young people, their families and communities (see pages 48 to 49). In 2019/2020, around two thirds of our employees got involved and 33% contributed via Give As You Earn.



Headline commitment:

Industry image

Engage with young people, education providers and employers to transform perceptions of careers in the built environment.



In 2018 we committed to developing a programme of engagement with young people as well as education providers and employers to show the breadth of viable, attractive career opportunities that exist in the industry.

Over the two year commitment period we:

- Continued to be a partner organisation to Build UK, which works across the industry to encourage the next generation to choose a career in construction.
- Developed a range of videos for our website and engagement events to highlight the breadth of roles within Berkeley and our supply chain.
- Encouraged employees from all roles and levels to act as Construction Ambassadors. More than 50 volunteered and 16 have been trained, enabling them to promote the industry with a consistent message.
- Enabled people to go behind the scenes of 12 of our live construction sites as part of Open Doors 2019, an industry-wide event designed to change perceptions of the industry.
- Ran a series of engagement events with young people, ranging from school visits and lessons to work experience and mentoring. Berkeley Southern and Berkeley St Edward jointly won an Investors in Young People Gold Award for supporting Hampshire Council in getting teens into work.
- Helped to design new apprenticeship standards suitable for modular construction.
- Increased engagement with universities, with a particular focus on students studying topics relating to the production process.

380

visits to schools by our teams and school visits to our construction sites

16

Berkeley employees trained as Construction Ambassadors by the Construction Industry Training Board (CITB) to raise the profile of the industry

Headline commitment:

Diversity and inclusion

Implement a programme to create an inclusive environment where employees can reach their full potential, irrespective of their identity or background.



In 2018 we committed to developing and implementing a Diversity and Inclusion Strategy. We understand the benefits a diverse workforce can bring and recognise that the industry as a whole faces underrepresentation of women as well as people from a broad range of backgrounds.

Over the two year commitment period we:

- Developed a Group-level strategy for diversity and inclusion covering aspects such as recruitment, workplace inclusion and flexibility, and organisational design and culture.
- Launched enhanced parental leave policies in autumn 2019 for employees.
- Reviewed our recruitment processes including adapting our experienced hire application journey to make the candidate experience more inclusive and streamlined.
- Focused on the importance of diversity on interview panels, including during graduate assessment centres.
- Developed Group-wide unconscious bias e-learning modules which are now ready to roll out to all staff and managers.
- Worked closely with Women Into Construction by hosting regular 'experience' events across our developments as well as a ten day programme at Southall Waterside in July 2019, and made them a key beneficiary of the Berkeley Foundation 'Empowering Young Women into Work' programme.
- Continued to implement specific measures at an operating company level, for example training and workshops, agile working and staff surveys and discussions.

37%

of employees are female

35%

of the Board and senior management are female

At 30 April 2020	Female	Male	Total
Board of Directors	4	12	16
Senior Management	4	3	7
Board and Senior Mgmt	8	15	23
Reporting to Senior Mgmt	49	183	232
Total employees	1,058	1,786	2,844

In addition to progressing work under our headline commitments, we have been taking steps to deliver our other 2018 - 2020 commitments, which are to:

- ✔ Develop and implement a strategy for mental health
- ✔ Maintain programmes for healthy workplaces
- ✔ Ensure that each employee has opportunities for learning and development
- ✔ Target 5% of our direct employees to be apprentices, sponsored students or graduates on formalised training schemes
- ✔ Promote apprenticeships and training to our supply chain
- ✔ Raise awareness of modern slavery
- ✔ Pay the Living Wage Foundation's Living Wage to direct employees
- ✔ Undertake weekly Director health and safety visits
- ✔ Aspire to operate incident and injury free, targeting an Annual Injury Incidence Rate (AIIR) of 2.75
- ✔ Encourage support of the Berkeley Foundation



Read more about our approach online:

www.berkeleygroup.co.uk/about-berkeley-group/our-vision/people

Our Vision

Highlights for the 2019/20 financial year

Customers

Net Promoter Score

78.8

six-month rolling average NPS, compared with a Home Builders Federation (HBF) industry average of 39 (March 2020)



Recommend to a friend

98.5%

customers would recommend us to a friend, compared with a HBF industry average of 89% (March 2020)



Investor in Customers Gold 2020

achieved across all of our operating companies based on an independent assessment including feedback from both customers and employees



In-house Research 2020 Gold Award

for customer satisfaction and Outstanding Award for each brand

Homes



Safer by Design

supported the Royal Society for the Prevention of Accidents (RoSPA) new Safer by Design framework to reduce accidents in new build homes

Sustainable Housebuilder of the Year

at the Housebuilder Awards 2019, praised by the judges for our advanced philosophy around our biodiversity net gain and carbon positive commitments

11



zero carbon transition plans

completed in the year on our developments to enable homes to operate at zero carbon by 2030. We are a partner of the UK Green Building Council (UKGBC) Advancing Net Zero programme

RIBA National Award Winner

Royal Institute of British Architects (RIBA) National Award Winner 2019 for significant contribution to architecture at Merano Residences (St James)

Places

10

additional sites committed to leaving more nature behind on an area of more than 100Ha. The first implementation of biodiversity net gain was achieved at Kidbrooke Village



>200

community facilities

planned on sites under construction, including four doctor's surgeries, nine schools, 15 sports facilities and 25 community spaces

£60m per year

value to society to be generated each year once three pilot sites are lived in. Our emerging work on quantifying the benefit to society which new development brings covers a range of indicators from nature to affordable housing to job creation

>3,600

active electric car charging points committed within developments under construction, and 61,000 cycle storage spaces

Operations

Considerate construction

43/50

average Considerate Constructors Scheme (CCS) audit score, compared with the industry average of 37/50



Future of Real Estate winner

two awards at the EG Future of Real Estate Awards: National Company of the Year and Future of Real Estate Award for being at the forefront of innovation



Carbon positive

award-winning approach of focusing on energy reduction in our operations and then purchasing renewable electricity and offsetting more than our remaining operational emissions through verified projects

28 days

taken to pay suppliers on average, in line with the period outlined as part of the Construction Supply Chain Payment Charter

Our People



500

apprentices worked across our sites and offices during the year, including more than 100 directly employed. Berkeley Capital's REACH programme won the CITB Large Employer of the Year Apprenticeship Award

1.17

Annual Injury Incidence Rate (AIIR), compared with the Health and Safety Executive's (HSE) industry average of 3.66

63%

employees involved with the work of the Berkeley Foundation during the year

220

employees trained as mental health first aiders. We became a signatory to the Building Mental Health Charter in autumn 2019

Environmental, Social and Governance Performance

We monitor a range of Environmental, Social and Governance (ESG) indicators across the Our Vision focus areas; **Customers**, **Homes**, **Places**, **Operations** and **Our People**.

Indicator	Measure	Unit	2019/20	2018/19	2017/18	Notes
Customer experience	Net Promoter Score	#	78.8	73.5	73.9	Six-month rolling average to March 2020, compared with a sector average of 39 (HBF, 2020).
	Customers who would recommend us to a friend	%	98.5	97.1	97.0	Year to March 2020, compared with an industry average of 89% (HBF, March 2020).
New homes	Completed homes	#	3,158	3,959	4,050	The number of homes that legally completed during the year including our joint ventures.
Sustainable homes	Completed homes with an Energy Performance Certificate (EPC) rating of at least a 'B'	%	94	93	91	The average EPC score was 84 (B rating).
	Completed homes to be supplied with low carbon or renewable energy	%	70	72	73	The proportion of completed homes with low carbon or renewable technology.
	Average water efficiency of completed homes	lppd	102.7	102.6	103.2	The average internal water efficiency of legally completed homes in litres per person per day.
	Completed homes with internal recycling facilities	%	100	94	96	The proportion of completed homes provided with recycling facilities.
Sustainable places	New developments committed to deliver net biodiversity gain	#	10	7	18	Each site is a new site submitted for planning permission which has committed to delivering a net biodiversity gain.
	Developments regenerating brownfield land	%	76	85	85	Proportion of developments under construction on previously developed land.
	Developments with sustainable urban drainage systems	%	94	98	98	Proportion of developments under construction with water management practices such as swales and permeable paving.
	Developments with cycle storage	%	100	100	100	Proportion of developments incorporating cycle storage facilities. 61,000 were being provided on sites under construction in 2019/20.
	Developments with electric car charging points	%	76	74	73	Proportion of developments including electric car charging facilities; 3,600 points were being provided on sites under construction in 2019/20.
Community contribution	Affordable housing and wider contributions	£m	270	525	420	The contribution we make in affordable housing subsidies and wider community infrastructure benefits delivered or committed to during the year.
Environmentally responsible operations	Environmental prosecutions	#	0	0	0	The number of environmental prosecutions in the year.
	Greenhouse gas emissions (location-based)	tCO ₂ e	24,846	28,777	25,465	The location-based emissions resulting from our office, sales and site activities reported for our operational boundary.
	Water consumption	m ³	214,517	224,443	209,987	The volume of water consumed across our regional offices, development sites and sales suites.
	Construction waste generated	tonnes	177,560	142,648	130,520	Construction waste produced by our development sites.
	Construction waste reused or recycled	%	95	94	93	Proportion of construction waste that has been reused or recycled.

Indicator	Measure	Unit	2019/20	2018/19	2017/18	Notes
Considerate construction	Average Considerate Constructors Scheme (CCS) score	#/50	43	43	43	Based on independent audits by the CCS. Within 2019/20 5 visits (5%) were scored beneath 40/50.
Supply chain	Days taken to pay suppliers on average	#	28	30	25	In line with the period outlined as part of the Construction Supply Chain Payment Charter.
Employees	Total employees	#	2,844	2,664	2,689	The total number of employees at 30 April each year.
Health and safety	Annual Injury Incidence Rate per 1,000 people	#	1.17	1.14	1.42	The number of reportable injuries during the year in relation to Berkeley employees and contractors working across our sites.
	Work-related employee and contractor fatalities	#	0	0	0	There were no fatalities during the year.
	Hours of training delivered on health and safety matters	#	34,126	30,792	26,328	In 2019/20, this included training more than 220 people as mental health first aiders.
Living Wage	Employees paid the Living Wage Foundation's Living Wage	%	100	100	100	This excludes apprentices who are being provided with training as part of their role, in line with the Living Wage Foundation's guidance.
Diversity	Board of Directors – Male	#	12	12	12	
	Board of Directors – Female	#	4	4	4	
	Senior management – Male	#	3	4	4	
	Senior management – Female	#	4	4	2	
	Reporting to senior management – Male	#	183	195	183	
	Reporting to senior management – Female	#	49	48	41	
	Total employees – Male	#	1,786	1,639	1,672	
	Total employees – Female	#	1,058	1,025	1,017	
Early years careers	Direct apprentices and training	%	9.3	9.8	7.3	Calculated as the average monthly percentage of our direct workforce that are apprentices, graduates or employees undertaking formal training.
Charity and the Berkeley Foundation	Employees involved with Give As You Earn	%	33	32	33	We maintain a Charities Aid Foundation (CAF) Diamond Award for payroll giving.
	Staff involved with the Foundation	%	63	65	60	Based on an annual survey of all staff.
Benchmarks and Indices	Company reports to CDP	Y/N	Y	Y	Y	An 'A-' leadership score was obtained in 2019/20.
	Company is featured on the FTSE4Good Index Series	Y/N	Y	Y	Y	Berkeley has been featured on the index since 2003.
Contribution to society	Contribution to GDP	£	2.6bn	3.0bn	3.0bn	Berkeley's calculated overall contribution to GDP.
	Tax	£	675m	816m	756m	This includes taxes paid directly by Berkeley and the taxes paid by its customers and suppliers as a result of Berkeley activities.

Berkeley Foundation

Building a society where every young person can thrive

The Berkeley Foundation is a registered charity, launched by Berkeley in 2011. It works in partnership to help young people in London, Birmingham and the South of England to overcome barriers, improve their lives and build a fairer society.

It focuses its work in four areas:

A safe place to call home

Ensuring young people have secure, stable accommodation.

Health and wellbeing

Supporting young people to live happy, healthy lives.

The skills to succeed

Helping young people develop the skills and capabilities they need to thrive.

Access to employment

Enabling young people to overcome barriers to work and kick-start their careers.

“Berkeley provides the core funding for the Foundation and pays all of its overheads. This support means that every penny raised for the Foundation is spent on charitable activities.”

This year saw the Foundation renew its major partnership with The Change Foundation for a further five years. The new partnership will see over 300 young people take part in the Street Elite programme across London and Birmingham by 2024, and represents a deep and long-term commitment to tackling youth unemployment and violence affecting young people.

In the final quarter of the year, the Foundation has rapidly reconfigured its work to respond to the Covid-19 pandemic. The crisis has hit the most vulnerable in our society hardest, and these are the people that the Foundation exists to support. The Foundation has been helping its charity partners to respond by adapting programmes to operate remotely, setting up new initiatives, and providing emergency funding to help organisations weather the storm.

Working in partnership

The Foundation builds long-term, impactful partnerships with the voluntary sector through three main routes:

Strategic partnerships

Long-term, high value charity partnerships which operate on multiple levels.

Designated charities

20 charities chosen by our employees which are local to their offices and developments.

Community investment fund

Targeted funding programmes, aimed at supporting innovation and building evidence of what works.

As well as funding frontline services, these partnerships put the skills, resources and networks of Berkeley to work, through skilled volunteering, collaboration, and by providing work experience and job opportunities on our sites. The Covid-19 crisis has seen our staff step up to support their communities – sourcing PPE for charity partners, delivering online workshops for young people self-isolating at home, and raising vital funds through new initiatives such as the 2.6 Challenge.

Berkeley St. Edward 'Pedal to Paris', July 2019.



Foundation highlights

Third Sector Business Charity Awards Winner 2020

4 Awards

The Foundation's work was recognised with four awards at the 2020 Third Sector Business Charity Awards, including the Corporate Foundation award and the overall Business of the Year prize.

>4,600

This year, the Foundation's work has reached more than 4,600 people, helping them to move out of homelessness, build their skills, move into work or access new opportunities.

>10,000

Berkeley staff volunteer more than 10,000 hours each year to support their local communities.

£3m

This year, the Berkeley Foundation has committed almost £3 million to support our local communities.

63%

of Berkeley staff do something each year to support the Berkeley Foundation.

33%

of Berkeley staff are signed up to our Give As You Earn (GAYE) scheme, earning Berkeley a Diamond Payroll Giving Award in 2019 – the highest level available.

£6.3m

Berkeley staff have raised more than £6.3 million for the Berkeley Foundation and its charity partners through fundraising and GAYE to date.



Mayor's Fund for London – Kitchen Social

The Berkeley Foundation has supported the Mayor's Fund for London's Kitchen Social programme since its launch in 2017. Kitchen Social provides healthy meals and activities to children at risk of going hungry during the school holidays.

In 2019, the Greater London Authority estimated that 400,000 children aged 16 or under were in food insecurity. Hunger and isolation not only affect a child's physical wellbeing, but also their long-term educational attainment and employment prospects.

Local Kitchen Social hubs give children and young people a safe place to go during the school holidays where they can socialise, make new friends and get a free, healthy meal. The Foundation supports 18 hubs across London in areas where the Berkeley Group operates. Since the start of the partnership, these hubs have fed almost 4,000 children.

The Covid-19 pandemic has further highlighted the problem of food insecurity in the UK. With schools closed for the majority of students, many pupils are missing out on their free school meals. Combined with rising unemployment and loss of income, the crisis has seen a rise in families turning to food banks.

Throughout the crisis, Kitchen Social has been working closely with other food charities to provide packed lunches, hot food for collection and deliveries of fruit and vegetable boxes to vulnerable families. They have also provided activity packs for the children to keep them stimulated and engaged during the lockdown. The Berkeley Foundation has supported this work with an additional emergency grant of £20,000, and storage space has been provided at Berkeley's Oval Village site to help the charity manage deliveries.

Berkeley staff also got involved in December, when Berkeley St Edward hosted Christmas dinner for their local Kitchen Social hub. After a construction site tour, 40 children tucked into a proper feast including Christmas crackers and mince pies.

Business Model

Our Purpose is to build quality homes, strengthen communities and improve people's lives.



Strategic focus areas under our business strategy: Our Vision



Customers

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



Homes

Deliver high quality homes with low environmental impact where people aspire to live

Read more on pages 30 to 45

Inputs for value creation

People across the business

- Employees and supply chain with the expertise and experience to deliver complex regeneration developments
- Recognised brands and autonomous, talented and experienced teams who embrace Berkeley's core values in their approach

Relationships and partnerships with key stakeholders

- Relationships with public and private joint venture partners, land owners, our supply chain, local authorities, industry bodies, communities and customers

Physical and natural resources

- Well located land holdings where we can add value
- High quality materials and resources

Financial

- Financial capital underpinned by a strong balance sheet, net cash and forward sales
- Rigorous land investment appraisal process

Read more on pages 80 to 83

Reducing carbon and addressing climate change

- Energy hierarchy applied to each development, incorporating clean and renewable technologies.
- Seek to ensure materials we specify and resource are responsibly sourced.

Our approach

Our unique approach

We focus on large-scale regeneration developments where our unique expertise and strong capital base can unlock long-term social and economic value for our stakeholders.

We are a purpose driven company, with a clear long-term vision and deeply embedded culture and values that shape everything we do, underpinning our success, our brand and the positive contributions we make to society, the economy and the natural world.

Prioritising sustainability



Prioritise long term brownfield regeneration – focusing our resources on returning underused sites to community use



Enable Zero Carbon Homes by 2030 – developing zero carbon transition plans for every site



Deliver carbon positive building operations – to tackle climate change



Create inclusive, welcoming and tenure blind communities – with homes of all tenures built to the same high design standards



Embrace net biodiversity gain – so we add to nature on every new site



Invest in advanced manufacturing – to create the beautifully designed, low carbon, high quality homes of the future



Places

Create strong communities where residents can live an enjoyable, sustainable life



Operations

Make the right long-term decisions, run the business efficiently and work collaboratively with our supply chain



Our People

Develop highly skilled teams that work together in a safe, healthy and supportive environment and contribute to wider society

Our core activities



Value created

People across the business

- Increased knowledge and skills through strong retention, training and development
- Excellent health and safety record and employee wellbeing
- Job creation through construction activity and on completed developments

Relationships and partnerships with key stakeholders

- Reputation for high quality delivery across all tenures
- Enduring stakeholder relationships underpinned by trust and partnership approach
- Satisfied customers

Read more on pages 54 to 59

Physical and natural resources

- Thriving developments where people aspire to live and work
- Reducing greenhouse gas emissions, water use and waste production through direct activities and the design of homes
- Enhancing biodiversity to support nature and people's wellbeing

Financial

- Strong, sustainable risk-adjusted returns for shareholders
- Ability to invest at the right point in the cycle

Reducing carbon and addressing climate change

- Carbon positive operations
- New homes that are resilient to future changes in climate and ready to operate at zero carbon by 2030

Read more on pages 16 to 17

Key Performance Indicators

Our key performance indicators (KPIs) are aligned to the business strategy and are used to actively monitor business performance.

Financial KPIs

Profit before tax

£503.7m

(2019: £775.2m)

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

Pre-tax return on equity

16.6%

(2019: 27.9%)

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 cash

£1,138.9m

(2019: £975.0m)

This provides a measure of the financial strength of the Group.

Net asset value per share

£24.72

(2019: £23.05)

This balance sheet measure reflects the value of shareholders' interests in the net assets of the business.

Cash due on forward sales

£1,858m

(2019: £1,831m)

This measures cash due from customers during the next three financial years under unconditional contracts for sale. It excludes sales of affordable housing and sales by our joint ventures.

Future gross margin in land holdings

£6,417m

(2019: £6,247m)

This provides a measure of expected value in the Group's land holdings, including its share of joint ventures, in the event that it successfully sells and delivers the developments planned for.

Non-financial KPIs

Net Promoter Score

78.8

(2019: 73.5)

Our six-month rolling Net Promoter Score (NPS) is an indicator of the success of our efforts to provide world-class customer service. Our NPS significantly outperforms the sector average of 39 (HBF, 2020) and compares favourably with top performing consumer brands.

Annual Injury Incidence Rate per 1,000 people

1.17

(2019: 1.14)

This measure shows the number of reportable injuries during the year, in relation to the number of Berkeley employees and contractors working across our sites. It compares favourably to the industry average of 3.66 (HSE, 2019).

Direct apprentices and training

9.3%

(2019: 9.8%)

Calculated as the average monthly percentage of our direct workforce that are apprentices, graduates or employees undertaking formal training. Over 500 apprentices have worked across our operations throughout the year, with an average of around 300 in any one month.

Greenhouse gas emissions intensity

2.24

(2019: 2.52)

This measure relates our annual location-based greenhouse gas emissions resulting from our operational activities to the number of Berkeley employees and the number of contractors working on our sites. The figure is disclosed on an operational reporting boundary.

Affordable housing and wider contributions

£270m

(2019: >£525m)

This measures our contribution to affordable housing subsidies and wider community and infrastructure benefits delivered or committed to during the year.

In addition to these non-financial KPIs, Berkeley monitors and reports on business performance through a host of other data, highlights and awards. Some of these are detailed within the Our Vision business strategy sections of this report.

 Read more on pages 30 to 45

Economic Contribution

Each year an external assessment is completed on the Group's Economic Impact based on Berkeley's financial data as well as publicly available statistics. The results for the last five years are presented below.



Royal Arsenal Riverside

Economy

£14.0bn

Berkeley's contribution to UK GDP was £2.6 billion in 2019/20 and £14.0bn for the five years.

Homes

19,253

Berkeley built 3,158 homes in 2019/20 and a total of 19,253 over the last five years (including joint ventures).

Tax

£3.7bn

Total UK tax contribution of £675 million in 2019/20 and over £3.7 billion during the last five years.

This includes taxes paid directly by Berkeley and the taxes paid by its customers and suppliers as a result of Berkeley activities.

On average, every new home built by Berkeley in the last five years has generated £300,000 of value to the state through taxation and contributions to the community.



Goodman's Fields

Communities

£2.1bn

Including £0.3 billion in 2019/20. In total, Berkeley has contributed £1.5 billion as a subsidy for affordable housing and committed to additional payments of £0.6 billion to help pay for a wide range of facilities and services for local communities.

Jobs

32,000

Berkeley has supported, on average, 32,000 jobs per annum directly and indirectly through its supply chain over the five year period.

Stakeholder Engagement

Delivering for all stakeholders

Customers

Placing the customer at the heart of every decision



Our customers are at the heart of every decision we make. We are always mindful that we are building someone's home; the place they will enjoy, relax in and feel secure. This extends beyond customer-facing activities, from the initial purchase of land through to the design of each home and wider development.

How do we engage?

Throughout the customer journey each customer has a dedicated point of contact within Berkeley. From initial enquiries we engage with the customer to understand what they want from a new home and to help them with their selection process.

Customers can provide feedback at any stage and our teams are encouraged to share this more widely between developments and across the business via our 'lessons learnt' portal.

We tailor their purchase information to them, and promote the use of MyHome Plus, our online portal for customer communication. This enables us to provide key information and updates to our customers and allows customers to make choices and communicate with us when it is convenient for them to do so.

Six weeks after a customer has completed on their new home they are given the opportunity to complete a detailed, independent survey covering all aspects of their experience, from the home and the development to the levels of service they received.

On some developments we run more detailed focus groups. We have also considered the emotional journey of our customers, their drivers, concerns and needs from us at various stages of their journey.

We complete sales suite exit interviews on developments to understand why potential customers chose not to purchase a property from Berkeley, in order to better understand purchaser expectations and priorities.

In autumn 2019, Investor in Customers undertook research involving feedback from over 2,800 of our customers as part of a customer experience assessment to determine how well we understand their needs, anticipate their needs and communicate with them.

We conduct and commission consumer research and test our products in workshop conditions to ensure that we continue to understand and meet evolving buyer expectations.

What do we learn?

We get to know what is most important to each of our customers when they are buying their new home and are able to tailor their experience and choice of home accordingly.

We learn how to provide the best experience to our customers; what matters to customers and their priorities. We know that providing their new home on time and making them feel special and valued along the way is important.

We know that quality is important to our customers so we focus on the detail, both in terms of the specification of the home and the quality of the construction.

We learn to empower our sales and marketing and customer service teams to deliver the right level of service for each of our customers.

We understand that if any problems arise, it is important to rectify them quickly to maintain customer satisfaction.

What do we do?

We provide a bespoke service to all of our customers.

We create a range of homes that meet the differing needs of a range of home buyers.

We continue to innovate and ensure we are providing aspirational homes with leading specifications.

Local management teams review each and every independent customer survey.

We share feedback from our developments through our 'lessons learnt' portal and use this to inform our future developments.

Our Sales and Marketing Committee and our Customer Service Committee, drawn from across the Group, review customer feedback and identify areas for improvement.

We achieve world-class levels of customer satisfaction as recorded through the NPS and 'recommend to a friend' figures. We maintain an Investor in Customers Gold rating for our approach.

Our senior management teams and Main Board actively interact with customers on a regular basis. If any issues arise, these are resolved promptly and effectively.

Communities and Local Government

Making a positive contribution to the communities in which we work




Engagement with local communities and councils is at the heart of our placemaking and delivery model. Through partnership working with local stakeholders we create better integrated communities and greater social, environmental, economic and commercial value.

 Read more on pages 20 to 21

How do we engage?

Site specific consultation and engagement strategies seek out contributions from a representative mix of local people and stakeholders.

Engagement starts pre-planning and we nurture lasting, collaborative relationships throughout project delivery.

 Read more on pages 20 to 21

Engagement includes open days, community design workshops, presentations to local groups, one-to-one meetings, door knocking, walking tours, pre-application planning meetings, exhibitions, Design Review Panels, newsletters, notices, advertising, surveys, site specific websites and a mix of digital consultation and engagement tools.

On some developments, dedicated community engagement specialists work to expand our local networks and ensure that we address local needs.

We test our masterplans against an evidence-based Community Assessment framework to ensure they support community wellbeing and are socially sustainable.

What do we learn?

We get to know local residents, councillors and MPs, community leaders, civic societies, charities, businesses and a broad range of grassroots organisations.

We learn what each stakeholder thinks and feels about their local community – what they value, what is missing and what should change.

We learn the local history, traditions and culture.

We learn how the wider area works and how existing amenities fit in.

We learn the local planning context, political priorities and community causes.

We learn the local demographics and the social, environmental and economic factors affecting local life.

What do we do?

We create enduring local partnerships based on shared objectives for the community's future.


We create bespoke masterplans and placemaking strategies which reflect local views, aspirations and concerns.

We co-design places, buildings and amenities with local stakeholders so they have clear community influence and support.

Where possible we use local suppliers and prioritise local people for training and job opportunities on our sites.


We contribute to community life around our sites, supporting local events, school engagement projects, skills and careers programmes, biodiversity learning days, cultural projects and community volunteering.

We form partnerships with local charities and good causes which improve community life.

 Read more on pages 48 to 49

We build responsibly and with respect and care for our neighbours.

We register every site with the CCS, which independently assesses our conduct.

 Read more on pages 40 to 41

We create site specific Community Development Plans to create social links and integration with the wider community.

We test each project against an evidence based Community Assessment framework to ensure it supports community wellbeing.

We are introducing a Social Value Toolkit to quantify and maximise community benefits over the long-term.

Stakeholder Engagement continued

Employees

Promoting health, wellbeing and inclusion



Our people are key to the successful delivery of our business model and are one of our five focus areas of our business strategy, Our Vision. This includes setting standards to encourage and monitor health and wellbeing, learning and development, and diversity and inclusion. The mechanisms we have designed exist to improve the experience of all our staff and therefore one of the primary considerations is the health, wellbeing and inclusion of our employees.

How do we engage?

Berkeley has long-established mechanisms for communication with staff through a number of channels and activities within its autonomous divisions and operating companies; the output of which is reported up to the Board through the Executive Committee. As a result our teams' initiatives are implemented at a local level. Engagement is encouraged and supported by the Main Board but the outputs are designed and actioned within each region.

Through Our Vision, our businesses have adopted a broad range of initiatives including:

- Engagement surveys - many of the businesses choose to undertake a local staff engagement survey. For example, within St George there is an annual Your Voice survey which helps to understand and measure engagement across a number of areas; 88% of employees responded to the latest survey.
- Staff conferences - each of the businesses hosts periodic staff conferences to bring together the workforce and communicate key achievements and future plans. These staff conferences often

give employees an opportunity to participate in a Q&A with the management team. For example, in Berkeley St Edward a conference is held twice a year.

- Sessions with the management - this could include time with the Managing Director or management team and an opportunity to discuss on a one-to-one basis or as a small group. Around the Group 'Breakfasts with the MD' have proved to be really popular forums for sharing information and raising ideas and concerns in a relaxed atmosphere.

We seek input into the development of our business strategy, Our Vision, including the Our People workstream. Every member of staff is given the opportunity to share their views on a survey. We then hold a series of workshops with around 100 people attending to refine and develop the approach.

We maintain a Group-level committee covering each of our functional areas, from land and planning to technical and health and safety. Many of these are chaired by a Main Board Director, or a senior representative. Each of the committees meets regularly to bring together people from each of the

operating companies in an open forum to share their experiences, lessons learnt and best practices and to collaborate on key projects.

We survey employees every two years to hear their views on our approach to customer service as part of the Investor in Customers Gold award, and also about what it is like to work at Berkeley.

We provide opportunities for employees to engage with the Main Board; for example, all new graduates meet the senior management team as part of their induction and are given the opportunity to attend a Q&A session with the Managing Director. Main Board meetings are held at different site locations enabling the full Board to meet with the local teams.

To this extensive engagement framework and in compliance with the 2018 UK Corporate Governance Code, we have added a People Engagement Forum to ensure that there is a dedicated forum comprising a cross section of staff, to identify and share best practice and to bring together the main themes from these multiple activities for the Board.

What do we learn?

We gain overall satisfaction rates and verbatim comments through our surveys which help us to improve.

We understand topics which are important to our employees and areas that need further focus such as health and wellbeing, diversity and inclusion, parental leave and communication.

Our employees share our passion for great places and attention to detail and are proud to work for Berkeley.

What do we do?

We provide a bespoke and focused approach for the employee based on where they are working.

We implemented enhanced parental leave policies in autumn 2019.

We are trialling other initiatives such as agile working at operating company level.

We implemented a new People Engagement Forum.

We are enhancing internal communication, for example with a new intranet system to be launched in summer 2020.

Supply Chain

Ensuring responsible procurement and collaborative delivery



Effective communication and engagement with our supply chain is critical to the success of our business and the delivery of high quality developments. We engage early from the pre-tender stage right through to development on site, and our contractors become a valuable and integral part of our project teams.

How do we engage?

We communicate our Group-wide standards early in the tender process, using our Supply Chain Portal to ensure that those tendering are aware of requirements, in particular our health and safety and sustainability standards.

We communicate throughout the tender process with frequent communication from our commercial team, together with more formal tender meetings.

A pre-start meeting before site works commence helps the contractors and project teams build a good working relationship from the outset and our site teams then engage with the contractors on a daily basis. Standards are reinforced through regular site meetings, signage and 'toolbox talks'.

We have dedicated Director-level Trade Sponsors for each of the key trades to provide a platform for engagement and to ensure that any feedback is taken back to the Commercial Committee and addressed.

Our operating companies hold events such as supplier days and conferences.

We are an active participant of the Homes Leadership Group of the Supply Chain Sustainability School, assisting in determining the direction and priority topics for supply chain resources.

We set up a Supply Chain Taskforce and completed a detailed engagement process with our supply chain in 2018; over 125 companies responded to our initial survey.

We are members of the Chartered Institute of Procurement and Supply Construction Leaders Group, where we proactively share and develop industry-wide best practice.

What do we learn?

We operate high standards on our sites with a particular focus on build quality and health and safety.

Contractors want to be engaged as early as possible within the project programme in order to be able to feed into the design and any practicalities regarding site logistics.

They want to receive feedback on their tenders and understand how they performed in relation to other tendering parties.

Contractors want to be paid in a timely manner. They want to be treated as an extended part of the project team, with the Berkeley values of respect and integrity.

Contractors want to build a long-term relationship with us as a Group and understand the pipeline of opportunities which may be available in the future across all of the operating companies.

What do we do?

We develop long-term, collaborative supply chain partnerships which ensure that we can make full use of the expertise and specialist skills of our suppliers.

We procure on overall value rather than cost alone, and provide feedback to companies that tender for work.

We ensure full compliance and buy-in around our site safety, quality, ethics, human rights and environmental standards and behaviours.

We pay contractors promptly, as a signatory to the Prompt Payment Code.

We hold meetings and events by trade at a Group level to gather feedback and discuss any issues.

We hold regular meetings and encourage informal, day-to-day dialogue at a project level.

We issue trade-specific opportunity schedules every six months to provide the supply chain with visibility of future work.

We have developed and implemented supply chain e-learning for both our commercial and construction teams.

We worked with our supply chain to understand the implications of and mitigating actions around Covid-19.

Stakeholder Engagement continued

Government, Regulators and Industry

Working together in the spirit of partnership



Working collaboratively to drive innovation within our industry and increase the positive social and economic impacts of new development.

How do we engage?

We work constructively with Government, regulators, local authorities and industry bodies to shape a delivery environment which supports quality homebuilding and sustainable placemaking.

We contribute to relevant policy consultations and maintain constructive dialogue with Government departments and regulatory bodies.

At project level we engage with local authorities to understand and deliver planning, regeneration, housing, environmental and economic policy objectives.

We are active members of collaborative initiatives and membership bodies, including the World Green Building Council, UKGBC, Supply Chain Sustainability School, Natural England's Developer Forum, Construction Leadership Council, CCS, Supply Chain Sustainability School, Construction Industry Advisory Committee, New London Architecture and the London Chamber of Commerce.

What do we learn?

We understand and inform emerging trends, issues and policy thinking affecting our delivery environment.

We share and learn the latest best practice and innovations in relation to all aspects of regeneration, placemaking and housing delivery.

We understand Government priorities and the direction of future policy impacting our business.

What do we do?

We align our business strategy and delivery model with long-term national policy objectives including:

- Regenerating underused brownfield land at scale
- Delivering high quality new homes
- Creating mixed, tenure blind and integrated communities
- Enhancing community wellbeing and quality of life
- Delivering measurable social value
- Reducing carbon emissions from the building process
- Transitioning to net zero carbon homes
- Implementing net biodiversity gain and nature recovery
- Advancing precision manufacturing within the housing industry
- Enhancing fire safety standards
- Enhancing health, safety and wellbeing in the construction workforce

We research, trial and implement solutions to these key public policy challenges and publish our methods so others can apply our learning. For example our Net Biodiversity Gain toolkit and Community Assessment toolkits.

We contribute to the public debate around housing delivery and meet with regulators and policy makers at regional and national levels to share insights into key business and market related matters.

We are the founding partner of the Quality of Life Foundation, an independent charitable trust dedicated to making community wellbeing central to the delivery of new homes and places.

Investors

Delivering sustainable financial returns



Delivering sustainable financial returns for our investors over the long-term is a fundamental aspect of the Group's strategy. This is complemented by the businesses' approach to ESG matters, particularly the measures Berkeley is taking to help combat climate change, the impact of our development activity on the environment and our response to the issues of fire safety for buildings.

How do we engage?

Investor roadshows are run following the interim and year end financial results announcements, giving stakeholders the opportunity to make specific enquiries of senior management.

During the year there are opportunities to hold one-to-one meetings and conference calls with management, as appropriate.

Site visits with the CEO and Group Finance Director provide investors the opportunity to view the operations of the business, as appropriate.

Throughout the year the Group Finance Director and CEO, as appropriate, meet with shareholders and investors on ad-hoc basis. Such meetings are frequently held on site and provide investors the opportunity to view the operations of the business.

Structured shareholder consultations are undertaken on key governance related matters, such as capital returns, remuneration policy and Board composition.

Analyst briefings are held immediately following the interim and year end financial results announcements.

What do we learn?

We believe that investors are seeking a secure financial investment that provides sustained risk adjusted returns over the long-term.

This includes establishing an understanding of the wider issues that are most important to investors which include our approach to ESG matters.

In particular, our investors are interested in the measures we are taking to help combat climate change, the impact of our development activity on the environment and the quality of the homes we build, amongst other factors.

What do we do?

We have an operating model that recognises the risks of an inherently cyclical housing market and operational complexities of the sites we develop and therefore places financial strength and resilience at its core.

We focus on:

- Investing in the land bank to ensure sufficient pipeline and value-added development opportunities for the Group. The current gross margin in the land bank is £6.4 billion across 98 developments providing investors insight into the capacity of future returns if the Group successfully sells and delivers its developments
- Securing forward sales which effectively underwrite the costs of our construction activity. The cash due on forward sales stood at £1.9 billion at 30 April 2020 (2019: £1.8 billion) under unconditional open market contracts for sale
- Balance sheet strength. The Group is holding net cash of £1.1 billion at 30 April 2020 which will enable the Group to withstand cyclical downturns and continue to invest in sites when the right opportunities arise

The net asset value per share at 30 April 2020 was £24.72 (2019: £23.05), reflecting the value of shareholders' interests in the net assets of the business.

This has enabled the Group to set out a long-term shareholder returns programme whereby it is returning £280 million a year to shareholders and this level of annual return is set to continue to 2025, providing there is no material change in the operating environment. Under this programme, returns can be made via a combination of share buy-backs and dividends.

Through corporate publications, Berkeley's website and Annual Report we publish our approach to and actions in respect of the ESG matters affecting Berkeley and its stakeholders.

Section 172 (1) Statement

In accordance with Section 172 of the Companies Act 2006, the Directors of the Company must act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so the Directors should have regard (amongst other matters) to:

	the likely consequences of any decisions in the long-term		the interests of the Company's employees		the need to foster the Company's business relationships with suppliers, customers and others
	the impact of the Company's operations on the community and environment		the desirability of the Company maintaining a reputation of high standards of business conduct		the need to act fairly between members of the Company

The paragraphs below show how the Directors fulfil their duties in respect of these obligations by addressing in turn some of the key areas of focus for the Board. Further detail of Board activity in the year is described in the Governance section on page 92 to 93.

Relevant factors under s172(1)

Directors' consideration of factors in accordance with s.172(1)

Culture and values



The matters above are continuously considered by the Directors when discharging their duties and are embedded into the culture and values of the business. For more details on our purpose, culture and values see page 94.

Business model and strategy: Our Vision



The Directors have collective responsibility for promoting the long-term success of the Company in a safe and sustainable manner in order to create shareholder value. The Directors provide leadership and set the Company's strategic long-term objectives.

Berkeley's business strategy is called 'Our Vision'. Through delivery of Our Vision the Directors aim to create a world-class business that is defined by the quality of the places being created as well as generating long-term value and having a positive impact on society. For more details of Our Vision see pages 30 to 47.

Berkeley has a unique long-term operating model, as shown on pages 50 to 51. The focus of the business is on large-scale regeneration opportunities that maximise social and economic value for the community. Details of the long-term regeneration sites under construction and future sites can be found on pages 6 to 13. Each development has a unique, locally inspired masterplan with a mix of public spaces, natural landscapes and amenities that help create new and sustainable communities.

The Directors are responsible for all key decisions taken to manage the overall operations of the Company, its strategy and long-term objectives. The Directors are provided with guidance on regulatory matters and independent professional advice where required.

Operational Committees operate in areas such as health and safety, production, customer service and Our Vision/sustainability, and report to the Board on key issues facing stakeholders across the business. In addition, senior management are in regular contact with the Directors to keep them informed of business operations. More details on the governance structure of the business and key focus areas of the Directors is found on pages 92 to 93 and 96 to 98.

Within the Board, certain matters are delegated to individual Directors as well as Committees to oversee key areas of governance. Each Committee operates within clearly defined Terms of Reference. For details of the key Board Committees and their responsibilities see page 98.

Relevant factors under s172(1)

Directors' consideration of factors in accordance with s.172(1)

Risk management



The Directors on the Board are responsible for setting and monitoring the risk appetite for the business. At operating company and divisional level, Board meeting agendas and information packs are structured around key risks facing the business. Furthermore, there is a formalised process to identify and report risks to the Board, including impact assessments and details of actions being taken to mitigate these risks. For more detail of risk management see 'How we manage risks' on pages 66 to 79.

Community and Environment



The impact of the Company's operations on the community and environment is a key factor in the design and construction of all Berkeley developments, see pages 16 to 21. As part of the Board's ongoing commitment in this area additional information and disclosures have been provided in line with the TCFD and SASB on pages 62 to 64.

The Company seeks to create and enhance communities, and our economic contribution and value to society is evidence of the focus in these areas. See page 53.

Employees



Berkeley recognises that our employees are our strongest resource and it is important that the Company attracts, develops and retains talented teams at every level.

The Company has a framework of well established engagement mechanisms within its autonomous divisions and at Group level, including staff conferences where the Chairman speaks and takes questions, staff surveys, town halls and 'Breakfast with the MD'; as well as through its Our Vision workstreams. Read more on page 56.

An employee forum has been established with representatives from across the business. The forum will ensure there is a single forum assessing these activities, sharing best practice and capturing their output for the Executive Committee and Board. Read more on page 95.

Stakeholders



The factors listed in s.172 of the Companies Act 2006 are key drivers in development of the strategy of the Company, which is to focus on long-term regeneration developments that create sustainable social and economic returns. This begins through building strong relationships and engaging with our stakeholders to deliver Our Vision. Further information on who our key stakeholders are and how we engage and deliver is shown on pages 54 to 59.

The Directors acknowledge there is often a balance to be struck between stakeholders in order to succeed in achieving the long-term strategy of the business. In such circumstances the views and objectives of each stakeholder are carefully considered. Where there are conflicts of interest these are carefully managed to ensure that the purpose and values of the business are promoted and maintained.

Following concerns raised by shareholders at the 2019 Annual General Meeting (AGM), the Remuneration Committee has consulted extensively with shareholders and proxy advisors on proposed new amendments to the Company's Remuneration Policy. Following consideration of the Committee's proposals the majority of shareholders were supportive of the changes. These changes were due to be proposed at a General Meeting to be held in March 2020. As a consequence of the global spread of Covid-19 this has been postponed but the Board will reconsider appropriate amendments to be made to the Remuneration Policy in light of the postponement. It is expected that any such amendments would be put to shareholders for consideration at the time of the AGM. Read more on page 93.

Sustainability Accounting Standards Board Disclosures

We have chosen to disclose sustainability topics and accounting methods in line with the Home Builders Sustainability Accounting Standard issued by the Sustainability Accounting Standards Board (SASB).

SASB was founded in 2011 as a not-for-profit, independent standards-setting organisation to establish and maintain industry-specific standards to assist in disclosing financially material, decision-useful sustainability information to investors. The Group has chosen to disclose sustainability topics and accounting metrics in line with the Home Builders Sustainability Accounting Standard issued by SASB. This information is to assist investors in understanding the governance and management of the Group's environmental and social impacts arising from its activities as well as the ability of the Group to create value over the long-term.

Sustainability Disclosure Topics & Accounting Metrics

Activity metric*	Code	Category	Unit of measure	Data
Number of controlled lots	IF-HB-000.A	Quantitative	Number	58,413
Number of homes delivered	IF-HB-000.B	Quantitative	Number	3,158
Number of active selling communities	IF-HB-000.C	Quantitative	Number	70

* All metrics include joint venture operations

Topic	Code	Accounting metric	Category	Unit of measure	Data
Land Use & Ecological Impacts	IF-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites	Quantitative	Number	(1) 54,654 including joint ventures (2) 2,813 including joint ventures
	IF-HB-160a.2	Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	Quantitative	Number	(1) 52,758 including joint ventures (2) 2,621 including joint ventures
	IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	Quantitative	Reporting currency	£nil
	IF-HB-160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Discussion and Analysis	n/a	Each project team uses an environmental risk register to identify risks such as contaminated land, pollution, water management and ecology and take action to reduce these risks. Our business strategy, Our Vision, sets requirements for the design process, from nature to climate change adaptation measures and these are audited against each year. We set requirements during construction, including regular sustainability site assessments and external Considerate Constructors Scheme audits, together with targets for water and energy efficiency and waste recycling.
Workforce Health & Safety	IF-HB-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	(1)(a) AIIR: 0.35 (1)(b) AIIR: 1.46 Note: Annual Injury Incidence Rate (AIIR) reported in line with UK Health and Safety Executive (HSE) methodology (2)(a) 0 (2)(b) 0

Topic	Code	Accounting metric	Category	Unit of measure	Data
Design for Resource Efficiency	IF-HB-410a.1	(1) Number of homes that obtained a certified HERS® Index Score and (2) average score	Number, Index score	Quantitative	Note that the HERS certification standard is not applicable within the UK. Information on mandatory Energy Performance Certificates is provided as an alternative. (1) 3,158 (2) 84 (B rating) Note that ratings range from 'A' (very efficient) to 'G' (inefficient). 94% completed homes were rated B or above.
	IF-HB-410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	Percentage (%)	Quantitative	Note that WaterSense specifications are not applicable within the UK. The water efficiency of our completed homes is provided as an alternative. Target: 105 litres per person per day Average: 102.7 litres per person per day.
	IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	Number	Quantitative	Note that there are no equivalent multi-attribute green building standards in the UK.
	IF-HB-410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	n/a	Discussion and Analysis	We design to high fabric efficiency to reduce the energy demand and install water saving fixtures and fittings. A key risk associated with the design of energy efficient homes is the unintended consequence of overheating and therefore we consider overall building design and performance. We have an Our Vision commitment to communicate sustainability with customers at all stages in the purchasing process, from initial marketing brochures to detailed information upon completion of the home.
Community Impacts of New Developments	IF-HB-410b.1	Description of how proximity and access to infrastructure, services and economic centres affect site selection and development decisions	n/a	Discussion and Analysis	At Berkeley, proximity to key transport nodes is a factor in the selection of land and the majority of sites are on brownfield land so are located within towns and cities with existing transport and economic centres. Once the land has been purchased, we have commitments within Our Vision around factors such as sustainable transport.
	IF-HB-410b.2	Number of (1) lots and (2) homes delivered on infill sites	Number	Quantitative	(1) 42,464 including joint ventures (2) 2,400 including joint ventures
	IF-HB-410b.3	(1) Number of homes delivered in compact developments and (2) average density	Number	Quantitative	(1) 2,280 including joint ventures (2) This data is not currently analysed, we are looking to provide this information in the future.
Climate Change Adaptation	IF-HB-420a.1	Number of lots located in 100-year flood zones	Number	Quantitative	16,871

Task Force on Climate-related Financial Disclosures

Berkeley welcomes the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). Berkeley reports on climate-related governance, strategy, risk management, and metrics and targets in a stand-alone report as found on our website (www.berkeleygroup.co.uk/about-us/sustainability/reports-and-case-studies) and within our annual response to CDP's Climate Change Programme. Both climate change mitigation and adaptation are key areas of focus for Berkeley, featuring prominently within the Our Vision business strategy.

Berkeley continues to take actions to further implement the TCFD recommendations through the evolution of our processes and reporting mechanisms. The table below summarises the key areas where Berkeley has already made progress and where we have reported on these.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

The Board has ultimate responsibility for climate-related risks and opportunities. A nominated Executive Director, Karl Whiteman, has direct responsibility for climate change and wider sustainability topics.

To ensure climate-related actions are incorporated into Berkeley's daily activities, there is a Group Sustainability Team focused on identifying strategic risks and opportunities, performance monitoring and reporting. Dedicated sustainability practitioners are also in place within Berkeley's operating companies to support local management and project teams in meeting their responsibilities to implement Berkeley's Our Vision strategy, identify climate change risks and opportunities facing their business and to drive continual improvement in performance.

 Read more on pages 76 to 77 and 90.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Climate change mitigation and adaptation are key areas of focus for Berkeley, featuring prominently within the Our Vision business strategy.

A detailed climate change adaptation risk identification exercise was undertaken in 2014 to inform strategic commitments as part of Our Vision, facilitated by specialist consultants and involving key representatives from across the business. The key risks identified for the homes and places we develop include flooding, overheating and water shortage. These have remained the key risks and areas of focus in terms of the product we build since the risk assessment was first undertaken.

In addition to recognising the importance of adapting our homes and places to be resilient to future climate change risks, Berkeley is focused on taking action to reduce the emissions resulting from our direct activities and those resulting from the use of the homes and developments we create as evidenced by our carbon positive and net zero carbon homes commitments.


Berkeley will be undertaking more detailed climate-related scenario analysis to evolve our understanding of climate-related risks and opportunities.

 Read more on pages 16 to 17 and 30 to 45.

Risk Management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Climate change is considered a principal risk to Berkeley. The Group Sustainability Team identifies strategic climate change risks and opportunities facing Berkeley through the regular review of issues and trends. Active collaboration with external experts, and representation at conferences and events help to ensure up-to-date knowledge. Identified risks and opportunities are shared with the Board and included within the strategic risk register reviewed by the Audit Committee.

 Read more on pages 66 to 79.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material.

Berkeley reports on greenhouse gas (GHG) emissions for which we are responsible on an annual basis. To minimise Berkeley's contribution to climate change, we have an operational carbon intensity reduction target under Our Vision that is reviewed every two years to ensure continual improvement. Berkeley has also committed to procuring 100% renewable electricity for its UK operations and offsetting our remaining emissions since 2017/18. Berkeley has broader targets for the homes and places we develop, including the provision of energy efficient lighting and appliances, as well as enabling homes to operate at net zero carbon by 2030.

We are currently working with an external consultant to develop longer-term science-based targets for our activities

 Read more on pages 46 to 47 and 138 to 139.

Berkeley will continue to work with external experts to develop science-based targets, climate-related scenario analysis and related disclosures in line with the recommendations of the TCFD. We have complied with the Streamlined Energy and Carbon Reporting (SECR) framework in our emissions reporting in the Directors' Report on pages 138 to 139.

Non-financial Reporting Statement

The following table summarises where our non-financial information can be found in our Annual Report.

Reporting requirement	Relevant policies in place that govern our approach	Where to read more in this report to understand the impact on the business, and the outcome of applying our policies
Environmental matters	<ul style="list-style-type: none"> – Sustainability Policy – Sustainable Places Policy – Sustainable Business Policy – Climate Change Policy – Sustainable Specification and Procurement Policy 	<ul style="list-style-type: none"> – Our Vision: Homes, Places and Operations, pages 36 to 41 – Carbon and Climate Change, pages 16 to 17 – Nature and Biodiversity, pages 18 to 19 – Environmental, Social and Governance Performance, pages 46 to 47
Employees	<ul style="list-style-type: none"> – Employee Policy – Apprenticeships and Skills Development Policy – Equality and Diversity Policy – Health and Safety Policy 	<ul style="list-style-type: none"> – Our Vision: Our People, pages 42 to 43 – Stakeholder Engagement, page 56 – Environmental, Social and Governance Performance, pages 46 to 47
Respect for human rights	<ul style="list-style-type: none"> – Modern Slavery Statement – Human Rights, Modern Slavery and Child Labour Policy – Equality and Diversity Policy – Whistleblowing Policy – Sustainable Specification and Procurement Policy 	<ul style="list-style-type: none"> – Corporate Governance Report, page 95 – Stakeholder Engagement, pages 56 to 57 – Our Vision: Operations and Our People, pages 40 to 43
Social matters	<ul style="list-style-type: none"> – Sustainable Places Policy – Apprenticeships and Skills Development Policy – Sustainable Specification and Procurement Policy – Climate Change Policy 	<ul style="list-style-type: none"> – Our Vision: Places and Our People, pages 38 to 39 and 42 to 43 – Berkeley Foundation, pages 48 to 49 – Economic Contribution, page 53 – Stakeholder Engagement, pages 54 to 59
Anti-bribery and anti-corruption	<ul style="list-style-type: none"> – Anti-Bribery and Corruption Policy – Business Ethics Policy – Corporate Hospitality and Promotional Expenditure Policy – Whistleblowing Policy – Anti-Facilitation of Tax Evasion Policy 	<ul style="list-style-type: none"> – Corporate governance; Bribery Act and Anti-Money Laundering Regulations, page 104
How we manage risk		<ul style="list-style-type: none"> – Our external and internal risks, including climate change, sustainability, and health and safety can be found on pages 66 to 79.
Business model		<ul style="list-style-type: none"> – Our business model and its links to our strategy and stakeholders can be found on pages 50 to 51.
Non-financial KPIs		<ul style="list-style-type: none"> – Our non-financial KPIs can be found on page 52. In addition to these non-financial KPIs, Berkeley monitors and reports on business performance through a host of other data, highlights and awards. Some of these are detailed within the Our Vision business strategy sections of this report on pages 30 to 47.



A copy of all our policies can be found on our website:

www.berkeleygroup.co.uk/about-us/sustainability/governance-and-management/policies

How We Manage Risk

The assessment of risk and embedding risk management throughout Berkeley are key elements 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, recognising the operational risks within the business. Through our strong financial position we are therefore able to take, under normal circumstances, increased operational risk to deliver robust risk-adjusted returns, within the parameters of our business model.

Emerging risks

We face a number of uncertainties that have the potential to be materially significant to our long-term strategy but cannot be fully defined as a specific risk at present, and therefore cannot be fully assessed or managed. These emerging risks typically have a long time horizon and are discussed and agreed by the Board on a regular basis. There are also areas of our

existing principal risks that are evolving over time, including climate change and cyber risks.

The risk from Covid-19 has very quickly elevated from being an emerging risk in early 2020 to impacting all the principal risks facing our business. The speed and scale of the impact of Covid-19 has been unprecedented in recent times and has fundamentally affected all aspects of our business.

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

Following the moderation in the risk appetite of the Group seen this time last year, the turn of the calendar year had seen this position improve, with more clarity on the political outlook following the general election in December 2019 and the UK leaving the EU at the end of January 2020, leading to a period of stable trading and continuation of the normal market conditions. However, the escalation of the Covid-19 pandemic over the last few months has meant that the risk appetite has since reduced given the significant uncertainties this has created across all elements of our business, the UK and wider global economy.

In accordance with provisions of the 2018 UK Corporate Governance Code, the Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Risk management framework

The Board takes overall responsibility for risk management, and the assessment of risk. 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.

Emerging risks are also considered at each Board meeting and are then fed down to the operating businesses for further review and consideration, if applicable.

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 pages 102 to 105.

The principal operating risks and our approach to mitigating them are described in more detail on pages 68 to 79.

The Covid-19 pandemic is a unique and unprecedented risk that has evolved rapidly over the last few months. It is having, and will continue to have, an impact across our entire risk landscape. We have incorporated Covid-19 commentary into each principal risk and have also included a separate new Covid-19 risk which gives an overview of the related uncertainties, potential impacts on the Group and our approach to mitigating the risk.

Whilst we consider there has been no material change to the nature of the Group's principal risks, not surprisingly,

the potential impact and likelihood of them arising has increased as a result of the challenging external environment and significant ongoing uncertainty arising from Covid-19.

Exposure to financial risk

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 co-ordinated 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 £1,139 million of net cash on the Balance Sheet. This in turn has mitigated its current exposure to interest rate risk.

Viability Statement

In accordance with code provision 31 of the 2018 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 three year period from 1 May 2020 to 30 April 2023. 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 and emerging risks facing the Group, amplified in the final quarter of the year by the wide ranging impacts of Covid-19, and how the Group mitigates such risks, which are summarised on pages 66 to 79 of the Strategic Review. The majority of risks to the Group are operational in nature due to the Group's focus on long-term complex regeneration sites 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 50 to 51 of the Strategic Review, recognises these operational risks, and that the property market is inherently

cyclical, and accordingly a core risk management principle for the Group is to keep financial risk sufficiently low through forward selling where possible, maintaining a sound balance sheet and appropriate headroom within its financing activities. As at 30 April 2020, the Group has net cash of £1,139 million and total liquidity of £1,889 million when this net cash is combined with banking facilities of £750 million which are in place until November 2023. Furthermore, the Group has cash due on forward sales of £1,858 million.

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 three year period from the business plan levels as a result of adverse macro-economic conditions, augmented by the impacts of Covid-19. 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 deferral 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 three year period commencing 1 May 2020.

 Read more on our Going Concern on page 141.

Headroom provided by bank facilities

The Group has £750 million of committed credit facilities maturing in November 2023. This comprises a term loan of £300 million and the revolving credit facility of £450 million. Berkeley has a strong working partnership with the six banks that provide the facilities and this 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 £1.86 billion at 30 April 2020. 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.

How We Manage Risk continued

External risks

	Risk description and impact	Approach to mitigating risk
Covid-19	<p>Covid-19 is impacting all areas of our operations, including our employees, purchasers and supply chain.</p> <p>The extent of the impact will be heavily dependent on factors including, but not limited to, the length of UK and international lockdowns, the nature and extent of any government interventions, the severity of economic effects and the speed and nature of the recovery.</p> <p>The Company is also mindful of the risks presented by a potential second wave of Covid-19, which would clearly exacerbate the eventual impact of the pandemic.</p>	<p>The Covid-19 pandemic has been a focus for the Board over the last few months. The extensive experience and skill set of the Executive and Non-Executive Directors, coupled with the resilience of our business model, has enabled us to weather the initial impact.</p> <p>The health and safety of our employees and contractors has been paramount, with office based staff transitioning to home working, and strict social distancing rules, following Government and public health guidance, being implemented on all our sites.</p> <p>We have been working closely with all elements of our supply chain to monitor both materials and labour levels in order to ensure that we can keep our sites operating.</p> <p>Whilst our sales offices were closed from the second half of March until the middle of May, we have been utilising digital channels to maintain contact with our domestic and overseas customers. We have also been providing virtual tours for prospective customers.</p>
Economic outlook	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Key







Increase risk



No change



Decrease risk

Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
High	New Risk	New Risk	<p>Our business resilience and risk planning have been tested in recent months and the business has responded well to the challenges presented by the pandemic.</p> <p>All levels of our organisation have been involved in assessing, planning and responding to the significant number of resulting risks in order to mitigate their impact on the business.</p> <p> Read more on pages 22 to 27</p>
High			<p>Prior to the emergence of the Covid-19 pandemic, volatility in the UK economy had reduced, despite ongoing uncertainty over the outcome of trade deals following the exit from the EU, with low inflation and unemployment.</p> <p>UK growth forecasts were reduced in late 2019 due to the expected pressure on productivity.</p> <p>In recent months the UK and global economies have been significantly impacted by Covid-19, with high levels of macro-economic and market uncertainty.</p> <p>A significant recession is forecast for the UK economy despite the unprecedented financial intervention from the Government, with reductions in productivity across many sectors and an expected rise in unemployment. The scale and length of any recession is unknown at this stage.</p> <p> Read more on pages 14 to 15 and 22 to 27</p>

How We Manage Risk continued

External risks continued

	Risk description and impact	Approach to mitigating risk
Political outlook	Significant political events, including the impact of leaving 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.
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. We welcome the proposed changes to building regulations following the Hackitt Review.	Berkeley is primarily focused geographically on London, Birmingham and the South-East 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.

Key









Increase risk



No change



Decrease risk

Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
High			<p>Brexit dominated the political landscape in the first nine months of the year with delays and the risk of a No Deal Brexit creating uncertainty that impacted both consumer and business confidence.</p> <p>With the UK leaving the EU on 31 January 2020, we entered an 11 month transition period with the objective of agreeing a trade deal with the EU by the end of 2020.</p> <p>The decisive General Election result in December 2019, provided a stronger mandate for Government to implement its policies and this provides a more stable domestic economic outlook. However, considerable risk remains around the completion and nature of the new trading relationship with Europe and rest of the world, which requires continued close monitoring. In particular, there could be significant supply chain disruption in the event of a disorderly conclusion to the Brexit transition period.</p> <p>The Company is also mindful of the risks presented by a potential second wave of Covid-19, which would clearly exacerbate the eventual impact of the pandemic.</p> <p>The new points-based immigration system should support Berkeley's requirement for appropriately skilled site based staff. So long as the process of implementation is efficient and not administratively costly and burdensome.</p> <p>Since the emergence of the Covid-19 pandemic, all focus from Government has been on dealing with the crisis and implementing necessary measures, focused initially on the NHS and supporting the wider economy and jobs.</p> <p>Recent measures to support the housing market have been welcomed, including extending site hours for construction work, reopening estate agents and allowing people to move house.</p> <p> Read more on pages 14 to 15 and 22 to 27</p>
High			<p>Housing and construction are sectors that have historically been seen to lead economic recovery. There are a number of areas of regulation and policy around housing, including property taxation, planning, affordable housing and direct investment, which could be reviewed by Government to stimulate recovery in the wake of Covid-19.</p> <p>The Ministry of Housing, Communities & Local Government (MHCLG) reaffirmed the Government's commitment to improving building safety by announcing a suite of new measures, including guidance on cladding. While we welcome the commitment to improving the building regulation regime, the impact of guidance on mortgage valuations on the ability of fire engineers to give the necessary clearance certificates for lenders is creating delays in the second hand housing market.</p> <p> Read more on pages 14 to 15 and 22 to 27</p>

How We Manage Risk continued

Internal risks

	Risk description and impact	Approach to mitigating risk
Land availability	<p>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.</p>	<p>Understanding the markets in which we operate is central to Berkeley's strategy and, consequently, land acquisition is primarily focused on Berkeley's core markets of London, Birmingham and the South-East of England, markets in which it believes the demand fundamentals are strong.</p> <p>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.</p> <p>Berkeley acquires land, 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.</p> <p>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.</p> <p>Berkeley's land holdings mean that it has the land in place for its immediate business plan requirements and can therefore always acquire land at the right time in the cycle.</p>
Planning process	<p>Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings.</p> <p>This could have a direct impact on the Group's ability to deliver its product and on its profitability.</p>	<p>The Group's strategic geographical focus and expertise place it in the best position to conceive and deliver the right consents for the land acquired.</p> <p>Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase.</p> <p>Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally.</p> <p>The planning status of all sites is reviewed at both monthly divisional Board meetings and Main Board meetings.</p> <p>The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.</p>
Retaining people	<p>An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities.</p> <p>Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.</p>	<p>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.</p> <p>Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel.</p> <p>Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive.</p>

Key



Increase risk



No change



Decrease risk

Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Medium			<p>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.</p> <p>Investment decisions are affected by the uncertainty in the political and economic outlook, as well as complexities in the planning system, although new opportunities may arise as demand from other use classes evolves.</p> <p>The risk remains unchanged in the year, with Berkeley remaining selective in the land market, acquiring six new sites in the year, including two in St William and one in St Edward.</p> <p> Read more on pages 4 to 5 and 83</p>
High			<p>The planning process remains highly complex and time consuming with ongoing demands from a combination of affordable housing, the Community Infrastructure Levy, Section 106 obligations and review mechanisms.</p> <p>Whilst we have secured a number of planning consents in the year, these have taken a long time to obtain and there remains hurdles before starting on site. These include areas such as utilities, remediation, easements, compulsory purchase orders and the discharge of planning conditions, which are all added impediments to increased delivery.</p> <p>The closure of council and Planning Inspectorate offices during Covid-19 is likely to exacerbate these challenges, although the Coronavirus Bill does enable councils to hold committee meetings virtually.</p> <p> Read more on page 83</p>
Medium			<p>The motivation, retention and progression of our people remains fundamental to the delivery of our strategy.</p> <p>The Group continues to have a stable senior management team and despite the normal pressure of people retention, overall retention rates remained stable during the course of the year as a result of the ongoing focus on talent management, career progression opportunities, training and health and wellbeing initiatives.</p> <p> Read more on pages 56, 61 and 95</p>

How We Manage Risk continued

Internal risks continued

	Risk description and impact	Approach to mitigating risk
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.	<p>The Group has experienced sales teams both in the UK and within our overseas sales offices, supplemented by market-leading agents.</p> <p>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.</p> <p>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.</p> <p>The Group has a diverse range of developments with homes available across a broad range of property prices to appeal to a wide market.</p> <p>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.</p> <p>The Group has adapted its sales strategy to the Covid-19 pandemic, with increased use of digital channels and virtual tours.</p>
Liquidity	Reduced availability of the external financing required by the Group to pursue its activities and meet its liabilities. Failure to manage working capital may constrain the growth of the business and ability to execute the business plan.	<p>The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally as a Group function.</p> <p>The treasury policy is intended to maintain an appropriate capital structure to manage the Group's financial risks and provide the right platform for the business to manage its operating risks.</p> <p>Cash flow management is central to the continued success of Berkeley and is particularly important as a consequence of the Covid-19 crisis and remains a key focus for management. There is 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.</p>
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.	<p>Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio.</p> <p>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.</p> <p>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.</p>

Key



Increase risk



No change



Decrease risk

Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
High			<p>Prior to Covid-19, the UK market had remained stable, coupled with robust demand from the overseas market. The last few months has however seen an understandable significant reduction in demand during the period of lockdown.</p> <p>The use of digital sales and marketing channels, including virtual tours, has proved effective in meeting demand where customers are committed to purchase a new home. Since mid-May, sales offices have started to reopen for one-to-one appointments.</p> <p>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 that these respond to market demand.</p> <p>Customers remain 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.</p> <p> Read more on pages 28 to 29, 34 to 35 and 54</p>
Low			<p>The Group has £750 million of committed credit facilities maturing in November 2023.</p> <p>This comprises a term loan of £300 million and revolving credit facility of £450 million. With net cash of in excess of £1.1 billion at 30 April 2020, this is £1.85 billion of liquidity.</p> <p>In addition, during the year, the St William joint venture refinanced its bank facilities, increasing these from £150 million to £360 million in an amended three year facility.</p> <p>Berkeley has a strong working partnership with the six banks that provide the facilities and is key to Berkeley's approach to mitigating liquidity risk.</p> <p> Read more on page 59</p>
Medium			<p>An economic environment of continued low interest rates, combined with resilient economic performance, has supported mortgage availability, resulting in a steady risk profile.</p> <p>Restrictions on income multiples and the length of mortgage offers remain constraints on demand.</p> <p>The support of the mortgage market by lenders will be critical to the market recovering quickly from the impacts of the Covid-19 pandemic. In particular, the full suite of mortgage products and loan to value ratios (LTVs) that were in place prior to Covid-19 should be reinstated to support the new homes market, taking an appropriately long-term view on valuations. Mortgages are long-term investments for banks and short-term volatility in pricing will recover over mortgage lifetimes.</p> <p> Read more on pages 28 to 29 and 34 to 35</p>

How We Manage Risk continued

Internal risks continued

	Risk description and impact	Approach to mitigating risk
Climate change	<p>The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials.</p> <p>Initial scenario analysis indicates that homes and developments in London and the South-East of England could be adversely affected through overheating, water shortages and flooding.</p> <p>There is also an increased level of interest in disclosures on climate change management and action. Failure to improve reporting and performance in line with evolving regulations, investor requests and societal expectations could expose Berkeley to penalties and reputational damage.</p>	<p>The Group Sustainability Team identifies strategic climate change risks and opportunities facing the business through the regular review of issues and trends, along with active collaboration with external experts. These are shared with the Chief Executive and Board Director Responsible for Sustainability (including climate change).</p> <p>Climate change is a key theme within our business strategy, Our Vision, with commitments to both mitigate and adapt to climate change.</p> <p>By taking action under our operational carbon emissions reduction target our sites, offices and sales suites are identifying and investing in energy efficiency measures. We also look to reduce the impact of our homes and places when in use and are taking action to contribute to a zero carbon built environment.</p> <p>To build resilience into our homes and developments, we consider climate change risks and incorporate measures to reduce these. This includes undertaking an overheating risk assessment pre-planning and incorporating relevant measures to improve thermal comfort.</p> <p>We welcome the recommendations of the Financial Stability Board's (FSB) Task Force on Climate related Financial Disclosures (TCFD) and are taking action to implement these over time through the evolution of our processes and reporting.</p>
Sustainability	<p>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.</p> <p>Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demands for sustainable homes and communities.</p>	<p>The strategic direction for sustainability is set at a Group level and is integrated within our business strategy, Our Vision. We have specific commitments to enhance environmental and social sustainability considerations in the operation of our business and the delivery of our homes and places.</p> <p>Operational procedures and processes are regularly reviewed to ensure that high standards and legal compliance are maintained.</p> <p>Dedicated sustainability teams are in place within the business and at Group level, providing advice, monitoring performance and driving improvement.</p>
Health and safety	<p>Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public.</p> <p>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.</p>	<p>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.</p> <p>Procedures, training and reporting are all regularly reviewed to ensure that 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.</p> <p>The Group continues to implement initiatives to improve health and safety standards on site.</p>

Key



Increase risk



No change



Decrease risk

Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
High			<p>We monitor the actions taken to reduce carbon emissions across our activities and report the greenhouse gas emissions for which we are responsible. Following our leading approach in 2017/18, we continue to achieve carbon positive operations on an annual basis, offsetting more emissions than we produce.</p> <p>We also regularly review the features incorporated into our homes and places to both mitigate and adapt to climate change. As part of our net zero carbon homes commitment, all developments submitted to planning since May 2019 have been required to develop a zero carbon transition plan, enabling homes to operate at net zero carbon by 2030.</p> <p>This year, a Government consultation was held on the Future Homes Standard which proposes options to increase energy efficiency requirements for new homes in 2020 and again in 2025. Berkeley responded to the consultation and awaits future announcements on regulatory changes.</p> <p>A number of extreme weather events took place in 2019/20 both in the UK and globally. With the exception of some sites closing for a short period during severe winter weather, these did not have an impact on Berkeley's activities. The year also saw a rise in public consciousness about the risks posed and an increasing global movement against climate change.</p> <p>Berkeley continues to report qualitatively on the governance, strategy and risk management components of the TCFD recommendations on our website and via our response to the CDP Climate Change Programme.</p> <p> Read more on pages 16 to 17, 64 and 138 to 139</p>
Medium			<p>The Group continues to focus on commitments and initiatives that enable the long-term success of our business and developments, and that differentiate Berkeley.</p> <p>This year, the Environment Bill 2020 was re-introduced to parliament, setting out plans to protect and improve the natural environment in the UK across key topics such as resources and waste management, air quality, sustainable water resources, nature and green space, and chemical regulations. Based on current processes and procedures, these plans are not expected to significantly impact Berkeley.</p> <p>The Environment Bill specifically introduces a mandatory requirement for biodiversity net gain in the planning system. Berkeley is well placed to meet this requirement having committed to create a net biodiversity gain on its new developments since May 2017.</p> <p> Read more on pages 16 to 19, 30 to 47 and 62 to 63</p>
Medium			<p>High levels of production continued during the majority of the year, with site based headcount averaging 9,000.</p> <p>Health and safety remains an operational priority for Berkeley and our AIIR was 1.17 at the year end, well below our target of 2.75 and remains one of the best in the industry.</p> <p>In response to Covid-19, the Group has implemented strict social distancing rules on all its sites, in line with Government and public health guidance, to ensure the health and safety of its staff and contractors. Specific procedures for all the Group's offices and sales suites are also in place.</p> <p> Read more on pages 42 to 43</p>

How We Manage Risk continued

Internal risks continued

	Risk description and impact	Approach to mitigating risk
Product quality and customers	<p>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.</p>	<p>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.</p> <p>The Group has detailed quality assurance procedures in place surrounding both design and build to ensure the adequacy of build at each key stage of construction.</p> <p>Customer satisfaction surveys are undertaken on the handover of our homes, and feedback incorporated into the specification and design of subsequent schemes.</p>
Build cost and programme	<p>Build costs are affected by the availability of skilled labour and the price and availability of materials, suppliers and contractors.</p> <p>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.</p>	<p>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.</p> <p>Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month.</p> <p>The Group monitors its development obligations and recognises any associated liabilities which arise.</p> <p>Our Vision includes ongoing commitments to promote apprenticeships and training across both our employees and our indirect 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.</p>
Cyber and data risk	<p>The Group acknowledges that it places significant reliance upon the availability, accuracy and confidentiality of all of its information systems and the data contained therein.</p> <p>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.</p>	<p>Berkeley's systems and control procedures are designed to ensure that data confidentiality and integrity are not compromised.</p> <p>Our Information Security Programme focuses primarily on detection and prevention of security incidents and potential data breaches. Ongoing monitoring and scanning are conducted to detect vulnerabilities in a timely manner. We also work closely with our suppliers and partners to improve understanding of security best practices.</p> <p>An IT Security Committee meets monthly to address all cyber security matters. The Group has Cyber Essentials Plus certification and a Group-wide security awareness programme, which is refreshed on a regular basis to update employees on current cyber security trends.</p> <p>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.</p> <p>The Group has cyber insurance in place to mitigate against any financial impact.</p>

Key



Increase risk



No change



Decrease risk

Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Medium			<p>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.</p> <p>We are constantly looking at ways to meet the demands of changing lifestyles, as well as the rapidly changing levels of expectations from our customers.</p> <p>We have reviewed and enhanced our procedures over build quality in line with the impending new regulation, following the Hackitt enquiry, noting that the new regime must be efficient and responsive so as not to delay build programmes and the delivery and handover of new homes.</p> <p>Good progress continues to be made on the construction of our modular factory, which will help deliver a significant portion of construction value through off-site assembly.</p> <p> Read more on pages 34 to 35 and 54</p>
Medium			<p>Build cost increases have moderated over the course of the year to 2.5% for the year as a whole.</p> <p>Pressures from skills shortages remain, with the UK construction industry continuing to face a significant skills shortage.</p> <p>The Group has reviewed in detail the impact of Covid-19 on the build programme for each site as a result of potential materials shortages and supply chain delays, as well as implementing social distancing measures.</p> <p> Read more on page 57</p>
High			<p>The threat from cyber attacks remains high, and the Covid-19 pandemic creates additional opportunities for attacks, particularly with many businesses now operating remotely.</p> <p>The methods of attack continue to evolve and are becoming more sophisticated, with a step change in the methods and available technologies that can be used.</p> <p>Email based attacks remain a significant risk and the Group continues to operate a leading email protection solution.</p> <p>The Security Operations Centre is fully operational and continues to monitor and alert on unusual activity.</p> <p>In the year the Group achieved the Government's Cyber Essentials Plus certification for the fourth consecutive year.</p> <p>Awareness has been raised with staff of the increased cyber risk in the current Covid-19 environment.</p> <p> Read more on page 92</p>

Trading and Financial Review

Trading performance

Revenue of £1,920.4 million in the year (2019: £2,957.4 million) arose primarily from the sale of new homes in London and the South-East. This included £1,883.7 million of residential revenue (2019: £2,797.0 million) and £36.7 million of commercial revenue (2019: £160.4 million). There were no ground rent or land sales in the year (2019: £nil).

2,723 new homes (2019: 3,698) were sold across London and the South-East at an average selling price of £677,000 (2019: £748,000) reflecting the mix of developments and varying stages thereon, particularly in London.

Revenue of £36.7 million from commercial property includes the disposal of mainly retail and leisure space across a number of our London developments. In the comparative year revenue of £160.4 million included two significant disposals of a 190-bed hotel at 250 City Road and 71,000 sq ft of office, retail and leisure space at One Tower Bridge.

The gross margin percentage has increased to 33.2% (2019: 31.3%), reflecting the mix of properties sold in the year. Overheads of £167.7 million (2019: £157.8 million) increased by £9.9 million in the year. This is predominantly due to an increase in the charge to the Income Statement for the Group's share schemes following the changes to the 2011 LTIP approved at the September 2019 AGM.

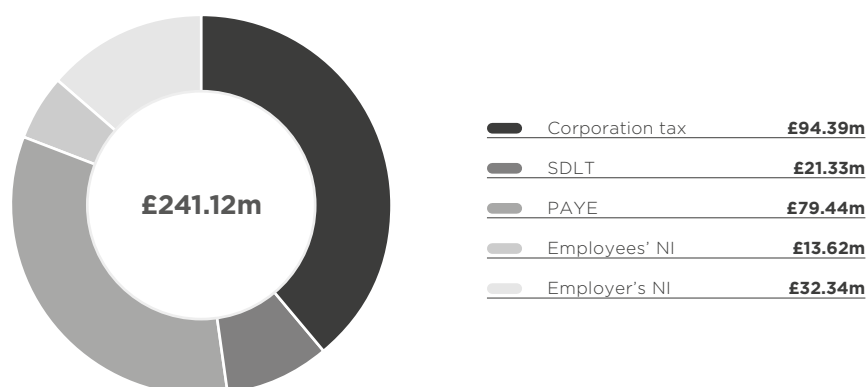
Consequently, the Group's operating margin has decreased to 24.5% from 26.0% last year.

Berkeley's share of the results of joint ventures was a profit of £33.3 million (2019: £8.8 million). St William delivered its first profits in the year resulting from the completions across four developments; Prince Of Wales Drive in Battersea, Elmwater in Rickmansworth, Fairwood Place in Borehamwood and The Cottonworks in Highbury. The stage of delivery on St Edward developments means the current completions are predominately at Green Park Village in Reading.

Taxation

The Group has an overall tax charge of £93.6 million for the year (2019: £147.8 million) and an effective tax rate of 18.6% (2019: 19.1%). 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 include changes in tax legislation and the closure of open tax matters in the ordinary course of events. The adjustments in respect of previous years reflects agreement of a number of previously open issues and tax relief claims.

Total Tax paid (year ended 30 April 2020)



For the year ended 30 April 2020, the total tax contribution to the UK Treasury was £241m; split between taxes borne by Berkeley of £148m (corporation tax, employer's NIC and SDLT) and taxes borne by our employees of £93m (PAYE and employees' NIC). This total tax contribution does not include the indirect tax contribution paid by Berkeley's suppliers and customers. The wider indirect tax impact is set out on page 53.

Income Statement for the Year Ended	30 April 2020 £'million		30 April 2019 £'million		Change £'million	Change %
Revenue	1,920.4		2,957.4		-1,037.0	-35.1%
Gross profit	637.4	33.2%	926.2	31.3%	-288.8	-31.2%
Operating expenses	(167.7)	8.7%	(157.8)	5.3%	-9.9	+6.3%
Operating profit	469.7	24.5%	768.4	26.0%	-298.7	-38.9%
Net finance costs	0.7		(2.0)		+2.7	
Share of joint venture results	33.3		8.8		+24.5	
Profit before tax	503.7	26.2%	775.2	26.2%	-271.5	-35.0%
Tax	(93.6)	18.6%	(147.8)	19.1%	+54.2	
Profit after tax	410.1		627.4		-217.3	-34.6%
Earnings Per Share — Basic	324.9p		481.1p		-156.2p	-32.5%
Dividend Per Share	118.7p		40.6p		+78.1p	+192.0%
Pre-Tax Return on Equity	16.6%		27.9%		-11.3%	

Abridged Cash Flow for the Year Ended	30 April 2020 £'million	30 April 2019 £'million
Profit before tax	503.7	775.2
(Increase)/decrease in inventory	(440.2)	181.9
Increase/(decrease) in customer deposits	97.4	(208.9)
Other working capital movements	267.7	49.0
Net (increase)/reduction in working capital	(75.1)	22.0
Net receipts from/(investment in) joint ventures	112.9	(62.8)
Tax paid	(89.8)	(178.8)
Other movements	(7.5)	(16.0)
Cash inflow before share buy-backs and dividends	444.2	539.6
Shareholder returns — share buy-backs	(130.5)	(198.9)
Shareholder returns — dividends	(149.8)	(53.0)
Increase in net cash	163.9	287.7
Opening net cash	975.0	687.3
Closing net cash	1,138.9	975.0

The Group has remained cash positive on a net basis throughout the year. Net finance income totaled £0.7 million for the year (2019: £2.0 million net finance costs) due to interest income on cash deposits which outweighed facility fees, interest on drawn borrowings and imputed interest on land creditors.

Pre-tax return on equity for the year is 16.6%, compared to 27.9% last year reflecting the return of profitability to normal levels. Basic earnings per share has decreased by 32.5% from 481.1 pence to 324.9 pence, which takes into account the buy-back of 3.5 million shares at a cost of £130.5 million under the Shareholder Returns programme.

Financial Position

Net assets increased over the course of the year by £138.3 million, or 4.7%, to £3,101.6 million (2019: £2,963.3 million). This is after payment of £149.8 million of dividends and the £130.5 million of share buy-backs. This equates to a net asset value per share of 2,472 pence, up 7.2% from 2,305 pence at 30 April 2019, given the share buy-backs undertaken in the year.

Inventories have increased by £440.2 million from £3,114.7 million at 30 April 2019 to £3,554.9 million at 30 April 2020. Inventories include £519.7 million of land not under development (30 April 2019: £395.2 million), £2,895.7 million of work in progress (30 April 2019: £2,584.7 million) and £139.5 million of completed stock (30 April 2019: £134.8 million).

The increase in land not under development reflects the combination of new sites acquired as well as previously conditional sites which have completed during the year represented by cash and new land creditors. This increase outweighed the land cost moved into production which was across seven non-joint venture sites. These sites moved into production, coupled with further investment in build on a number of forward sold London developments, led to the increase in work in progress inventory in the year. Completed stock is spread across a number of sites and remains at comfortable levels.

Trade and other payables are £1,931.8 million at 30 April 2020 (30 April 2019: £1,595.5 million). These include £783.5 million of on-account receipts from customers (30 April 2019: £686.1 million) and land creditors of £372.7 million (30 April 2019: £92.6 million). The significant increase reflects the new sites brought onto the balance sheet with a corresponding increase in inventory. The new land creditors include TwelveTrees Park in Newham, which became unconditional during the year, and the site acquired at Camden, amongst others. Of the total £372.7 million land creditor balance, £109.0 million is short-term and £263.7 million is spread over future financial years. Provisions of £114.9 million (30 April 2019: £79.1 million) include post-completion development obligations and other provisions.

The Group ended the year with net cash of £1,138.9 million (30 April 2019: £975.0 million) which consists of cash holdings of £1,638.9 million and £500 million of debt drawn under the Group's banking facilities. This debt consists of a long-term £300.0 million term loan and a short-term £200 million revolving credit facility loan which was drawn in March 2020. There is a further undrawn £250 million available to the Group under its revolving credit facility.

Trading and Financial Review continued

Abridged Balance Sheet as at	30 April 2020 £'million	Change £'million	30 April 2019 £'million
Non-current assets			
— Investment in joint ventures	261.8	-112.9	374.7
— Other non-current assets	121.8	+16.3	105.5
Total non-current assets	383.6	-96.6	480.2
Inventories	3,554.9	+440.2	3,114.7
Debtors	73.4	+5.4	68.0
Deposits and on account receipts	(783.5)	-97.4	(686.1)
Other trade payables	(1,150.8)	-241.4	(909.4)
Provisions	(114.9)	-35.8	(79.1)
Capital employed	1,962.7	-25.6	1,988.3
Net cash	1,138.9	+163.9	975.0
Net assets	3,101.6	+138.3	2,963.3
Net asset value per share	2,472p	+167p	2,305p

This is an increase in net cash of £163.9 million during the year (2019: £287.7 million) as a result of £470.5 million of cash generated from operations (2019: £767.2 million) and a net outflow of £75.1 million in working capital (2019: net inflow of £22.0 million), before tax and other net cash inflows of £48.8 million (2019: net outflow £249.6 million), share buy-backs of £130.5 million (2019: £198.9 million) and dividends of £149.8 million (2019: £53.0 million).

Banking

The Group has banking facilities which total £750 million, currently comprising a drawn £300 million term loan, and a £450 million revolving credit facility of which £200 million is drawn. The Group has clarity of financing with the facilities in place to November 2023. The Group's cash holdings are currently placed on deposit with its relationship banks.

Joint ventures

Investments accounted for using the equity method have decreased from £374.7 million at 30 April 2019 to £261.8 million at 30 April 2020. Berkeley's joint ventures include St Edward, a joint venture with M&G, and St William, a joint venture with National Grid plc. The decrease in joint venture investments during the year reflects Berkeley's share of undistributed joint venture profits of £33.3 million, further funding into St William of £2.5 million, settlement of St Edward loans of £29.0 million offset by a dividend distribution from St Edward of £177.7 million.

In St Edward, 64 homes were sold in the year at an average selling price of £768,000 (2019: 255 at £469,000). The majority of completions occurred at Green Park Village, complimented by further completions at the Kensington development.

In total, 5,310 plots (30 April 2019: 3,736 plots) in Berkeley's land holdings relate to six St Edward developments, three in London (Westminster, Kensington and Brentford which was acquired in the year) and three outside the Capital (Reading, Fleet, and Wallingford). The joint venture will not be proceeding with a conditional site in Queensway, Birmingham which has been removed from the land holdings in the year.

In St William, 371 homes were sold in the year at an average selling price of £716,000 (2019: six at £709,000). These completions were across four developments: Prince Of Wales Drive, Elmwater, Fairwood Place and The Cottonworks.

During the year, St William reviewed its banking arrangements, having regard to the size of the business and its land holdings. As a consequence, St William increased its committed banking facilities to £360 million from £150 million in March 2020. The agreement has a three year term, with options over an additional two years.

In total, 10,945 plots (30 April 2019: 9,812 plots) in Berkeley's land holdings relate to 18 St William developments which are contracted in the joint venture. St William has completed the purchase of ten of these sites which include the long-term regeneration developments of Prince of Wales Drive (over 950 homes), Clarendon in Hornsey (over 1,700 homes), King's Road Park in Fulham (over 1,800 homes) and Poplar (over 2,800 homes). The remaining eight St William sites are included in Berkeley's conditional land holdings. Berkeley continues to work closely with National Grid to identify further sites from across its portfolio to bring through into the joint venture.

Land Holdings as at	30 April 2020	Change	30 April 2019
Owned	50,558	+8,919	41,639
Contracted	7,855	-5,461	13,316
Plots	58,413	+3,458	54,955
Sales value	£23.7bn	+£1.1bn	£22.6bn
Average selling price (ASP)*	£473k	+£1k	£472k
Average plot cost	£45k	-£6k	£51k
Land cost (%)	11.0%	-1.5%	12.5%
Gross margin	£6,417m	+£170m	£6,247m
GM%	27.1%	-0.5%	27.6%

* ASP reflects joint venture revenue at 100%

Land

Berkeley's land holdings comprise 58,413 plots at 30 April 2020 (30 April 2019: 54,955 plots), including joint ventures. Of these land holdings, 50,558 plots (30 April 2019: 41,639) are on 86 sites that are owned and included on the balance sheet of the Group or joint ventures and 7,855 plots (30 April 2019: 13,316) are on 12 contracted sites which either do not yet have a planning consent or have another conditional element such as vacant possession. The Group also holds a strategic pipeline of long-term options for in excess of 5,000 plots.

The plots in the land holdings at 30 April 2020 have an estimated future gross profit of £6,417 million (30 April 2019: £6,247 million), which includes the Group's 50% share of the anticipated profit on any joint venture development. The increase in the year is due to a combination of new sites acquired, new or revised planning consents and market movements, which has more than offset the gross profit taken through the Income Statement.

Berkeley has obtained eight new planning consents in the year: Abbey Barn Park in High Wycombe, 17-51 London Road in Staines, the St William sites in Poplar and Hertford, Sunningdale Park, Eastside Locks in Birmingham, Centre House in White City and the former Horlicks factory in Slough. In addition, there have been over 55 revised consents which have sought to improve the development solution for each scheme to add value and/or reduce risk.

Of Berkeley's 86 owned sites, 70 sites (plots: 37,671) have an implementable planning consent and are in construction. A further 11 sites (plots: 10,634) have a consent which is not yet implementable; due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. This means Berkeley has just five sites (plots: 2,253) which it owns unconditionally that do not have a planning consent.

Of the 12 contracted sites, one site has a planning consent and two have achieved resolutions to grant consent but are subject to section 106 agreements. Given the contracted nature of all of these sites, there is low financial risk on the balance sheets of the Group or its joint ventures.

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.

Rob Perrins Chief Executive

The Strategic Report on pages 4 to 83 was approved by the Board and signed on its behalf by:

Rob Perrins
Chief Executive
17 June 2020





Woodhurst Park, Bracknell

This growing community will include 750 mixed-tenure homes, a new local primary school and 65 acres of biodiverse parkland and public space. The welcoming open landscape includes streams, ponds, woodland and meadows, creating a network of natural habitats for local wildlife and people to enjoy.

Corporate Governance

- 86** Chairman's Introduction to the Corporate Governance Report
- 88** Board of Directors
- 92** Board Leadership and Company Purpose
- 96** Division of Responsibilities
- 99** Nomination Committee Report
- 102** Audit Committee Report
- 106** Directors' Remuneration Report
- 135** Directors' Report

Chairman's Introduction to the Corporate Governance Report



Introduction

I am delighted to introduce the Corporate Governance Report for the 2019/20 financial year. The Board continues to embrace high standards of corporate governance and this financial year is the Company's first operating under the principles and provisions of the UK Corporate Governance Code 2018 ('the Code'), which the Group has adopted.

This report details how the Board has considered and applied the principles and provisions of the Code by addressing in turn each of the five main areas of the Code, as follows, and providing information relating to the principles and provisions contained within each area:

Board Leadership and Company Purpose
pages 92 to 95

Division of Responsibilities
pages 96 to 98

Nomination Committee Report
pages 99 to 101

Audit Committee Report
pages 102 to 105

Directors' Remuneration Report
pages 106 to 134

A copy of the Code is available on the Financial Reporting Council's website www.frc.org.uk.

Stakeholders and Company purpose, culture and value

The strategic focus and purpose of the business is centred on transforming underutilised places and creating new homes in neighbourhoods that return sustainable social, economic and environmental value back to the community which improves the lives of all those touched by our activities. This long-term value added approach to regeneration delivers broad benefits to numerous stakeholders. Further detail on the business's strategy and approach to development can be found in Our Vision on pages 30 to 46 of the Strategic Report whilst we set out our engagement with and impact on our stakeholders on pages 54 to 59 of the Strategic Report.

Culture and values are intrinsic and can deliver enormous unquantified value to any organisation if they are aligned to the strategy, widely understood and truly embedded throughout the business. The Code states that the Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. At Berkeley, the culture starts with the tone from the Board and permeates all of the autonomous businesses and teams within the Group. Our values are set out on page 94 of this Report, along with information on how the Board assesses and monitors culture. I see every day how these are truly part of the DNA of our people whose energy, passion and determination drive the business forward for the benefit of all our stakeholders.

Board activities

Berkeley has a Board of diverse experience, contribution and skills and each of its Directors, as set out in their biographies on pages 88 to 91 of this report, brings complementary talents and experience which I believe enhance the effectiveness of the Board.

Good governance plays a significant role in a successful business strategy and the Board has undertaken a number of key activities across these areas during the year. These key matters include:

- **Review of the business strategy** in light of the surplus capital generated in recent financial years and consequential proposal of additional capital returns to shareholders in January 2020.
- **Review of the Company's remuneration policy** in light of the Group's evolving strategy culminating in the proposal of amendments to the Group's remuneration policy in January 2020.
- **Consideration of emerging issues** facing the Company and the immediate response to challenges imposed by Covid-19, including the decision to postpone the proposed enhanced capital returns to shareholders and remuneration policy amendments.
- **Continual review of the composition of the Board and plans for succession** including the re-election of Adrian Li.

Whilst these are the key matters arising in the year, the Board agenda very clearly covers a vast array of areas impacting the business and a number of these are set out on pages 92 to 93 of this report, including our progress on the Berkeley Modular factory, our approach to sustainability, climate change and fire safety both in our buildings and leading within the industry, amongst others.

Looking forward to 2020/21, the Board will continue to monitor the corporate governance agenda and seek to improve and adapt our governance processes to ensure best practice in a way which complements Berkeley's unique business model and operating structure.

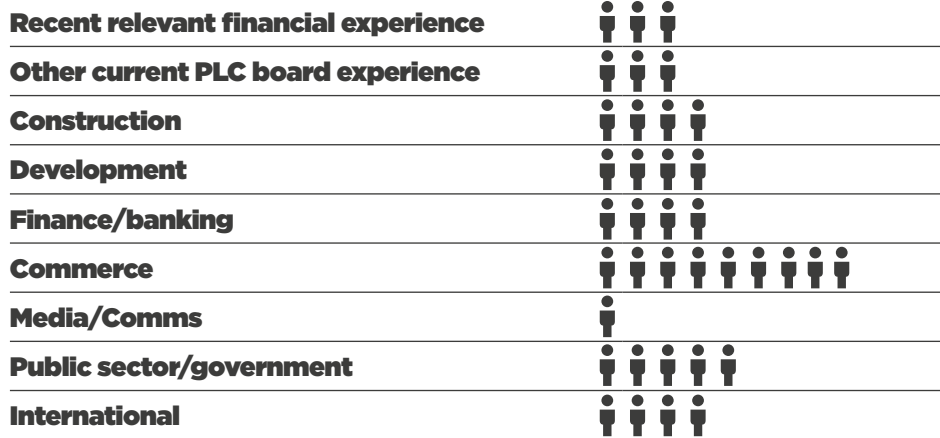
In closing, I would like to thank all of my Board colleagues for their valuable service during the year.

Tony Pidgley CBE
Executive Chairman

Board Committee membership

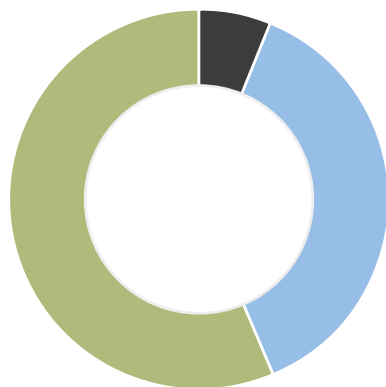
Member	Audit	Remuneration	Nomination	Key
Tony Pidgley			●	● Chairman of Committee ○ Member of Committee
Glyn Barker	○	●	○	
Andy Myers	●	○		
Alison Nimmo	○			
Diana Brightmore-Armour			○	
Rachel Downey	○			
Peter Vernon		○		
Veronica Wadley			○	

Non-Executive Director experience - Areas of expertise



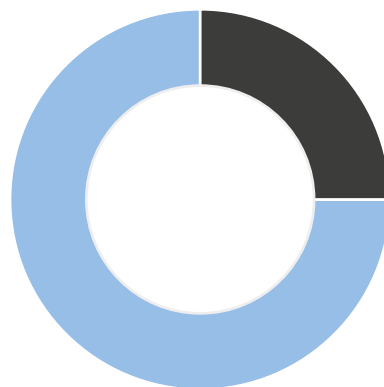
All Directors appear in more than one category.

Board composition



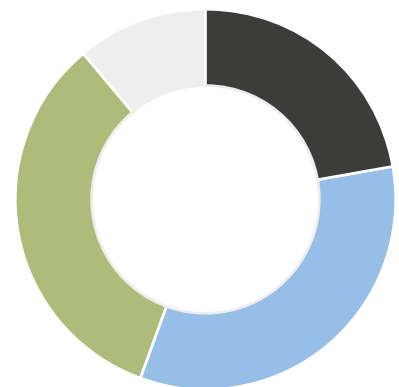
Chairman 1
Executive Director 6
Non-Executive Director 9

Gender split



Female 25%
Male 75%

Non-Executive Director tenure



0-3 years 2
3-6 years 3
7-9 years 3
9+ years 1

Board of Directors



Tony Pidgley CBE
Chairman

Date of appointment to the Board:

Co-founder of Berkeley in 1976 and led the business as Group Managing Director for 33 years. Appointed Group Chairman on 9 September 2009.

Committee memberships:



Skills, experience and contribution:

Tony has pioneered Berkeley's holistic approach to placemaking and shaped a strong Company culture and values centred on respect for people, customer focus, partnership working and relentless attention to detail. These qualities are the cornerstones of Berkeley's success.

Tony has advised successive Governments on housing, placemaking and the regeneration of public sector land. He was a member of Lord Heseltine's Estate Regeneration Advisory Panel, the Thames Estuary 2050 Growth Commission and the Mayor of London's Outer London Commission.

He was the longest-serving President in the history of the London Chamber of Commerce and Industry and was awarded a CBE in 2013 for services to the housing sector and the community.

Other appointments:

Trustee, Berkeley Foundation
Trustee, Sir Simon Milton Foundation
Vice President, Wildfowl & Wetlands Trust
Trustee of Weybridge Youth Centre
Advisory Board Member for Public Practice



Rob Perrins BSc (Hons) FCA
Chief Executive

Date of appointment to the Board:

1 May 2001

Committee memberships:

None

Skills, experience and contribution:

Rob joined Berkeley in 1994 having qualified as a Chartered Accountant with Ernst & Young in 1991. He was appointed to the Group Main Board in 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.

Rob has more than 20 years experience in the real estate and financial services industries. He has a strong track record in driving growth, delivering strategic plans and a wealth of financial and general management experience. He contributes to the Bank of England's Real Estate Forum.

Rob is passionate about Berkeley's social purpose and is Chair of Trustees for the Berkeley Foundation; an independent charity which supports disadvantaged young people.

Other appointments:

Chair of Trustees, Berkeley Foundation (since 2011)
Trustee, Crisis (since 2020)
Council Member and Chair of the Finance and Infrastructure Committee, Aston University (since 2015)
Governor, Wellington College (since 2009)



Richard Stearn BSc (Hons) FCA
Group Finance Director

Date of appointment to the Board:

13 April 2015

Committee memberships:

None

Skills, experience and contribution:

Richard re-joined Berkeley on 13 April 2015 as Group 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, serving as the company's Finance Director for most of that time.

Richard is responsible for the Group's finance, insurance, treasury, tax and investor relations functions. He also leads on strategic risk management and has oversight of the Group's IT function.

Richard has 17 years of direct experience in the property and development industry. Prior to joining Berkeley, he trained and practiced for 12 years as a Chartered Accountant with PricewaterhouseCoopers LLP, auditing and advising a wide range of clients.

Other appointments:

None



Glyn Barker BSc (Hons) FCA
Deputy Chairman and Senior Independent Director

Date of appointment to the Board:

3 January 2012 and as Deputy Chairman and Senior Independent Director on 18 April 2018

Committee memberships:



Skills, experience and contribution:

Glyn is a Chartered Accountant and has extensive experience as a business leader and a trusted advisor to FTSE 100 companies. He has a deep understanding of accounting and regulatory issues together 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 Transaction Services business.

Other appointments:

Independent Non-Executive Director, Transocean Ltd
Chairman, Irwin Mitchell Holdings Ltd
Senior Advisor, Novalpina Capital LLP

Key to Committees

A Audit Committee

N Nomination Committee

R Remuneration Committee

● Committee Chair



Sir John Armitt
Non-Executive Director

Date of appointment to the Board:

1 October 2007. Sir John served as Deputy Chairman and Senior Independent Director from 5 September 2012 to 18 April 2018.

Committee memberships:

None

Skills, experience and contribution:

Sir John is currently Chairman of National Express Group PLC, City & Guilds Group and 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), Chairman of the Engineering and Physical Science Research Council (2007 - 2012) and a member of the Transport for London Board (2012 - 2016). From 2001 to 2007, he was Chief Executive of Network Rail and its predecessor, Railtrack, and prior to that he was Chairman of John Laing plc's international and civil engineering divisions. Sir John brings a wealth of operational, commercial and technical experience amassed throughout his career.

Sir John received a knighthood in 2012 for services to engineering and construction and he was awarded a CBE in 1996 for his contribution to the rail industry.

Other appointments:

Chairman, National Express Group PLC
Chairman, City & Guilds Group
Chairman, National Infrastructure Commission
Independent Non-Executive Director, Expo 2020



Dame Alison Nimmo
Independent
Non-Executive Director

Date of appointment to the Board:

5 September 2011

Committee memberships:

A

Skills, experience and contribution:

Dame Alison is a Chartered Surveyor and Town Planner by training and is the former Chief Executive of The Crown Estate. Alison has extensive experience in urban regeneration and property. Prior to joining The Crown Estate, she led the design and delivery of the London 2012 Olympic and Paralympic Games 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 was awarded a CBE in 2004 for services to urban regeneration and a DBE in 2019 for public service and services to the Exchequer. She is a Fellow of the Institution of Civil Engineers and the Royal Institute of British Architects.

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:

Member of Imperial College's White City Syndicate



Veronica Wadley CBE
Independent
Non-Executive Director

Date of appointment to the Board:

3 January 2012

Committee memberships:

N

Skills, experience and contribution:

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. Previously, Veronica was Chair of the Arts Council London and National Council member of Arts Council England from 2010 - 2018. She was Senior Advisor 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. Through her involvement in such mayoral schemes Veronica brings an in-depth understanding of local government and communities in London.

In 2018 Veronica was awarded a CBE for services to the arts. Veronica was also previously a Member of the City of London Education Board.

Other appointments:

Independent Director, Times Newspapers Holdings Ltd
Member of the Royal College of Music Board
Governor of the Yehudi Menuhin School
Co-Founder and Trustee of the London Music Fund
Governor of Shoreditch Park Academy



Adrian Li MA
(Cantab), MBA, LPC
Independent
Non-Executive Director

Date of appointment to the Board:

2 September 2013

Committee memberships:

None

Skills, experience and contribution:

Adrian is Co-Chief Executive of The Bank of East Asia, Ltd, where he is responsible for overall management and control 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.

In addition to his banking experience, Adrian brings a global and diverse perspective to Board discussions and provides valuable insight into the Far East property and finance markets.

Other appointments:

Co-Chief Executive of The Bank of East Asia, Ltd
Independent Non-Executive Director of two listed companies under the Sino Group (Sino Land Company Ltd and Tsim Sha Tsui Properties Ltd)
Independent Non-Executive Director, China State Construction International Holdings Ltd
Independent Non-Executive Director, COSCO SHIPPING Ports Ltd

Board of Directors continued



Sean Ellis BSc (Hons)
Executive Director

Date of appointment to the Board:

9 September 2010

Committee memberships:

None

Skills, experience and contribution:

Sean joined Berkeley in 2004 and was appointed to the Main Group Board on 9 September 2010, as a Divisional Executive Director. Sean is Chairman of St James Group, Berkeley Homes (Eastern Counties) and the joint venture with National Grid, St William. As the head of these businesses he has overseen highly acclaimed mixed use developments across London and the South East, including Riverlight, winner of the RIBA National Award 2018.

As Chairman of St William, Sean leads the long-term regeneration of former National Grid gas infrastructure sites, which require complex remediation and placemaking strategies. With St James, Sean is overseeing the transformation of an 11 acre former warehousing site in the White City Opportunity Area – a long-term regeneration programme which will deliver more than 1,800 homes.

Sean is Chairman of the Group's Land and Planning Committee and is a regular contributor to the national planning and housing debate. He 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.

Other appointments:

None



Karl Whiteman BSc (Hons)
Executive Director

Date of appointment to the Board:

10 September 2009

Committee memberships:

None

Skills, experience and contribution:

Karl joined Berkeley in 1996 as a Construction Director, before rising to Divisional Managing Director of Berkeley Homes East and West Thames. He joined the Group Main Board on 10 September 2009 as a Divisional Executive Director.

Karl leads two of the country's most celebrated regeneration projects – Kidbrooke Village and Royal Arsenal Riverside. He is Managing Director of Berkeley Modular where he is leading the development of the Group's precision manufacturing facility in Kent.

Karl oversees the delivery of Our Vision, the Group's business strategy, which is driving performance and innovation across the business. He is also responsible for the Group's approach to sustainability, along with the Group-wide health and safety strategy and is Chairman of the Health and Safety Committee.

Other appointments:

None



Justin Tibaldi
Executive Director

Date of appointment to the Board:

8 December 2017

Committee memberships:

None

Skills, experience and contribution:

Justin joined Berkeley in 1999 as a senior surveyor and went on to hold board positions within the Group's London divisions, including a spell at Woolwich Arsenal and overseeing the delivery of Tabard Square, SE1. He became Managing Director of Berkeley Homes (Capital) in 2011 and joined the Main Group Board on 8 December 2017, as a Divisional Executive Director.

Justin is responsible for the Group's Estates Management Committee and shapes Company policy on placekeeping and sustainable resident-led stewardship. He also has oversight of the Group's Commercial Committee.

Having recently completed developments at Goodman's Fields and One Tower Bridge, his current project portfolio includes the long-term regeneration of Hackney's Woodberry Down, one of the country's most successful housing estate redevelopment programmes. He also leads the delivery of South Quay Plaza, one of London's tallest residential buildings, 250 City Road, where over 1,000 homes are being built around a public square and commercial hub, as well as the development at Trent Park, where over 250 homes are being built in the setting of Trent Country Park.

Other appointments:

None



Paul Vallone
Executive Director

Date of appointment to the Board:

8 December 2017

Committee memberships:

None

Skills, experience and contribution:

Paul joined Berkeley in 1990, with a background in property sales and marketing. He went on to become a Managing Director before joining the Main Group Board on 8 December 2017 as a Divisional Executive Director.

Paul is Executive Chairman of the St Edward joint venture with Prudential, and is Divisional Managing Director of Berkeley Homes (Central and West London). Paul is Chairman of the Group's Sales and Marketing Committee, the Group-wide Digital Steering Group and Berkeley's international office network.

Paul oversees a number of projects in the Group which include Oval Village, built on the site of the historic Oval Gasworks and 9 Millbank, a combination of newly built properties and the restoration of a landmark building.

He is also overseeing St Edward's Hartland Village, one of the Group's most ambitious long-term regeneration programmes outside of London. This will see a long-derelect National Gas turbine site transformed into a highly sustainable new village.

Other appointments:

None

Key to Committees

A Audit Committee

N Nomination Committee

R Remuneration Committee

● Committee Chair



Andy Myers BEng (Hons) ACA
Independent
Non-Executive Director

Date of appointment to the Board:

6 December 2013

Committee memberships:

A R

Skills, experience and contribution:

Andy qualified as a Chartered Accountant with KPMG in 1990 and has extensive finance and commercial experience. He is Chief Financial Officer at SHL Group, the global leader in talent innovation. Previously he was Chief Financial Officer at McLaren Technology Group where he had responsibility for finance, IT and strategic procurement.

Andy has also 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, SHL Group



Diana Brightmore-Armour FCCA, MCT
Independent
Non-Executive Director

Date of appointment to the Board:

1 May 2014

Committee memberships:

N

Skills, experience and contribution:

Diana is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Association of Corporate Treasurers. She was the Chief Executive Officer, UK & Europe of the Australia and New Zealand Banking Group Ltd until 31 December 2019, where she was 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. She has 30 years' international experience in banking, corporate finance, financial management, treasury and audit.

Diana is a strong supporter of talent development and gender diversity through her involvement with the 30% Club, City Women's Network.

Other appointments:

Non-Executive Director of C. Hoare & Co.



Peter Vernon FRICS
Independent
Non-Executive Director

Date of appointment to the Board:

6 September 2017

Committee memberships:

R

Skills, experience and contribution:

Peter brings extensive experience of complex real estate transactions. He is Group Executive Director at Grosvenor where he has responsibility for overseeing the group's operating companies in North America, Asia and Britain and Ireland with an active programme of real estate investment and development in 11 world cities. During the period 2008 to 2016, Peter was Chief Executive of Grosvenor Britain and Ireland.

Peter is also a Trustee of Peabody, the housing association that owns and manages more than 66,000 homes across London and the South East.

He has been a Director of London First, Deputy Chairman of the West End Partnership, a member of the British Property Federation Policy Committee and of the RSA Insurance Group London Regional Board. He was a member of the Government's Montague Review into the Private Rented Sector, a Commissioner of the City Growth Commission and a member of the Government's Estates Regeneration Advisory Panel.

Other appointments:

Group Executive Director, Grosvenor
Trustee of Peabody



Rachel Downey ACA
Independent
Non-Executive Director

Date of appointment to the Board:

8 December 2017

Committee memberships:

A

Skills, experience and contribution:

Rachel brings extensive regeneration expertise. She is Project Director of Manchester Life, a joint venture between Abu Dhabi United Group and Manchester City Council established in 2014 to make a significant contribution towards achieving Manchester's regeneration and residential growth ambitions.

Prior to that Rachel has managed various projects including the submission to the Government for £113 million to transform the public-housing stock in several neighbourhoods across Manchester and Salford as part of the Housing Market Renewal Pathfinders programme.

Rachel, a Chartered Accountant, is also currently a Trustee of the We Love Manchester Emergency Fund and was previously a Trustee of the Lord Mayor of Manchester's Charity Appeal Trust (2015 - 2019).

Other appointments:

Project Director, Manchester Life
Trustee of We Love Manchester Emergency Fund

Board Leadership and Company Purpose

The Board

At the date of this report, the Board comprises sixteen Directors: the Chairman, six Executive Directors and nine Independent Non-Executive Directors and thus complies with the Code requirement that at least half of its Directors, excluding the Chair, are Independent Non-Executive Directors.

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

Its duties are set out in a formal schedule of matters specifically reserved for decision by the Board. More details on the governance structure of the Company can be found on page 97 of this report.

Meetings

The Board met formally four times during the year ended 30 April 2020 and there were no absences. There were also four Board calls during the year.

In addition to these formal meetings of the Board, the Non-Executive Directors meet with the Chairman twice per year. 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, at a meeting chaired by the Senior Independent Director. The Board is also consulted in advance of any significant market announcement.

Board and Committee 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.

Board activities during the year and key focus areas

The governance structure on page 97 of this report sets out the key responsibilities of the Board of Directors. These key responsibilities are met through a number of standing agenda items for which reports are presented and debated covering, for example, health and safety, customer service, ESG related matters, the housing and sales market and investor relations. The output of these valuable discussions held at the Main Board meetings, which benefit from the broad experience of the Non-Executive Directors, informs the strategy for each area. This is then fed back into each operating company by the Executive Directors in the local operating company board meetings.

In addition, the Board holds some meetings at key sites, which included St George's Grand Union and St Edward's 9 Millbank developments in the last year. This facilitates a presentation by the local divisional management team on the respective developments including the development solution, challenges facing the site and those that have been overcome, the engagement with the local community and the overall financial performance of the development.

Broadly, the focus of Board activities during the year falls into three areas; strategy, finance and governance.

Strategy



Planning status of future developments

The Board received updates at each meeting on the status of key sites without a planning consent, covering the development plans, community engagement activities and the planning milestones.



Progress against climate change commitments and approach to sustainability

In line with the Group Strategy, the Board approved targets on new sites to ensure that they were in line with the current commitments. In addition the Board received regular updates on sites under development to ensure that the targets are being met in line with commitments made during the planning process. Further details of the Group's performance in respect of ESG matters of strategic importance to the Group are set out on pages 46 to 47 of the Strategic Report.



Modular factory

The Board received regular updates on the progress of the construction of the Berkeley Modular factory in Kent. During the year the fit out of the factory has continued in preparation for the first modules being produced.



Cyber security and data protection

The Board undertook an annual review of the training, policies and procedures in place in relation to ongoing compliance with data protection laws. As a result, a new training module was rolled out to all Group employees to ensure that they were up to date on the current legislation. Through the Audit Committee, the Board received an update on the Company's actions relating to cyber security.



Health and safety incidents

The Board reviewed the status of ongoing investigations into health and safety related incidents in the year. The Group currently has an industry leading AIIR of 1.17, compared with the Health and Safety Executive's industry average of 3.66; see page 33 of the Strategic Report.



Company tax policy

The tax strategy is ultimately overseen by the Board of Directors. During the year the Board undertook a review of the Group Tax Policy to ensure that risks associated with the interpretation and application of taxation laws and regulations are appropriately managed, identified and evaluated in accordance with the Group's risk management framework.



Fire safety

Divisional management have conducted reviews of a significant number of completed buildings during the year. Summary reports on the status of these reviews have been shared with the Board for review, in light of regulatory developments.

Finance



Dividends and shareholder returns

The Board reviewed its plans for the surplus capital generated in the business during the year and in January 2020 it announced that it intended to return capital to shareholders beyond the regular £280 million a year level. A circular issued in February proposed to return £500 million by means of a B share scheme in March 2020, with a further £500 million in March 2021 by means of a C share scheme.

As a result of the global Covid-19 pandemic and resulting uncertain outlook the Board decided to postpone the return of surplus capital, but undertook to continue with the regular shareholder returns of £280 million per annum.



Annual report and accounts

During the year the Board reviewed and approved the Annual Report and Accounts, along with associated press releases, the interim results and Trading Updates.

Governance



Several issues were considered by the Board during the year relating to the operation, tenure and independence of members of the Board, including:

the tenure and independence of Sir John Armit, the tenure of Executive Chairman Tony Pidgley pursuant to provisions 9 and 19 of the Code, the perceived over-Boarding of Adrian Li and the Executive Directors' remuneration.

- Tony Pidgley, who co-founded Berkeley, fulfils the role of Executive Chairman which the Board believes is in the best interests of the Company. The transition to this model took place in 2009 and shareholders have supported this structure ever since as it has secured the succession of the Executive team and continued long-term success of the Company. Having a strong Senior Independent Director and Deputy Chairman ensures that there is a balance of responsibility at the top of the Company.
- The Board recognises that Sir John Armit's tenure as an Independent Non-Executive Director has exceeded nine years which the Code refers to in the context of Non-Executive Directors. The Board has considered this matter and concluded that Sir John continues to maintain and contribute an independent view in all Board deliberations, providing robust challenge and scrutiny. Furthermore, his extensive construction expertise and experience continue to be of significant value to the Board.

- The Company noted that at its Annual General Meeting ('AGM') held on 6 September 2019, 46.26% of votes were cast against the re-election of Adrian Li, an increase on the previous two years' votes against. The Company understands that the votes against reflect concerns regarding the number of directorships Adrian Li holds and whether he has the capacity to deal with an exceptional period of Board activity at Berkeley. The Board remains cognisant of the FRC's view that investors and their advisors should pay due regard to a company's individual circumstances.

The Company remains strongly of the view that Adrian Li continues to be a valuable and effective Independent Non-Executive Director on the Board, who consistently demonstrates sustained commitment and availability. Adrian is an active member of the Board who brings an almost unique insight due to his background and experience. He was appointed to the Board in 2013 and has attended all Board meetings since then. Furthermore, Adrian continues to contribute strongly during ad hoc periods of increased activity, as has been notably evident during recent times of unprecedented challenge arising from Covid-19 when he, like other Board members, has made himself available as events have developed.

Notwithstanding, the strong and sustained contribution that Adrian Li brings to the Company, the Board, aided by Adrian, has begun the process of identifying a replacement, and will seek to match as closely as possible the very special and almost unique skills, attributes and diversity that Adrian brings to Berkeley.

- The Board consulted with shareholders and proposed changes to address concerns expressed by shareholders at the 2019 AGM. These included the introduction of new performance conditions and increasing the cash return hurdle in line with the then proposed enhanced shareholder returns. While the EGM scheduled for March to vote on these proposals was cancelled, the Board was grateful for the time devoted by shareholders to the consultation and their strong support for the proposed changes.



Throughout the year ending 30 April 2020, and in accordance with Listing Rule 9.8.6R, the Company has complied with the principles and relevant provisions of the Code, save where explanations have been provided as an alternative as permitted by the introduction to the Code. Where appropriate, relevant explanations in respect of provisions 9, 19 and 38 are set out on this page and page 115 of this Report.

Board Leadership and Company Purpose continued

Our Culture

Berkeley's unique culture is the sum of our shared values, vision, traditions and overarching sense of purpose. Together, they have a dynamic and energising effect on the way we work, shaping our day-to-day behaviours, manners and actions, our goals, our expectations of each other, our long-term strategies and our brand.

Our Values


 <p>Have Integrity</p> <p>Build trust by being open, clear and credible</p>	 <p>Be Passionate</p> <p>Take pride in what we do and the impact we make</p>	 <p>Think Creatively</p> <p>Find individual solutions for every site and situation</p>	 <p>Respect People</p> <p>Work together, empower people and value their contribution</p>	 <p>Excellence Through Detail</p> <p>Deliver the best through attention to detail in everything we do</p>
---	--	--	--	---

Our Vision

is to be a world-class business, defined by the quality of the places we create, generating long-term value and having a positive impact on society.

Our Purpose

is to build quality homes, strengthen communities and improve people's lives.

 Read more on pages 30 to 45

How do we characterise our culture?

These are the core features of the Berkeley culture. They are not rigid rules, but dynamic and intrinsic features of the way we think, work and behave.



How do we embed our culture?

Berkeley's founders believed that a strong, value based working culture was the key driver for long-term performance, customer loyalty and brand strength. This remains at the very heart of our philosophy and we continue to actively cultivate, embed and reinforce our culture throughout every area of the business.

Our obsession with culture is everywhere. We talk about it, write about it and celebrate it. It is part of our interviews, inductions, performance reviews, team meetings and staff conference. It is described on the walls of our office, sites and marketing suites. It is reinforced through our training programmes, performance targets and staff awards. It sets the standards by which we openly judge our behaviours, products, service and processes.

Stakeholders

The role of the Board is to deliver value to all stakeholders and promote the long-term success of the Company. The Board recognises the importance of engaging with all of its stakeholders, including its shareholders, around all aspects of the Group's activities. More details on how the Board has had regard to stakeholder interests and has complied with s.172 of the Companies Act 2006 can be found on pages 60 to 61 of the Strategic Report.

The strategy and risk appetite in which the Company operates is set by the Board. Key focus areas are identified and carefully considered by the Board to ensure that the Company operates within the risk framework laid out and decisions fully contribute to the delivery of the Group's strategy. Some key aspects are discussed below. For more details on the risk framework and how we manage risks see pages 66 to 79 of the Strategic Report.

Shareholder engagement

The Company undertakes active dialogue with its current and prospective institutional shareholders through meetings or calls. During 2019/20 discussions focused around the half year and year end and covered topics such as performance, markets, business strategy and capital allocation, interim and full year results and governance matters. In addition to these meetings, Executive Directors have spoken to a large number of shareholders and proxy advisory agents in order to discuss specific queries raised. As part of its consultation on amendments to the Remuneration Policy and Long Term Incentive Plan (LTIP) following the 2019 AGM, the Board, including the Chairman of the Remuneration Committee, held calls and met with shareholders representing over 80% of the Company's issued share capital. The Board also meets with retail shareholders at the AGM.

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 and corporate governance updates. 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.

The Chief Executive and Finance Director meet with the major shareholders twice annually to discuss the strategy and operations of the Group as well as any issues the shareholders wish to raise. The Board is always available for conference calls or dialogue with any of the major shareholders throughout the year.

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.

Employee and workforce engagement

The aim of the Board is to develop a highly skilled workforce that will work together in a safe, healthy and supportive environment. The Board recognises that talented and motivated employees are the Company's strongest resource. Health and safety of our employees is paramount, in terms of both physical and mental wellbeing and this continues to be a key area of focus for the Board through Our Vision.

In addition to ensuring the safe operation of our sites for our employees and sub-contractor workforce, the Board engages with employees in a number of different ways. The Chairman and Chief Executive regularly visit the operating businesses and developments under construction to engage with employees and oversee the site activities. Members of the Board are present at annual staff conferences to provide business updates and encourage open group discussions.

During the year, in compliance with The Code, a people engagement forum was set up to give employees from all areas of the business direct access to the Board and encourage regular communications. The forum will ensure there is a single forum assessing these activities, sharing best practice and capturing their output for the Executive Committee and Board.

 For more details on how the Board engages with employees see page 56

Annual General Meeting

The Company's AGM will take place at 11 a.m. on 4 September 2020. In light of the evolving developments and related Government restrictions in response to COVID-19, and to minimise public health risks, the 2020 Annual General Meeting is to be held as a closed meeting, details of the AGM and arrangements for engagement with shareholders will be set out within the Notice of Meeting.

In accordance with the FRC Guidance on Board Effectiveness, 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.

At the AGM, voting on all resolutions will be by proxy voting and the results of the AGM will be announced to the Stock Exchange shortly after the close of the meeting. They will also be made available on the Company's website.

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 during normal business hours at the Company's registered office. Ordinarily, these are also available for inspection at the AGM.

Whistleblowing

The Group has a whistleblowing policy, which has been communicated to all employees. In accordance with this policy, Directors, management, employees and external stakeholders can report in confidence, outside of normal reporting channels, any concerns they may have of malpractice, financial irregularity, breaches of any Group procedures, or other matters. Any such concerns are subject to proportionate and independent investigation. The policy is available to view on the Group's website.

Division of Responsibilities

The Board has a range of experience and has strong knowledge in areas of property development, construction, communications, public sector and banking, both in the UK and internationally. It is the balance of skills, experience, independence and knowledge of the Board as a whole which ensures that the duties and responsibilities of the Board and its Committees are discharged effectively.

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, corporate governance and the Berkeley culture, for mentoring the executive team 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 implement, develop and deliver the strategy and business plans, to enable the Group to meet its objectives and to maintain relationships with investors and to develop the management team.

The Non-Executive Directors, led by the Senior Independent Director Glyn Barker, 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 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. See pages 92 to 93 of this Report for more details.

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 Board level.

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

Individual areas of responsibility are explained below.

Board responsibilities

Executive Chairman

The Executive Chairman is responsible for:

- the effective operation of the Board;
- overseeing the development and implementation of the Group's strategy and corporate governance;
- setting and sustaining the culture and purpose of the Group; and
- encouraging constructive Board relations and open debate and ensuring that each Director contributes to effective decision making.

The Executive Chairman is supported by the Company Secretary in relation to policies, processes and the timely provision of information to the Board.

Chief Executive

The Chief Executive is responsible for:

- day-to-day running of the Group's operations;
- implementing, developing and delivering the strategy to enable the Group to meet its objectives;
- maintaining relationships with investors; and
- developing the management team and succession planning.

Group Finance Director

The Group Finance Director is responsible for:

- managing the financial affairs of the Group, including tax and treasury functions;
- strategic risk management of the Group; and
- oversight of the IT functions.

Executive Directors

Collectively, the Executive Directors on the Board have responsibility for:

- operational aspects of implementing the Group's strategy, including land acquisitions, planning, construction and sales of completed homes;
- driving performance and innovation across the business;
- ensuring sustainability and environmental targets are met across the developments;
- people and employee matters;
- customer service matters;
- health and safety strategy; and
- placekeeping and sustainable residential stewardship.

Senior Independent Director

The Senior Independent Director is responsible for:

- evaluating the Chairman's performance;
- meeting with Non-Executive Directors annually and providing feedback to the Chairman and Chief Executive; and
- providing support and advice for the Chairman and for other members of the Board as required.

Non-Executive Directors

Collectively, the Non-Executive Directors on the Board have responsibility for:

- providing additional advice and expertise to support the Board in setting and implementing the Group strategy;
- providing constructive challenge to Board decisions;
- serving on Board Committees to ensure fair and balanced policies are implemented, including executive remuneration and risk management; and
- having an awareness of shareholder and other stakeholder matters and offering guidance as required.

Governance structure

Executive and Chairman's Committees

Key responsibilities include:

- business planning
- reviewing the financial and operating performance of all Group divisions and companies
- risk management
- cash management
- delivery of Group strategy
- legal and regulatory matters
- brand and reputation
- relationships with Local Authority and Government stakeholders
- people

Divisional and operating company Boards

Key responsibilities include:

- health and safety
- sales and marketing
- land and planning
- people retention and development
- regulatory matters
- production
- assessing the impact of the economic and political environment
- site-specific matters
- customer service

In addition we have Operational Committees drawn from across the Group's autonomous companies and teams where information, experience and best practice are shared. These Committees, which report to the Executive Committee, cover the following areas:

- Health and Safety
- IT
- Production
- Customer Service
- Commercial and Technical
- Sales and Marketing
- Our Vision/Sustainability

Board of Directors

Key responsibilities 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
- approval of policies in key areas including sustainability, Health and Safety, Business Ethics, Equality, Modern Slavery and Share Dealing

Audit Committee

Key responsibilities include:

- monitoring the integrity of the financial reporting
- reviewing significant financial reporting matters and accounting policies
- reviewing the adequacy and effectiveness of the Group's risk management and internal control systems
- monitoring the effectiveness of the Group's internal audit function
- overseeing the relationship with the external auditor, including appointment, removal and fees
- ensuring the auditor's independence and the effectiveness of the audit process
- monitoring and mitigation of emerging and principal risks

Remuneration Committee

Key responsibilities include:

- determining and agreeing 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
- determining the performance conditions for the Bonus Plan operated by the Company and approving the total annual payments made under this Plan
- determining all share incentive plans for approval by the Board and shareholders
- taking into account the views of shareholders when determining plans under the Remuneration Policy
- ensuring that the contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded
- noting annually the remuneration trends and any major changes in employee benefit structures across the Company or Group

Nomination Committee

Key responsibilities include:

- 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
- overseeing the annual evaluation of the Board

Division of Responsibilities continued

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 considers these procedures to be working effectively.

Board Committees

The Board has delegated certain matters to individual Executives and to the specific Committees of the Board: Audit, Remuneration and Nomination. The three main Board Committees operate within clearly defined Terms of Reference pursuant to the provisions of the Code. The Terms of Reference for each of the three main Board Committees can be downloaded from the Corporate Governance page of the Investor Information section of the Company's website. Copies are also available to shareholders on application to the Company Secretary. The responsibilities of the key Board Committees are described here.

Executive and Chairman's Committees

The Executive Committee meets regularly 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, S Ellis, R J Stearn, J Tibaldi, P M Vallone, K Whiteman and A J Dowsett, Managing Director of St William.

The Chairman's Committee, chaired by A W Pidgley CBE, meets monthly and comprises the Group Chief Executive, the Group Finance Director and the Group's Head of Legal. This Committee reviews strategic and regulatory matters impacting the Group and its operations.

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.

Details of membership, meetings and attendance can be found in the table on page 99 of this Report.

Key areas of responsibility of the Nomination Committee can be found on page 99 of this Report.

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.

Details of membership, meetings and attendance can be found in the table on page 106 of this Report.

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 106 to 134.

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, including financial, operational and compliance controls, and overseeing the relationship with the external auditor.

The Audit Committee comprises four independent Non-Executive Directors. A Myers, who chairs the Audit Committee, and G Barker are both considered to have recent and relevant experience as demonstrated by their biographies on pages 88 to 91 of this report. All members of the Committee have competence relevant to the residential development sector. Details of membership, meetings and attendance can be found in the table on page 102 of this Report.

An explanation of the role and activities of the Audit Committee during the year is contained in the Audit Committee Report on page 102.

Nomination Committee Report

The Board of Directors presents its Nomination Committee Report for the year ended 30 April 2020.

Details of the membership, meetings and attendance of the Nomination Committee are reported in the table below.

Membership meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance
Tony Pidgley CBE (Chairman)*	9 September 2009	2/2
Glyn Barker	18 April 2018	2/2
Diana Brightmore-Armour	15 October 2015	2/2
Veronica Wadley CBE	13 June 2012	2/2

*Chairman of the Nomination Committee since 9 September 2009

Meeting Items discussed

Meeting	Item discussed
December 2019	<ul style="list-style-type: none"> – Board and Committees composition – 2020 AGM voting on the re-election of Adrian Li – Diversity levels within the Board – Skills matrix for Non-Executive Directors
April 2020	<ul style="list-style-type: none"> – Board and Committees composition – Response to 2020 AGM voting on the re-election of Adrian Li – Non-Executive Director succession planning

Committee Purpose and Responsibilities

The purpose of the Committee is to:

- review the structure, size and composition of the Board and Board Committees and make recommendations to the Board having regard to succession planning and supporting diversity;
- evaluate the balance of skills, knowledge and experience on the Board; and
- lead the process for identifying and nominating candidates for the Board.

The Committee's Terms of Reference sets out its full remit and can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk).

Board and Committee balance, diversity, independence and effectiveness

Recognising the benefits that diversity can bring to all areas of the Group and noting the recommendations of the Hampton-Alexander and Parker Reviews, Berkeley seeks to build a Board which represents a wide range of backgrounds and experience. Female representation on the Board is at 25%, just below the target set by the Hampton-Alexander Review. This largely reflects the fact that the Board includes seven Executive Directors, all of whom are male. This structure ensures direct representation on the Board from the Group's main divisions and key functional disciplines, also supporting the Group's wider succession planning. The predominance of male Executive Directors reflects the long-standing image of our industry and wider construction sector.

Berkeley is helping lead the transformation of this wider image, bringing through a generation of talented women into senior positions within the business who represent 57% of the next tier of senior management. When taken together with the four female Non-Executive Directors, female representation in the most senior roles within the Group stands at 35%.

A W Pidgley CBE
Chairman, Nomination Committee



Nomination Committee Report continued

The Group already meets the ethnic diversity target set by the Parker Review. Appointments to the Board follow a formal, rigorous and transparent process and are made on the basis of merit and capability and in the best interests of the Group. The recommendations of the Hampton-Alexander and Parker Reviews were key considerations during the last Board recruitment process; they will be again when a Board vacancy next arises. They are also considered in developing a diverse pipeline of candidates in relation to succession planning.

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.

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 senior employees and to visit the Group's sites.

Ongoing training is available to all Directors to meet their individual needs. Board members also receive regular guidance and updates on regulatory matters and the corporate governance framework that the Group operates under. Additionally, during the year, Directors received training on the Market Abuse Regulations and on data breaches in light of the General Data Protection Regulations.

Members of the Audit and Remuneration Committees receive briefings from our auditors and remuneration advisors respectively to ensure that they remain up to date with current regulations and developments. All Directors have access to advice from the Company Secretary and independent professional advisors, at the Company's expense, where specific expertise is required in the course of their duties.

Board evaluation 2019/20

As internal Evaluations have been conducted in the years 2018 and 2019, in line with best practice, Claire Howard Consultancies, who has no other connection with the Company or individual Directors, was appointed to facilitate an external review for 2019/20. Unfortunately, the impact of Covid-19 has delayed completion of this review which will be concluded shortly and its findings included in next year's Annual Report.

The Evaluation is being conducted through private one to one discussions with each Director, the Group Solicitor and the Company Secretary. Despite challenging circumstances, all participants have embraced the exercise, making themselves available, preparing for and engaging in these conversations. The conversations were searching, free-flowing and covered a wide range of topics. Having just completed them, Claire Howard Consultancies is in the course of assimilating its findings, with a view to their being discussed with the Chairman prior to submission to the Board in anticipation of a full Board discussion.

The Board set itself the following goals in 2018/19:

1. To continue working on diversity of every sort in the workplace by creating opportunities and support for a mixed and diverse work force;
2. To build on its research and development into modern forms of construction;
3. To continue to support the Group's industry leading biodiversity agenda;
4. To ensure that the Group's culture of combining regulatory observance with an entrepreneurial approach is embedded throughout the Company so that everyone taking a senior role is well-versed in the culture; and
5. To monitor and re-assess risk in a difficult and uncertain macro economic environment and respond to its challenges all whilst maintaining a strong Balance Sheet.

Progress against these goals:

1. As part of our desire to attract more women to work in the housebuilding industry and at Berkeley in particular, enhanced maternity and paternity policies were introduced in the year, informed by feedback from staff engagement;
2. The Board has continued to champion modern forms of construction. Having completed the construction of the factory building for producing modular buildings, plant and machinery to fabricate the modular homes has now been designed and is being manufactured for installation;
3. The Company has enhanced its biodiversity approach by developing its nine concepts toolkit to produce nature-rich landscapes and 35 sites now have net biodiversity gain strategies. More details on this toolkit appear in the Nature and Biodiversity section of the Annual Report;
4. An Employee Forum was established during the year with representatives from across the business. The forum will ensure there is a single fulcrum for identifying and sharing best practice in people engagement and communication with the autonomous businesses, as well as capturing their output for the Board. This will be a two way process, enabling the Employee Forum to give feed back to the Board on issues that face them within the business and be an additional platform for the Board to promote, monitor and ensure that the Berkeley culture is firmly embedded throughout the organisation. This will sit alongside the committees of senior staff where the entrepreneurial nature and culture of the business guided by regulatory compliance is regularly reinforced by the Board; and
5. The Board has maintained a strong balance sheet. It has shown itself to be particularly flexible and capable of managing risk in the face of the Covid-19 challenge by moving swiftly to postpone the enhanced shareholder returns at the onset of the epidemic, putting in place market leading protections to enable its sites to remain open when many of its competitors had to close theirs and moved to efficient home working for all staff who did not need to attend their place of work ahead of the anticipated lock-down.

The goals for 2020/21 are yet to be finalised but will include ensuring that the business is in a strong position to weather the immediate and longer term effects of the economic impact of Covid-19 whilst maintaining a strong balance sheet. Whilst this will clearly be the main focus of the Board, it will also work to seek to promote and encourage a more diverse work force during the year.

Succession planning

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. Consideration was also given to succession planning for both Executive and Non-Executive Directors with the intention of maintaining and developing still further a strong and diverse Board.

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 an independent recruitment specialist, when appropriate. There have been no appointments during the year ended 30 April 2020. However, following concerns raised at the AGM in September 2019 over the number of directorships held by Adrian Li, the Board has announced that it intends to seek a replacement and Adrian is assisting the Board in this.

Election and re-election

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 AGM each year including at the AGM to be held on 4 September 2020.

Employee diversity and inclusion

Berkeley strives to be an equal opportunity employer and a Group-wide Equality and Diversity Policy is in place, in line with Group strategy, making it clear that it does not tolerate discrimination in any form. Specific criteria exist for all members of the Board and all appointments are made with regard to merit and relevant experience, taking into account diversity and gender. A copy of the Company's policy is available on the website.

A W Pidgley CBE

Chairman, Nomination Committee

17 June 2020

Audit Committee Report

The Board of Directors presents its Audit Committee Report for the year ended 30 April 2020 which has been prepared on the recommendation of the Audit Committee.

The report has been prepared in accordance with the requirements of the UK Corporate Governance Code 2018, the Listing Rules, Disclosure and Transparency Rules 7.1 and 7.2 and the FRC Guidance on Board Effectiveness.

Details of the composition and experience of the Committee can be found in the Directors' biographies on pages 88 to 91 of this report and details of the number of meetings of the Committee are reported in the table below.

Membership meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance
Andy Myers (Chairman)*	6 December 2013	3/3
Glyn Barker	5 September 2011	3/3
Dame Alison Nimmo	5 September 2012	3/3
Rachel Downey	18 April 2018	3/3

*Chairman of the Audit Committee since 1 September 2014

Meeting items discussed

Meeting	Item discussed
June 2019	<ul style="list-style-type: none"> – Draft results for the year ended 30 April 2019 – KPMG's audit report – Risk management and internal control, in particular the Viability Assessment and Assessment of Fraud Risk – Internal audit report – Auditor independence and non-audit fees and services – Draft 2019 Annual Report
December 2019	<ul style="list-style-type: none"> – Draft interim results for the 6 months ended 31 October 2019 – KPMG's Report on the Audit Plan and Strategy for the year ending 30 April 2020 – KPMG's Report on the interim review period – Internal audit report – Review of the Company's approach to cyber security and data protection – Auditor independence and non-audit fees and services
March 2020	<ul style="list-style-type: none"> – Annual review of Risk Management and Internal Control Framework – Internal audit report – Auditor independence and non-audit fees and services – Review of the potential impact of Covid-19

Andy Myers
Chairman, Audit Committee



Committee purpose and responsibilities

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board. The Terms of Reference were reviewed during 2019/20 together with the policy on the independence of external auditors, and no changes were made. 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.

– External audit

Overseeing the relationship with the external auditor, including appointment, removal and fees, and ensuring the auditor's independence and the effectiveness, performance and progress of the statutory 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 Committee meetings, the Finance Director presented, and the Committee debated, the financial results, 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, who 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 2019/20 financial year included:

— **Carrying value of inventory and profit 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 the Group'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, particularly on the long-term sites. These assumptions are relevant to the determination of profit recognised on properties completed in the year. The conclusions of this assessment were reported by exception to the Committee in a financial overview paper prior to release of the Group's half year and year end results.

— **Post completion development 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 in respect of the construction of the Group's portfolio of complex mixed use property developments which are expected to be incurred in the ordinary course of business, based on historic experience of the Group's sites and current site-specific risks, but which are uncertain in terms of timing and quantum. The basis for determining these provisions was presented to the Committee for its 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 year is included in note 2.16 to the Consolidated Financial Statements.

Risk management and internal control

The Board acknowledges that it has overall responsibility for monitoring the Group's systems of risk management and internal control, ensuring that they comply with the Code, and for reviewing their effectiveness, at least annually.

There are ongoing processes and procedures for identifying, evaluating and managing the principal and emerging 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 2020 Annual Report and Accounts were approved and accord with the FRC's Guidance on Risk Management, Internal Control and Related Business Reporting. The Board's approach to setting and monitoring risk appetite and the overall risk management framework is set out on pages 66 to 79 of the Strategic Report.

Internal control procedures are designed to manage rather than eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

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 and a robust assessment of the Company's emerging and principal risks, further details of which are set out on page 66 of the Strategic Report. The key features of the system of internal control include:

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 each of 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 Board Meeting, which overlays wider strategic risks than those covered by the operations. This sets out the annual changes in the risk appetite and 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 throughout 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 to the Group Executives is prepared. The results of all operating companies are reported monthly and compared with both budget and the previous month's forecast.

There is a consolidation process in place which ensures that there is a reconciliation 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 of land, which includes rigorous legal, environmental, planning and financial appraisals and are all subject to executive authorisation. Rigorous procedures are also followed for the selection of consultants and contractors to work on the Group's developments. The review and monitoring of all build programmes and cost budgets are fundamental elements of the Company's monthly and annual 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.

Audit Committee Report continued

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, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and is charged with overseeing the development and implementation of the Group's policies and procedures thereon and monitoring ongoing compliance.

Internal audit

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

The Committee undertook its annual review of the Group's Risk Management and 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 103 of the Corporate Governance Report, and covered:

- the assessment of the principal and emerging risks facing the Group;
- the key elements of the Group's control processes, covering financial, operational and compliance controls, to mitigate these risks; and
- 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 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; and
- 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.

The Committee reviewed the assumptions and methodology behind the Group's Viability Statement, the period that the assessment covered and the sensitivity analysis undertaken. The Committee was satisfied that the Viability Statement was appropriate and recommended its approval to the Board. The Viability Statement can be found on page 67 of this report.

External audit

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 Committee during the year. The strategy document identified its assessment of the key audit risks and other areas of audit focus, 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 key audit risks and any other findings arising from its work.

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

Independence of the external auditor

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.

In order to safeguard auditor independence, the Committee has a policy on the provision of non-audit services by the external auditor. In accordance with that policy the ratio of audit fees to non-audit fees should be no greater than 0.7:1, with a target of lower than 0.5:1 in any one year and in aggregation over the previous three financial years. The ratio for the year ended 30 April 2020 was 0.0:1, well within this limit, and merely related to the fees for the interim review which are closely related to the annual audit process. Audit and non-audit fee disclosures are set out in note 2.4 to the Consolidated Financial Statements.

Any departure from this ratio will only be as a consequence of transactional work and only where such transactional work is non-recurring.

Where the Committee considers it is right for the external auditor to undertake such non-recurring transactional work, the Committee will ensure:

- i) that the nature of the work and the basis for using the external auditor shall be disclosed in the Annual Report;
- ii) that the work does not pose any threat to the independence and objectivity of the external auditor; and
- iii) that there is a presumption in favour of using other firms to provide transactional advice unless such advice can only be provided by the external auditor on the grounds that:
 - it is proprietary to them;
 - it has pre-existing knowledge and experience of a situation which precludes the use of alternative firms;
 - the nature of the transaction is such that the Group's auditor is the only practical appointment; and
 - it is at the discretion of the Chairman of the Audit Committee.

Non-audit work carried out by all accounting firms, including the external auditor, is 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 auditor is 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 2020 AGM.

The Committee remains mindful of evolving best practice under the UK Corporate Governance Code 2018 and is subject to the requirements of the Financial Reporting Council and the EU in determining its future approach to re-tendering the external audit appointment. The Company confirms that it complied with the provisions of the Competition and Markets Audit Authority's Order for the financial year under review.

A Myers Chairman, Audit Committee

17 June 2020

Directors' Remuneration Report

Annual Statement of the Chair of the Remuneration Committee

Remuneration Committee membership

Committee Member	Date of appointment to Committee	Meeting attendance
Glyn Barker, Chairman*	13 June 2012	3/3
Andy Myers	1 May 2014	3/3
Peter Vernon	18 April 2018	3/3

*Chairman of the Remuneration Committee since 14 June 2013

Contents of the Directors' Remuneration Report

Annual Statement of the Chair of the Remuneration Committee	106
Berkeley's Remuneration Philosophy	117
Remuneration at a Glance	118
How the Remuneration Policy was operated in 2019/20 and how the new Remuneration Policy will operate in 2020/21	120
Additional context on Berkeley Executive Directors' pay	123
Employment at Berkeley	124
Annual Report on Remuneration	129

Key responsibilities of the Committee

- Determine and agree with the Board the broad policy for the remuneration of the Executive Directors and senior management.
- Review pay policies for the wider workforce.
- Determine performance conditions for the incentive plans operated by the Company and approve the total annual payments made under them.
- Determine all share incentive plans for approval by the Board and shareholders.
- Take into account the views of shareholders and the wider workforce 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's Terms of Reference sets out its full remit and can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk)

Who supports 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. The Company Secretary attended each meeting as Secretary to the Committee.

PricewaterhouseCoopers LLP (PwC) is 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 (prior year: £50,000) were provided to PwC during the year in respect of remuneration advice received. There are no connections between PwC and individual Directors to be disclosed.

Glyn Barker
Chairman, Remuneration Committee



Financial highlights of 2019/20

The company has had another strong year reflected in the following components of performance:

- Net cash of £1,138.9 million (2019: £975.0 million) after making shareholder return payments of £280.3 million (2019: £251.9 million)
- Pre-tax return on shareholders' equity of 16.6% (2019: 27.9%)
- Net asset value per share increased by 7.2% to £24.72 (2019: £23.05)
- Forward sales of £1.9 billion (2019: £1.8 billion)
- Future anticipated gross margin in the land bank up 2.7% to £6,417 million (2019: £6,247 million)
- Profit before tax of £503.7 million (2019: £775.2 million)

Long-term Company performance

Return on Equity

Berkeley's Return on Equity compared with the sector over the last 10 years illustrates the relative performance of the Company:

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 Restated	2018/19	2019/20	10 year average
Berkeley	15.3%	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	27.9%	16.6%	28.0%
Sector highest	15.3%	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	34.1%	32.3%	28.0%
Sector lowest	(6.2%)	(0.4%)	3.4%	3.5%	12.2%	16.0%	15.7%	11.0%	15.9%	15.0%	10.2%
Sector average* (excluding Berkeley)	1.0%	4.8%	8.5%	11.4%	18.2%	22.3%	24.2%	23.3%	24.9%	23.8%	16.2%

*Sector includes Barratt Developments, Vistry, Redrow, Taylor Wimpey, Bellway and Persimmon.

The performance over the last 10 years highlights Berkeley's strategy to deliver long-term returns over the cycle rather than focused on one year. The results of the remainder of the sector for 2019/20 reflect annual results prior to Covid-19.

Impact on remuneration

The strong performance of the Company set out above has resulted in the vesting of the relevant tranche of the award under the 2011 LTIP on 30 September 2019; following the return to shareholders of £279.3m in the year to that date.

Under the Policy approved in 2019, there is no Bonus Plan for the Executive Directors.

Governance

The key governance highlights for the year were as follows:

- Committee continued to respond to changes proposed by the FRC to the UK Corporate Governance Code.
- Reviewed the Committee's Terms of Reference and assessed its effectiveness.
- Continued an extensive engagement with our shareholders (see later section).

Decisions made during the year

The Committee determined the following during the year:

- Salary rise for Directors for 2019/20 of between 2.7% and 2.8%, below the level of general employee rises to employees of on average of 4.1%.
- Vesting of the 2011 LTIP tranche in September 2019.
- Actions in relation to the impact of Covid-19 on Executive Director base salaries and Non-Executive Director fees.

Compliance statement

This Report, prepared by the Committee on behalf of the Board, has been prepared in accordance with the provisions of the Companies Act 2006 (the Act), the Listing Rules of the Financial Conduct Authority and the Large and Medium-sized Companies and Groups (Financial Statements and Reports) (Amendment) Regulations 2013. The Act requires the Auditor to report to the Company's shareholders on the audited information within this report and to state whether, in their opinion, those parts of the report have been prepared in accordance with the Act. The Auditor's opinion is set out on pages 144 to 150 and those aspects of the report that have been subject to audit are clearly marked. It is considered that throughout the year under review the Company has complied with the governance rules and best practice provisions applying to UK-listed companies.

Directors' Remuneration Report continued

Annual Statement of the Chair of the Remuneration Committee continued

Dear Shareholder,

I am pleased to introduce our Directors' Remuneration Report for the year ended 30 April 2020.

I want to begin by saying that Berkeley, like many other businesses in the UK, has been impacted by Covid-19. During this crisis, the health and safety of our people, subcontractors and customers has been our first priority. My letter sets out some of the actions we have taken in response to Covid-19 from a remuneration perspective.

I also want to provide you with some further context on some of the changes that we were proposing in the lead-up to Covid-19. These changes were in response to an extensive consultation exercise with our major shareholders following feedback on the Remuneration Policy which was approved at the 2019 Annual General Meeting. The Committee appreciates that whilst the 2019 Remuneration Policy was accepted by many shareholders, there were a number of shareholders and proxy advisers who felt they could not support it. Whilst the proposed changes to our Executive Director remuneration were not implemented, due to the Board's postponement of the increase in the Shareholder Returns via the B and C share scheme, as a Committee we want to provide full transparency on the recent consultation exercise and to set out the changes to the 2011 LTIP that we have decided to proceed with which respect the principles agreed with shareholders in the lead up to the adjourned 2020 EGM.

Impact of Covid-19 on Directors' remuneration

The following table sets out the key components of Directors' remuneration and the decisions made by the Committee:

Element of Remuneration	Committee Decision	Rationale
2019/20 Bonus	In accordance with the Remuneration Policy agreed by shareholders at the 2019 AGM the Company no longer operates a bonus plan for the Executive Directors.	Consistent with the shareholder approved Remuneration Policy.
Payment of Deferred Bonus from the legacy Bonus Plan in 2019/20	The Committee determined that the bonus earned in years prior to 2019/20 but deferred, and which was payable in June 2019, should be paid in accordance with the rules of the legacy Bonus Plan.	<ul style="list-style-type: none"> — The payment reflected bonus earned but deferred from previous financial years and therefore there was no impact of Covid-19. — The Company paid deferred elements to other eligible employees. — The 2019/20 financial year was one of strong performance for the Company. — Dividends were paid to shareholders. — The Company's balance sheet, liquidity and finances are strong. — No Government assistance was taken in relation to Covid-19.
2019/20 LTIP Tranche Vesting	The performance conditions were satisfied, and the tranche of the 2011 LTIP award vested in accordance with the schedule on 30 September 2019.	<ul style="list-style-type: none"> — The 2011 LTIP is a long-term plan with initial awards granted in 2011; therefore, subject to the performance conditions being met; the Committee felt that it is equitable to allow vesting. — The vesting reflected strong performance over a number of years. — All the years reflected in this vesting were prior to Covid-19.
2020/21 Salary/Fee increases	<p>The Committee did not feel that it was appropriate to make salary rises to the Executive Directors for the upcoming financial year given the challenging external environment and the general sensitivity to Executive remuneration.</p> <p>In addition, Executive Directors agreed to a 20% reduction in base salaries for the period beginning on 1 April 2020 until there is greater visibility on the housing market. The Chair and Non-executive Directors have taken a similar reduction in their fees for this period.</p>	<ul style="list-style-type: none"> — The Committee did not feel that it was appropriate in the current climate to increase the salaries of the Executive Directors or fees for the Non-executive Directors. — The Company has not taken advantage of the Covid-19 Job Retention Scheme or furloughed any employees. — Nor has the Company taken advantage of any other Government assistance resulting from Covid-19.
2020/21 Bonus	As stated above there is no bonus plan as part of the 2019 Remuneration Policy.	Consistent with the shareholder approved Remuneration Policy.

Element of Remuneration	Committee Decision	Rationale
Payment of Deferred Bonus from the legacy Bonus Plan due in 2020/21	The Committee has determined that the bonus earned in previous years but deferred, which becomes payable in 2020/21, should be paid in accordance with the rules of the legacy Bonus Plan during 2020/21. For avoidance of doubt these are bonuses which were earned prior to 2019/20.	<ul style="list-style-type: none"> – The payment reflects bonus earned but deferred from previous financial years and therefore there was no impact of Covid-19. – It is the Company's intention to pay deferred bonus to other eligible employees. – It is the Company intention to pay the committed dividends to shareholders in respect of the 2020/21 financial year. – The Company's balance sheet, liquidity and finances are strong. – The Company has not and nor does it currently intend to take Government assistance resulting from Covid-19.
2020/21 LTIP Tranche Vesting	Subject to the performance conditions being satisfied it is the Committee's intention to allow the tranche of the 2011 LTIP to vest in accordance with the schedule on 30 September 2020.	<ul style="list-style-type: none"> – The 2011 LTIP is a long-term plan with initial awards granted in 2011; therefore, subject to the performance conditions being met; the Committee feels that it is equitable to allow vesting. – Further the vesting of the tranche in September 2020 is subject to additional performance conditions agreed by the Directors (to their detriment) following the shareholder consultation exercise at the beginning of 2020 (see below for full details).

Remuneration Policy consultation exercise in 2020

Introduction

The Committee consulted extensively with shareholders at the beginning of 2020. Full details were provided in the Circular issued to shareholders on 24 February 2020 for a General Meeting on 18 March 2020 to approve additional returns to shareholders through a "B" shares mechanism. On 12 March 2020 the Company adjourned the General Meeting and issued an RNS Announcement including the following information:

"Today's announcement is made in the context of the current increased macro uncertainty, which has been uniquely impacted by the global spread of Coronavirus. While there has been no noticeable impact on Berkeley's business to date, the ultimate impact on UK business is unknown. There is no recent historic precedent and for this reason it is absolutely right for any responsible business to approach the next six months with a reduced risk appetite and heightened sense of caution.

This in no way alters the Board's view of the long-term value of the business. Indeed, Berkeley's business model is set up for the cyclical nature of the housing market; to withstand downside scenarios and be well placed to take opportunities as they arise. Berkeley has net cash of in excess of £1.0 billion at the date of this statement with a further £750 million of bank facilities available.

However, on balance, the Board has decided to postpone the increase in the Shareholder Returns that was scheduled to be made via a B and C share scheme as set out in a Circular posted to Shareholders on 24 February 2020. The Board is keen to stress that it currently still intends to make the enhanced returns but will reassess this in our Full Year Results Announcement in June, by when it is indicated the effect of Coronavirus will be more measurable and certain.

In view of this postponement, the General Meeting which was convened for 18 March 2020 is being adjourned indefinitely. If having reassessed the position, the Board decides to proceed with an enhanced return requiring shareholder approval, as it currently anticipates, any proposals would be put to shareholders at the time of the Annual General Meeting in September 2020.

The circular to shareholders of 24 February 2020 also included proposals to amend the Remuneration Policy. The Board is grateful to its major shareholders who participated in the consultation on the amendments and for their positive response. The Board will reconsider appropriate amendments to be made to the Remuneration Policy in light of the postponement noted above, and it is expected that any such amendments would be put to shareholders for consideration at the time of the Annual General Meeting. In the meantime, the Company will revert to its current schedule for Shareholder Returns. The Company is therefore announcing today that a dividend of £124.8 million (99.32 pence per share) will be paid on 31 March 2020 to Shareholders on the register on 20 March 2020, with an ex-dividend date of 19 March 2020. It is also committing to make the next £140.1 million return to be made by 30 September 2020 through a combination of share buy-backs and dividends."

At the time the Company decided to adjourn the General Meeting on 18 March 2020 it had received votes representing 68.16% of the issued share capital of which 94.96% was supportive of the resolution to amend the 2019 Remuneration Policy.

Directors' Remuneration Report continued

Annual Statement of the Chair of the Remuneration Committee continued

Background

The changes set out in my letter forming part of the Circular reflected our commitment to shareholders, following the Company's AGM on 6 September 2019, to respond to concerns raised by proxy voting advisers and which were shared by a number of shareholders, around certain aspects of the LTIP. Following consultation with shareholders and proxy advisers, the Committee proposed to amend the terms and conditions of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan (the '2011 LTIP' or the 'Plan'):

- to reflect the proposed increased return to shareholders as set out in the Circular; and
- to address the concerns raised by some shareholders on amendments to the 2011 LTIP as part of the approval of the 2019 Remuneration Policy at the September 2019 AGM.

As part of the proposed amendments, the Executives were being asked to agree to a set of changes that further restricted and limited their existing awards to reflect the concerns of a significant minority of the Company's shareholders (which had been accepted by the Executives). The Committee believed that these changes brought the Executives near to the point where any further adverse changes to their awards ran the risk of the Executive team fragmenting. If the proposed changes were approved, the Committee believed that the right balance would have been struck to secure the ongoing commitment and performance of the Executive team to the long-term benefit of all stakeholders.

The only changes proposed to the 2019 Remuneration Policy were in respect of amendments to the 2011 LTIP. However, there was also a commitment in the implementation of the 2019 Remuneration Policy that the Company pension contributions for incumbent Executive Directors would be aligned with that of the majority of employees by 2022.

Proposed changes to the 2011 LTIP

The Committee proposed the following key changes to the 2011 LTIP, as approved at the Company's AGM on 6 September 2019:

Change in the vesting terms (Part 1 – Increased cash returns hurdle):

It was proposed that the tranche of award eligible to vest on 30 September 2020 be subject to an increased shareholder return performance condition of £500m (increased from £280m), a cumulative return increase from £14.85 to £16.74 per share.

It was further proposed that the tranche of award eligible to vest on 30 September 2021 be subject to an increased shareholder return performance condition of £500m (increased from £280m), a cumulative return increase from £17.08 to £20.74 per share.

Change in vesting terms (Part 2 – Introduction of new performance conditions):

It was proposed that 50% of each tranche of award be subject to the following additional performance conditions at each vesting date as well as meeting the cumulative return targets:

- It was proposed that 30% of the tranche be subject to achieving a cumulative pre-tax Return on Equity ('ROE') of a minimum of 15% (to be calculated commencing 1 May 2019);
- It was further proposed that 20% of the tranche be subject to being on target to achieve a cumulative level of Profit before Tax ('PBT') of a minimum of £3bn for the six years ending 30 April 2025.

The proposed new performance conditions would apply to all tranches from September 2020 to September 2025. Full details of the new performance conditions are set out on page 45 of the Circular.

Rationale for why the Committee believed shareholders should support the proposals

The Committee believed that the proposed changes to the operation of the 2011 LTIP addressed concerns raised by some shareholders at the 2019 AGM. The Committee further believed that the key attraction of the proposed Remuneration Policy amendment to shareholders was that, for the same number of shares capable of being earned when awards were granted in 2011, the value provided to shareholders per share would be increased from £13.00 (from inception of the Plan) to £29.66 under the proposal.

Purpose of Berkeley remuneration

One of the key principles of the 2018 UK Corporate Governance Code is that "remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy."

The link to the Company's strategy has been the key principle underpinning Berkeley's approach to remuneration. Evidence of the long-term sustainable success of the Company can be seen in the total returns to shareholders and financial performance over the period shown in the graph on page 117. The Committee believes that a key component of the Company's success has been the retention and incentivisation of a core team of talented Executives for a long period ensuring continuity and a long-term focus in a cyclical market. The Committee has asked the Executives a number of times to amend their existing awards to increase the performance conditions, reduce the amounts payable and extend the periods over which these reduced amounts were paid to ensure Berkeley reflected changing attitudes to remuneration. It is important to recognise that such amendments have been made with the full support of the Executives who were under no legal obligation to agree to detrimental changes to the terms of their existing awards.

Strategy link

The Company has always been able to draw a direct link between its corporate strategy and reward strategy. Therefore, with the commitment to increase the return to shareholders set out in the RNS announcement made by the Company on 22 January 2020 (the "Announcement"), the Committee proposed the increase in the return performance conditions for the 2011 LTIP set out in the Circular. The Committee believes this direct link between the Company strategy and reward strategy has benefited all stakeholders to date and will continue to do so over this next period.

Committee response to shareholders' concerns

During consultation with shareholders in advance of the approval of the 2019 Remuneration Policy (which included amendments to the 2011 LTIP) issues were raised by a minority of shareholders on the 2011 LTIP. The following table now sets out how the Committee addressed these issues through the revised proposals set out the Circular:

Issue	A question was raised whether the cumulative return of £280m p.a. (£2 per share) was sufficiently challenging.
Committee response	<p>The Committee believes that the return target requires the consistent delivery of strong underlying ROE, profit and cash performance. The chart on page 117 demonstrates this consistent strong performance over multiple years.</p> <p>However, the Committee has always reflected the Company's strategy in its remuneration structure and therefore has increased the return targets for the 2011 LTIP to reflect the increased return committed to in the Announcement.</p>
Issue	There was a concern raised that Total Shareholder Return was the sole performance condition with the removal of the bonus plan.
Committee response	<p>It is the Committee's view as stated above that the Total Shareholder Return is the output of a number of successful inputs (ROE, profit and cash) and therefore does not result in a narrow focus but on a holistic approach to delivering long-term sustainable performance with the Shareholder Returns.</p> <p>However, the Committee is proposing (and management have agreed) to include within the performance conditions for the 2011 LTIP specific cumulative performance conditions based on pre-tax ROE and Profit before Tax ("PBT") in line with the Company's strategy communicated to shareholders. The basis for their inclusion is they are part of the focus on operational performance that has delivered the returns strategy over the last 15 years and will continue to do so in the future.</p> <p>The long-term nature of the business, with an unrelenting focus on the customer and communities, coupled with the complexity associated with delivering tall buildings, means that Berkeley has always focused on long-term value creation, as opposed to annual profit targets to best drive shareholder value.</p> <p>It should be noted that this is another detrimental change to the terms and conditions on which the 2011 LTIP awards were granted and therefore is something to which participants have had to agree.</p>
Issue	There was a concern raised around the overall quantum payable under the 2011 LTIP both in absolute terms and comparative to the performance delivered.
Committee response	<p>The Committee with the support of management has reduced the quantum from the amount originally set out in the awards made under the 2011 LTIP and made the performance conditions more challenging over the period from the date of grant in 2011.</p> <p>As set out above, the Committee has increased the return targets and introduced additional ROE and PBT cumulative performance conditions to the original terms and conditions of the awards granted to participants. This has substantially increased the performance required with a detrimental effect on the original value of the awards.</p> <p>Management has agreed to a number of reductions in quantum, and to longer deferral periods, in addition to the increase in performance conditions. All these changes have been made to subsisting awards and therefore require participant consent which the Committee has been grateful to receive. From a financial perspective, the changes made to the LTIP since 2016 have reduced the potential value vesting by more than 50% and extended the period over which this value is earned from 10 years to 15 years. The annualised value has therefore fallen by approximately two thirds, and could be reduced further if the new performance conditions proposed herein are not met.</p>

Directors' Remuneration Report continued

Annual Statement of the Chair of the Remuneration Committee continued

Operation of the 2011 LTIP vesting in 2020/21

The adjournment of the General Meeting on 18 March 2020 meant that formal shareholder approval was not received for the additional return on capital or the proposed changes to the operation of the 2011 LTIP through the amendment to the 2019 Remuneration Policy. However, given the indication of the strong level of shareholder support for the changes to the operation of the 2011 LTIP, the Committee has determined to retain the spirit of the proposals set out above and in detail in the Circular whilst recognising the increased uncertainty and challenge caused by Covid-19 and its aftermath. Specifically, the Committee has reflected the up to two year deferment of the enhanced capital return, which recognises the volatility caused by Covid-19 and the potential for the Company to investment the surplus capital in incremental new land should opportunities arise which would lead to enhanced shareholder value, by requiring full visibility of the maintenance of the £455 million surplus capital at 30 September 2020 and 2021.

It should be noted that all the performance conditions set out below (other than the Base Return) are new retrospective additions to existing awards to the detriment of participants. It is important to note that these performance conditions are an amendment to the terms of the original awards to add additional performance conditions above those that the awards were granted with i.e. a strengthening of performance conditions; an important reason for the strong shareholder support in March. The following table sets out the proposals set out in the Circular for the 2011 LTIP, how they have been amended and will be applied for the September 2020, 2021, 2022 and 2023 vestings, and the Committee's rationale:

Tranche of the 2011 LTIP	Proposal set out in the Circular	Revised proposal	Committee rationale
2020 and 2021 Vesting			
<i>Return Targets</i>	No tranche of the LTIP award can vest without the satisfaction of these targets.	No change.	Core design principle behind the 2011 LTIP.
Base Return	£280m (approx.)	£280m (approx.)	This is the commitment made by the Company and part of the 2011 LTIP performance criteria prior to the proposal set out in the Circular.
Enhanced Return	£455m (approx.)	<p>It is the intention of the Committee to retain the discipline and rigour of the proposal set out in the Circular whilst recognising the need for additional flexibility over the next period due to Covid-19 and its aftermath.</p> <p>The Enhanced Return performance condition will be satisfied provided that one or more of the following conditions are met at the September 2020 and September 2021 vesting dates:</p> <ol style="list-style-type: none"> The Enhanced Return has been made; Additional investment in land interests have been made, equivalent in value to the Enhanced Return, above the cost of the replacement of land that has been used in the Profit & Loss Account. The Company's basis of calculating whether it is additional investment is where it spends more on land than 11.6% of revenues on a cumulative basis from 1 May 2020 (11.6% is based on the percentage of land cost to revenue in the current land bank); A combination of 1 and 2, which represent permitted uses ("Permitted Uses") of the surplus capital; The Company has a minimum of £455m (approx.) of net cash on the balance sheet (after making the Base Return and after any amount of cash already spent on Permitted Uses since 12 March 2020 is deducted). 	<p>The Committee has retained the principal of an Enhanced Return but adjusted the satisfaction of the target to allow the Company to respond flexibly to the uncertain external environment caused by Covid-19 and ensure the maximization of value for all stakeholders.</p> <p>The key changes are:</p> <ol style="list-style-type: none"> To allow the Company the flexibility to invest in land above the replacement land. The Company drove exceptional performance from land acquired after the 2008 financial crisis and wishes to ensure that it has sufficient firepower to take advantage of any opportunities in the current market. The uncertainty today and the lack of clarity on the future housing market has resulted in the Committee wishing to ensure that there is a wider window for providing the Enhanced Return (or investment in additional land interests) to allow a prudent approach to be operated. In effect the Committee has provided a two year window for the September 2020 and 2021 vestings in which the Enhanced Return performance condition has to be met.

Tranche of the 2011 LTIP	Proposal set out in the Circular	Revised proposal	Committee rationale
Vesting	50% of the 2011 LTIP Tranche capable of vesting at the 2020 and 2021 vesting dates will vest on the satisfaction of the Base and Enhanced Return performance conditions. Where these performance conditions are not met 100% of the relevant tranche at 2020 or 2021 will lapse.	No change.	The return performance conditions remain the primary performance conditions which have to be met for each tranche of the 2011 LTIP award for any level of vesting.
Financial Targets	Provided the return performance conditions have been satisfied 50% of tranche under the 2011 LTIP is subject to the satisfaction of the following additional performance conditions.	No change.	This was one of the principle concerns raised by the minority of shareholders in relation to the 2019 Remuneration Policy and therefore the Committee has determined to proceed with its implementation of the additional financial performance conditions irrespective of the adjournment of the 18 March 2020 General Meeting.
Cumulative ROE	It was proposed that 30% of the tranche be subject to achieving a cumulative pre-tax Return on Equity ("ROE") of a minimum of 15% (to be calculated commencing 1 May 2019).	No change.	Core long-term element of the measurement of the success of the implementation of Berkeley's strategy.
Cumulative Profit before Tax	It was further proposed that 20% of the tranche be subject to being on target to achieve a cumulative level of Profit before Tax ("PBT") of a minimum of £3bn for the six years ending 30 April 2025.	The Committee is proposed to retain the cumulative PBT target but is proposing the following clarification on the assessment of the target in any one year: (1) To achieve the target in any one year, the Company needs to deliver PBT of at least £500m; or (2) The Company must be on track to deliver a cumulative PBT run rate of £3bn.	The Committee felt that whilst the spirit of the cumulative PBT target should be retained, given the Company's withdrawal of profit guidance, that some flexibility should be introduced to deal with the one-off unpredictable impact of Covid-19.
2022 Vesting			
Return Targets	Same as for 2020.		
Base Return	£280m (approx.)		
Enhanced Return	£455m (approx.) £230m (approx.) of which must have been spent on Permitted Uses by 31 March 2022.	The Enhanced Return performance condition will be satisfied provided that the following conditions are met at the September 2022 vesting date: 1. The Enhanced Return has been made; 2. Additional investment in land interests have been made, equivalent in value to the Enhanced Return, above the cost of the replacement of land that has been used in the Profit & Loss Account; 3. A combination of 1 and 2; and 4. The Company has a minimum of £455m (approx.) of net cash on the balance sheet (after making the Base Return and after any amount of cash already spent on Permitted Uses since 12 March 2020 is deducted).	By the September 2022 vesting date, the Company must have actually paid the Enhanced Return to shareholders and/or used the funds to make additional investment in land interests. This is the additional return set out in the Circular for the B shares which would have been provided in September 2020 had Covid-19 not resulted in the adjournment of the General Meeting and the requirement for additional flexibility by introducing a two year period in which the Enhanced Return must have been paid and/or invested.

Directors' Remuneration Report continued

Annual Statement of the Chair of the Remuneration Committee continued

Tranche of the 2011 LTIP	Proposal set out in the Circular	Revised proposal	Committee rationale
Vesting	Same as for 2020.		
<i>Financial Targets</i>	Same as for 2020.		
Cumulative ROE	30% of the tranche is subject to achieving a cumulative pre-tax Return on Equity ("ROE") of a minimum of 15% (to be calculated commencing 1 May 2019).		
Cumulative Profit before Tax		<ol style="list-style-type: none"> To achieve the target in any one year, the Company needs to deliver PBT of at least £500m; or The Company must be on track to deliver a cumulative PBT run rate of £3bn. 	
2023 Vesting			
<i>Return Targets</i>	Same as for 2020.		
Base Return	£280m (approx.)		
Enhanced Return	£230m (approx.); being £455m less the Enhanced Return paid in respect of the 2022 vesting.	<p>The Enhanced Return performance condition will be satisfied provided that either:</p> <ol style="list-style-type: none"> The Enhanced Return has been made; Additional investment in land interests have been made, equivalent in value to the Enhanced Return, above the cost of the replacement of land that has been used in the Profit & Loss Account; or A combination of 1 and 2. 	<p>By the September 2023 vesting date, the Company must have actually paid the Enhanced Return to shareholders and/or used the funds to make additional investment in land interests.</p> <p>This is the additional return set out in the Circular for the C shares which would have been provided in September 2021 had Covid-19 resulted in the adjournment of the General Meeting and the requirement for additional flexibility by introducing a two year period in which the Enhanced Return must have been paid and/or invested.</p>
Vesting	Same as for 2020.		
<i>Financial Targets</i>	Same as for 2020.		
Cumulative ROE	30% of the tranche is subject to achieving a cumulative pre-tax Return on Equity ("ROE") of a minimum of 15% (to be calculated commencing 1 May 2019).		
Cumulative Profit before Tax		<ol style="list-style-type: none"> To achieve the target in any one year, the Company needs to deliver PBT of at least £500m; or The Company must be on track to deliver a cumulative PBT run rate of £3bn. 	

See pages 120 to 122 for further details of the implementation of the 2019 Remuneration Policy in 2020/21.

Wider workforce considerations

The Committee is responsible for overseeing remuneration for the most senior employees at the Company. However, we are aware of our duty to oversee remuneration principles at all levels, ensuring that pay is fair, competitive and strategically aligned for our employees. Remuneration arrangements are in place which ensure that all employees can share in the Company's success and these arrangements are discussed further on page 124. The Committee has taken steps to implement the corporate governance changes which have come into effect at the beginning of 2019 and the expansion of our remit. We have set out specific details below of how the approved Remuneration Policy aligns with the Code.

Berkeley recognises that our employees are our strongest resource and it is important that the Company attracts, develops and retains talented teams at every level. The autonomous business structure results in numerous strong people engagement activities which, through the short lines of communication, flow up to the Board through the Executive Committee and Our Vision People work stream.

To supplement this existing extensive engagement framework, that includes staff conferences where the Chairman speaks and takes questions, staff surveys, Town Halls and 'Breakfast with the MD' sessions, we have during the year set up a people engagement forum with representation from across the business. This forum will ensure that there is a single forum assessing these activities, sharing best practice and capturing their output for the Executive Committee and Board. During the year, we have implemented enhanced parental pay and leave policies, reflecting feedback from the business and our people.

Compliance with the 2018 UK Corporate Governance Code

I have set out below how our 2019 Remuneration Policy takes into consideration the 2018 UK Corporate Governance Code which applies for financial years beginning on or after 1st January 2019.

Key remuneration element of the 2018 UK Corporate Governance Code	Alignment with our Remuneration Policy
Five year period between the date of grant and realisation for equity incentives.	The LTIP exceeds this requirement, with a performance period which is a total of 14 years from grant to final vesting.
Phased release of equity awards.	The LTIP ensures the phased release of equity awards through annual rolling vesting.
Discretion to override formulaic outcomes.	The Remuneration Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary.
Post-cessation shareholding requirement.	We have a two year post-cessation shareholding requirement.
Pension alignment.	We have lowered pension entitlement for new Executive Directors to 6%, to be in line with eligibility for the majority of the wider workforce.*
Extended malus and clawback.	The current malus and clawback provisions already exceed the best practice suggested in relation to the new Code.

*The Company is committed to full alignment of pension contributions for the incumbent Executive Directors with that of the wider workforce by the end of 2022.

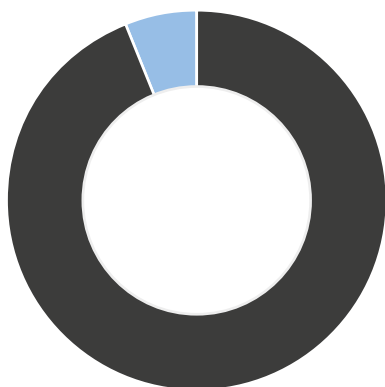
Directors' Remuneration Report continued

Annual Statement of the Chair of the Remuneration Committee continued

Shareholder support

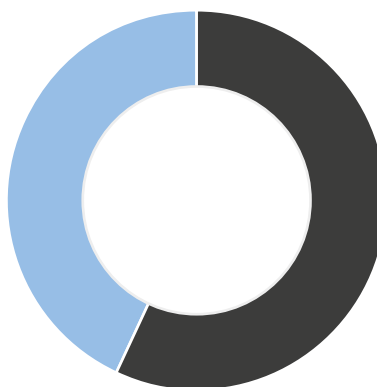
The results of the shareholder votes on the 2019 Remuneration Policy and 2019 Annual Report on Remuneration are set out below.

2019 Annual Report on Remuneration



— Votes For **93.9%**
— Votes Against **6.1%**

2019 Remuneration Policy



— Votes For **57.0%**
— Votes Against **43.0%**

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 2020. I would like to thank the shareholders who have engaged with us and supported us during the year. I would also like to thank my fellow Committee members for their support during the year.

I look forward to receiving your support for the resolution seeking approval of the Annual Report on Remuneration at our forthcoming AGM. If you have any questions, I am happy to discuss and can be contacted via our Company Secretary, Ann Dibben.

G Barker

Chairman, Remuneration Committee

17 June 2020

Berkeley's Remuneration Philosophy

Our remuneration philosophy

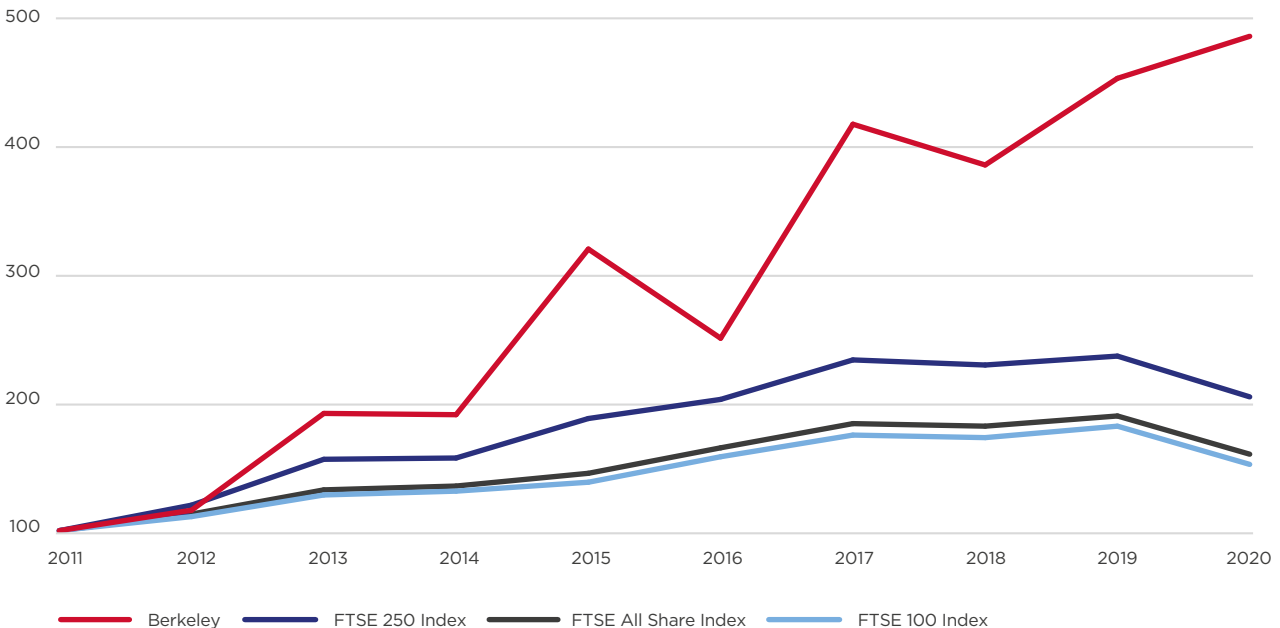
We have developed a clear set of principles which embed our strategy into how we deliver remuneration to our Executive Directors.

Remuneration principle	Details
Fixed pay should be aligned to the market and the individual's experience.	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.
Variable pay should be linked to the long-term performance of the company.	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.
Executives should be rewarded for long-term sustainable performance.	Our Remuneration Policy delivers all variable pay in the form of long-term incentives. The long-term incentives, which now extend to 2025, 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 is focused on executing our capital allocations strategy and generating long-term sustainable value for shareholders.
Executives should hold 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. We have introduced a two year post-cessation holding period to further enhance this and align with emerging best practice.
Executive remuneration should not be excessive.	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.

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 14 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.



Directors' Remuneration Report continued

Remuneration at a Glance

What we paid Executive Directors in the year?

Executive Director £'000	Salary 2020	Pension 2020 ⁽¹⁾	Annual bonus 2020 ⁽²⁾	LTIP ⁽³⁾	Total Remuneration		Benefits 2020 ⁽⁶⁾	Total 2020	Total 2019
					Cap ⁽⁴⁾	Actual ⁽⁵⁾			
A W Pidgley	197	—	—	8,000	8,200	8,197	88	8,285	8,257
R C Perrins	551	93	—	7,345	8,000	7,989	41	8,030	7,809
R J Stearn	374	56	—	2,813	3,250	3,243	22	3,265	3,186
K Whiteman	359	54	—	2,830	3,250	3,243	25	3,268	3,147
S Ellis	359	54	—	4,580	5,000	4,993	20	5,013	4,960
J Tibaldi	359	54	—	1,980	2,400	2,393	14	2,407	2,282
P Vallone	359	54	—	1,980	2,400	2,393	18	2,411	2,286

Notes

- S Ellis is a member of a defined contribution scheme and received a contribution equal to 15% of salary. P Vallone is also a member of a defined contribution scheme and received an element of his pension entitlement of 15% of salary as contributions, with the remainder received by way of payments in lieu of a pension contribution from the Company. No amounts were paid into pension arrangements in respect of R C Perrins, K Whiteman, R J Stearn and J Tibaldi during the year ended 30 April 2020, who instead received payments in lieu of a pension contribution from the Company (2019/20: percentages of salary 17%, 15%, 15%, and 15% respectively).
- There are no further contributions which will be made into the Bonus Plan. Any accrued deferred balance will continue to pay-out for participants. The actual payments made in the year are set out on page 130.
- This represents the fourth tranche of the 2011 LTIP that vested on 30 September 2019 at a share price of £41.96 subject to the operation of the Total Remuneration Cap (see table on page 131 for details). Where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
- The Total Remuneration Cap limits the amount of total remuneration that has been earned over the financial year and is capable of being paid out. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
- The Total Remuneration Cap operated for the 2019/20 financial year and where the remuneration would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
- Benefits, which are not included in calculating the Remuneration Cap, include a fully expensed company car or cash allowance alternative and medical insurance.

The following table sets out the total fixed pay and total variable pay in 2019/20 and 2018/19:

£'000	Total Fixed		Total Variable	
	2020	2019	2020	2019
A W Pidgley	285	257	8,000	8,000
R C Perrins	685	674	7,345	7,135
R J Stearn	452	446	2,813	2,740
K Whiteman	438	437	2,830	2,710
S Ellis	433	429	4,580	4,531
J Tibaldi	427	422	1,980	1,860
P Vallone	431	426	1,980	1,860

Annual Bonus outcome

In line with the Remuneration Policy, the Company does not operate a bonus plan. The accrued deferred balances in participant Bonus Plan accounts under the legacy Bonus Plan will continue to pay-out as normal - see page 130 for details of the payments out of the bank this year and banked shares carried forward.

LTIP

The fourth tranche of the 2011 LTIP award vested in the year as follows. The number of options released from the Plan is limited to ensure the value of the Total Remuneration Cap for each individual is not exceeded:

Executive Director	Options granted under 2011 LTIP	Percentage of Options capable of vesting	Performance measure and outcome	Options capable of vesting	Value of gain on vested options ⁽¹⁾	Capped value (and value vested) ⁽²⁾	Number of options vested (after application of Cap) ⁽³⁾	Value above the Cap ⁽⁴⁾
A W Pidgley	5,000,000		£835.4m of shareholder returns from 1 October 2016 to the 30 September 2019 - 100% achieved	670,000	23,116,675	8,000,000	231,867	15,116,675
R C Perrins	5,000,000			670,000	23,116,675	7,344,800	212,877	15,771,875
R J Stearn	954,328	13.4%		127,879	4,412,144	2,813,000	81,530	1,599,144
K Whiteman	1,000,000			134,000	4,623,335	2,830,250	82,030	1,793,085
S Ellis	2,250,000			301,500	10,402,504	4,580,250	132,751	5,822,254
J Tibaldi ⁽⁵⁾	450,000	16.67%		75,000	2,587,688	1,980,250	57,394	607,438
P Vallone ⁽⁵⁾	450,000			75,000	2,587,688	1,980,250	57,394	607,438

Notes

- The value of gain on the options at vesting is calculated using the opening share price of £41.96 on 30 September 2019 (the date the options vested and became exercisable) less the exercise price of £7.4575 per share.
- The Total Remuneration Cap limits the value of the LTIP vesting in the year. The Total Remuneration Cap operated for the 2019/20 financial year and where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration. The capped amount is equivalent to the Total Remuneration Cap less salary less pensions.
- This is the actual number of options which vested on 30 September 2019 and could be exercised by the participants.
- This is the value of the options above the Total Remuneration Cap which would have vested had the Cap not operated.
- As set out in the 2019 Notice of Annual General Meeting, on 25 September 2019, J Tibaldi and P Vallone, were granted a further 150,000 options each, in addition to the 300,000 options granted in 2018, taking their total to 450,000 options. This additional award was in line with the commitment made on their appointment as Executive Directors by the Remuneration Committee and in line with the Policy. The original grant of 300,000 options is eligible to vest 25% each year (75,000 options) in 2018, 2019, 2020 and 2021. The additional 150,000 options will be eligible to vest in two tranches in 2020 and 2021. Therefore in September 2019, 75,000 shares were capable of vesting (16.67% of the total options granted). However, vesting will be restricted by the existing Total Remuneration Cap in both cases.

The Committee did not adjust the level of option vesting as a result of share price growth over the performance period. It was an inherent feature of the 2011 LTIP that management and shareholders' interests were aligned based on total shareholder returns (including share price growth) over the performance period. The Committee did not exercise any other discretion in relation to the level of the option vesting other than to apply the Total Remuneration Cap.

Directors' shareholdings and share interests

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 table below illustrates the minimum shareholding requirements for the Executive Directors and the value of the shares they currently own (as a percentage of salary). Full details on the Directors' share interests can be found in the Annual Report on Remuneration.

% of salary	Shareholding requirement	Value of beneficially owned shares
A W Pidgley	400%	34,987%
R C Perrins	400%	8,613%
R J Stearn	200%	1,850%
K Whiteman	200%	3,306%
S Ellis	200%	3,235%
J Tibaldi	200%	564%
P Vallone	200%	594%

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.

Directors' Remuneration Report continued

How the Remuneration Policy was operated in 2019/20 and how it will be operated in 2020/21

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2019/20	How we plan to implement the Remuneration Policy in 2020/21																																																
<p>Base salary</p> <p>Set on appointment and reviewed annually (effective from 1 May each year) or when there is a change in position or responsibility.</p> <p>Determined taking into account a number of external and internal factors.</p>	<p>The salaries for 2019/20 are set out below:</p> <table border="1"> <thead> <tr> <th></th> <th>£000's</th> <th>% Increase</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>200</td> <td>0%</td> </tr> <tr> <td>R C Perrins</td> <td>560</td> <td>2.8%</td> </tr> <tr> <td>R J Stearn</td> <td>380</td> <td>2.7%</td> </tr> <tr> <td>K Whiteman</td> <td>365</td> <td>2.8%</td> </tr> <tr> <td>S Ellis</td> <td>365</td> <td>2.8%</td> </tr> <tr> <td>J Tibaldi</td> <td>365</td> <td>2.8%</td> </tr> <tr> <td>P Vallone</td> <td>365</td> <td>2.8%</td> </tr> </tbody> </table> <p>In reviewing the salaries of the Executive Directors for 2019/20, the Committee also took account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 4.1%.</p> <p>See the Chair's Annual Statement for details of actions taken in respect of Covid-19.</p>		£000's	% Increase	A W Pidgley	200	0%	R C Perrins	560	2.8%	R J Stearn	380	2.7%	K Whiteman	365	2.8%	S Ellis	365	2.8%	J Tibaldi	365	2.8%	P Vallone	365	2.8%	<p>Base salary levels for 2020/21 will be as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>£000's</th> <th>% Increase</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>200</td> <td>0%</td> </tr> <tr> <td>R C Perrins</td> <td>560</td> <td>0%</td> </tr> <tr> <td>R J Stearn</td> <td>380</td> <td>0%</td> </tr> <tr> <td>K Whiteman</td> <td>365</td> <td>0%</td> </tr> <tr> <td>S Ellis</td> <td>365</td> <td>0%</td> </tr> <tr> <td>J Tibaldi</td> <td>365</td> <td>0%</td> </tr> <tr> <td>P Vallone</td> <td>365</td> <td>0%</td> </tr> </tbody> </table> <p>There were no salary rises for the Executive Directors for 2020/21. In respect of employees the Company made no rises to reflect the current external environment.</p> <p>See the Chair's Annual Statement for details of actions taken in respect of Covid-19.</p>		£000's	% Increase	A W Pidgley	200	0%	R C Perrins	560	0%	R J Stearn	380	0%	K Whiteman	365	0%	S Ellis	365	0%	J Tibaldi	365	0%	P Vallone	365	0%
	£000's	% Increase																																																
A W Pidgley	200	0%																																																
R C Perrins	560	2.8%																																																
R J Stearn	380	2.7%																																																
K Whiteman	365	2.8%																																																
S Ellis	365	2.8%																																																
J Tibaldi	365	2.8%																																																
P Vallone	365	2.8%																																																
	£000's	% Increase																																																
A W Pidgley	200	0%																																																
R C Perrins	560	0%																																																
R J Stearn	380	0%																																																
K Whiteman	365	0%																																																
S Ellis	365	0%																																																
J Tibaldi	365	0%																																																
P Vallone	365	0%																																																
<p>Benefits</p> <p>Benefits include a fully expensed car or car allowance alternative, and medical insurance.</p> <p>Additional benefits may be offered such as relocation allowances on recruitment.</p>	<p>Normal company benefit provision.</p>	<p>Normal company benefit provision.</p>																																																
<p>Pension</p> <p>The Company provides either a contribution to a pension arrangement or a payment in lieu of pension.</p>	<p>The pension contributions for 2019/20 were as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>% salary</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>0%</td> </tr> <tr> <td>R C Perrins</td> <td>17%</td> </tr> <tr> <td>R J Stearn</td> <td>15%</td> </tr> <tr> <td>K Whiteman</td> <td>15%</td> </tr> <tr> <td>S Ellis</td> <td>15%</td> </tr> <tr> <td>J Tibaldi</td> <td>15%</td> </tr> <tr> <td>P Vallone</td> <td>15%</td> </tr> </tbody> </table> <p>For future appointments, the maximum pension contribution will be capped at 6% of salary. This is in line with the level provided to the wider workforce.</p>		% salary	A W Pidgley	0%	R C Perrins	17%	R J Stearn	15%	K Whiteman	15%	S Ellis	15%	J Tibaldi	15%	P Vallone	15%	<p>The pension contribution levels for 2020/21 will be as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>% salary</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>0%</td> </tr> <tr> <td>R C Perrins</td> <td>17%</td> </tr> <tr> <td>R J Stearn</td> <td>15%</td> </tr> <tr> <td>K Whiteman</td> <td>15%</td> </tr> <tr> <td>S Ellis</td> <td>15%</td> </tr> <tr> <td>J Tibaldi</td> <td>15%</td> </tr> <tr> <td>P Vallone</td> <td>15%</td> </tr> </tbody> </table> <p>No change in relation to future appointments which will be in line with wider workforce level of 6% of salary. The Committee will be aligning the pension contributions of the incumbent Executive Directors with the wider workforce level by the end of 2022.</p>		% salary	A W Pidgley	0%	R C Perrins	17%	R J Stearn	15%	K Whiteman	15%	S Ellis	15%	J Tibaldi	15%	P Vallone	15%																
	% salary																																																	
A W Pidgley	0%																																																	
R C Perrins	17%																																																	
R J Stearn	15%																																																	
K Whiteman	15%																																																	
S Ellis	15%																																																	
J Tibaldi	15%																																																	
P Vallone	15%																																																	
	% salary																																																	
A W Pidgley	0%																																																	
R C Perrins	17%																																																	
R J Stearn	15%																																																	
K Whiteman	15%																																																	
S Ellis	15%																																																	
J Tibaldi	15%																																																	
P Vallone	15%																																																	

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2019/20	How we plan to implement the Remuneration Policy in 2020/21																
<p>Bonus</p> <p>Under the legacy 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.</p> <p>Malus applies up to the date of payment. Clawback applies three years post the date of payment.</p>	<p>No bonus plan was operated in respect of this financial year.</p> <p>Accrued and deferred payments will continue to pay out under the legacy Bonus Plan.</p>	<p>No bonus plan will be operated in respect of this financial year.</p> <p>Accrued and deferred payments will continue to pay out under the legacy Bonus Plan.</p>																
<p>LTIP</p> <p>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.</p>	<p>The fourth vesting of options under the 2011 LTIP occurred on 30 September 2019.</p> <p>The maximum level of options capable of vesting was 13.4% of the total grant (25% of the original options granted in 2018 for Tibaldi and Vallone) provided that £833.1 million of shareholder returns plus £2 for each share issued or reissued in the period 1 October 2016 to 30 September 2019, was provided through a combination of dividends and share buy-backs.</p> <p>This performance condition was met in full and therefore the maximum level of options vested.</p> <p>Further details on the operation of the 2011 LTIP in the year 2019/20 are set out on page 131.</p> <p>J Tibaldi and P Vallone received an additional grant of 150,000 options on 25 September 2019. See note 5 on page 119 which sets this out in further detail.</p>	<p>The Chair's Annual Statement sets out how the Committee is proposing to operate the 2011 LTIP for this financial year.</p>																
<p>Total Remuneration Cap</p> <p>Individual caps will limit the amount of total remuneration that can be paid in respect of the financial year.</p>	<p>The Total Remuneration Caps for 2019/20 were as follows:</p> <table border="1" data-bbox="580 1429 979 1787"> <thead> <tr> <th></th> <th>Total cap p.a. £'000</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>8,200</td> </tr> <tr> <td>R C Perrins</td> <td>8,000</td> </tr> <tr> <td>R J Stearn</td> <td>3,250</td> </tr> <tr> <td>K Whiteman</td> <td>3,250</td> </tr> <tr> <td>S Ellis</td> <td>5,000</td> </tr> <tr> <td>J Tibaldi</td> <td>2,400</td> </tr> <tr> <td>P Vallone</td> <td>2,400</td> </tr> </tbody> </table>		Total cap p.a. £'000	A W Pidgley	8,200	R C Perrins	8,000	R J Stearn	3,250	K Whiteman	3,250	S Ellis	5,000	J Tibaldi	2,400	P Vallone	2,400	<p>The Total Remuneration Caps remain unchanged.</p>
	Total cap p.a. £'000																	
A W Pidgley	8,200																	
R C Perrins	8,000																	
R J Stearn	3,250																	
K Whiteman	3,250																	
S Ellis	5,000																	
J Tibaldi	2,400																	
P Vallone	2,400																	
<p>Minimum shareholding requirement</p> <p>The Committee operates a system of shareholding guidelines to encourage long-term share ownership by the Executive Directors.</p> <p>This should be achieved within five years of appointment for Executive Directors.</p>	<p>In the case of the Group Chairman and Chief Executive Officer this is 400% of base salary, for other Executive Directors 200% of base salary. The Committee retains the discretion to increase shareholding requirement.</p>	<p>The minimum shareholding requirement remains unchanged.</p>																

Directors' Remuneration Report continued

How the Remuneration Policy was operated in 2019/20 and how it will be operated in 2020/21 continued

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2019/20	How we plan to implement the Remuneration Policy in 2020/21
<p>Post-cessation shareholding requirement</p> <p>To ensure that Executive Directors continue to be aligned with the shareholders' interests post their cessation of employment with the Group.</p>	<p>For two years following the cessation of employment, Executive Directors are required to hold shares to the value of the shareholding guideline that applied at the cessation of their employment; or, in cases where the individual has not had sufficient time to build up shares to meet their guideline, the actual level of shareholding at cessation.</p>	<p>The post-cessation shareholding requirement remains unchanged.</p>
<p>NED fee policy</p> <p>All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association.</p> <p>Each Non-Executive Director receives a fee which relates to membership of the Board and additional fees are paid for Committee Chairmanship.</p>	<p>Non-Executive Director fee levels for 2019/20 were as follows:</p> <ul style="list-style-type: none"> – Deputy Chairman and SID fee: £123.1k; – Basic fee: £68k; – Additional fee for chairmanship of Committee: £13k (no change) <p>Fees were increased by 3%. The average employee rise in salaries was 4.1%.</p> <p>See the Chair's Annual Statement for details of actions taken in respect of Covid-19.</p>	<p>Non-Executive Director fee levels for 2020/21 will be as follows:</p> <ul style="list-style-type: none"> – Deputy Chairman and SID fee: £123.1k; – Basic fee: £68k; – Additional fee for chairmanship of Committee: £13k <p>There were no fee rises proposed for 2020/21.</p> <p>See the Chair's Annual Statement for details of actions taken in respect of Covid-19.</p>

Key elements of Berkeley's Remuneration Policy for 2020/21

Policy elements	Purpose	20/21	21/22	22/23	23/24	24/25	25/26
Base salary	To recruit and retain Executive Directors of the appropriate caliber and experience to achieve the Company's business strategy						
Benefits	To provide competitive levels of employment benefits						
Pension	To provide competitive levels of pension benefits						
LTIP	No plan available for new grants during the policy period to current Executive Directors						
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	Total remuneration cap varies by each Executive Director					
Shareholding requirement	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon						

Additional context on Berkeley Executive Directors' pay

Our Remuneration positioning philosophy

The current Remuneration Policy is to set the main elements of the Executive Directors' remuneration package against two benchmarks: the FTSE 100; and a Company comparator group.

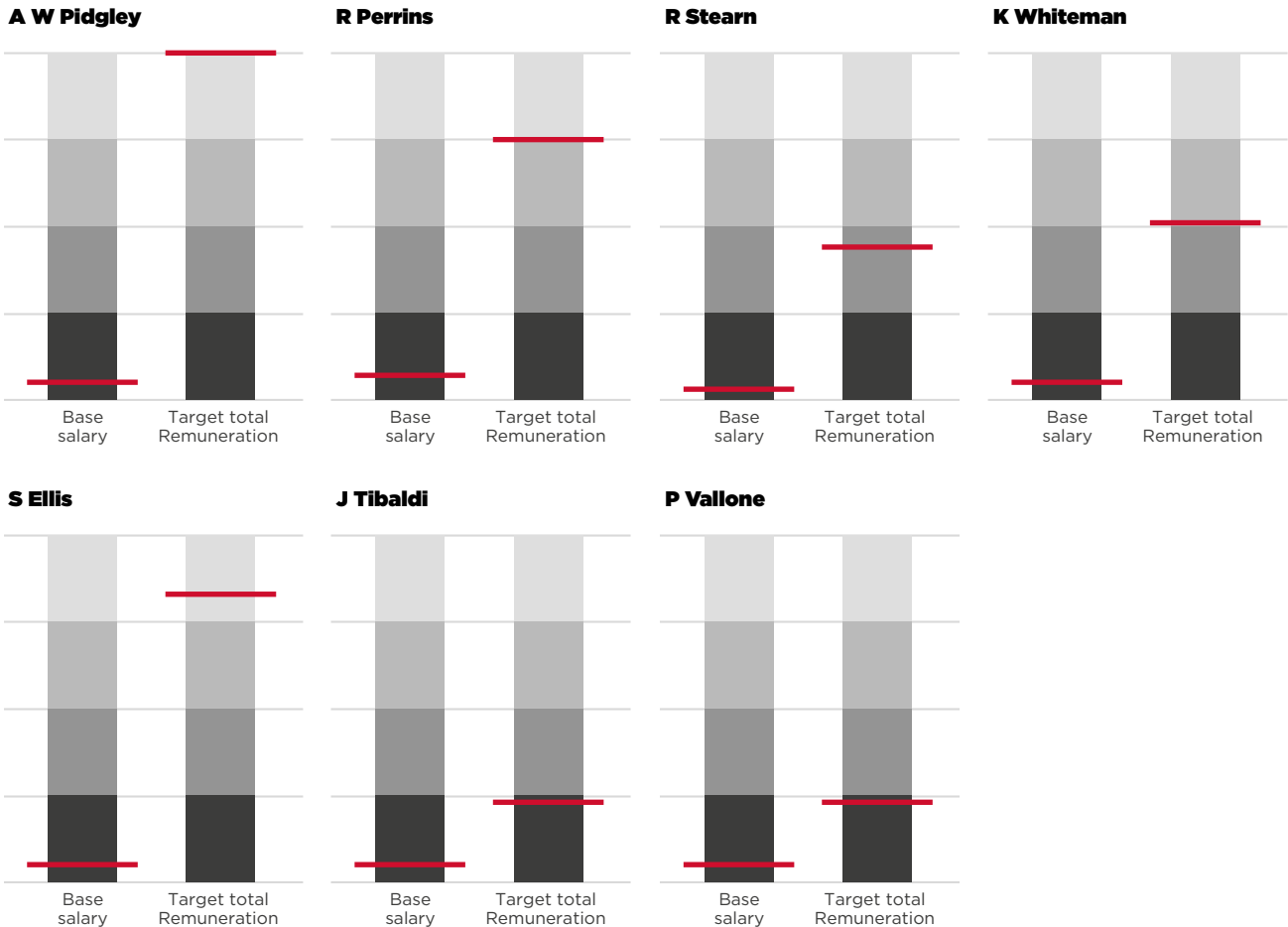
Base salary	Pension	Benefits	Incentives
Experience & role	Lower quartile	Market practice	Upper decile

The comparator group of companies for the 2019/20 financial year comprised:

- Persimmon
- Taylor Wimpey
- Barratt Developments
- Bellway
- Redrow
- Balfour Beatty
- Countryside Properties
- Vistry Group
- Crest Nicholson Holdings
- Galliford Try
- McCarthy and Stone

Our Policy quantum compared to the FTSE 100

The following table shows the relative position of base salary and target total remuneration under the current Remuneration Policy for our Executive Directors compared to the FTSE 100.



The above charts show clearly the Remuneration Committee's policy of providing comparatively modest salaries in combination with a leveraged approach to incentivisation.

Directors' Remuneration Report continued

Employment at Berkeley

The Remuneration Committee's remit

This year, the Committee has expanded its remit to include responsibility for setting and managing the remuneration of Berkeley's senior management, in addition to Executive Directors. The Committee's focus is on determining the remuneration policy and practices to ensure that the incentives operated by the Company align with its culture and strategy.

The Committee also has oversight of wider workforce pay and policies and incentives, which enables it to ensure that the approach to Executive remuneration is consistent with those for the workforce. The Committee is provided with additional information from the Company in order to carry out these responsibilities.

Fairness, diversity and wider workforce considerations

The Committee seeks to ensure that pay is fair throughout the Company and makes decisions in relation to the structure of Executive pay in the context of the cascade of pay structures throughout the business.

Remuneration across the Company

The Committee carried out its first oversight review of key remuneration elements, policies and processes by employee group during the 2019/20 financial year. This process was introduced in order for the Committee to carry out its oversight and review of wider workforce pay and policies and to ensure they are designed to support the Company's desired culture and values.

A process was adopted whereby the Committee receives a report periodically from the Company setting out key details of remuneration throughout the Company. Clearly the levels of remuneration and the types offered will vary across the Company depending on the employee's level of seniority and role and also the employee's location. The Committee is not looking for a homogeneous approach; however, when conducting its review, it is paying particular attention to:

- Whether the element of remuneration is consistent with the Company's Remuneration Principles;
- If there are differences, are they objectively justifiable; and
- Does the approach seem fair and equitable in the context of other employees.

Once the Committee has conducted its review of the wider workforce remuneration and incentives it considers the approach applied to the remuneration of the Executive Directors and Senior Management. In particular, the Committee is focused on whether, within the framework set out above, the approach to the remuneration of the Executive Directors and Senior Management is consistent with that applied to the wider workforce.

The following table sets out a summary of the information received by the Committee.

Element of remuneration	Key areas reviewed and summary of findings
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; the average is 6% which is now aligned with our new Remuneration Policy.
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 (other than Executive Directors) 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. Executive Directors are no longer eligible for bonuses.
Medium-term incentives	In addition, medium-term incentive schemes are in place for all levels of staff below Executive Director, with currently over one quarter of all employees receiving awards under these schemes.

The Committee is satisfied that:

- All employees are treated consistently and that the context and knowledge shared with the Committee is a useful underpin to ensure that the Committee's future decision-making around Executives' and senior management's pay supports fair and equal remuneration;
- Salary increases for employees across the Company are being applied on an equitable basis, and that average employee increases are considered when setting salary increases for both the Executive Directors and Non-Executive Directors;
- Our levels of variable pay continue to be linked to the achievement of stretching performance targets and a strong governance framework, and all-employees have the ability to share in the success of the Company. The incentive approach applied to the Executive Directors aligns with the wider Company policy on incentives, which is to have a higher percentage of at risk performance pay the more senior the employee and to increase the amount of incentive deferred, provided in equity and/or measured over the longer term the more senior the employee; and

- Overall the wider workforce pay policies and practices for all employees are in line with the remuneration principles, and the approach to Executive remuneration aligns with wider Company pay policy and that there are no anomalies specific to the Executive Directors.

Gender pay gap reporting

The Group did not publish its gender pay data for 2019 as the Government suspended the requirement to submit data on 24 March 2020 as a result of Covid-19. The mean and medium pay gap for last year did not materially change from the prior year. This pay gap is, like much of our industry, primarily driven by the shape of our workforce, with a lower proportion of women in senior, higher paid roles, and more women occupying junior, lower paid roles. The shape of our workforce also impacts our bonus gap, with our senior Executives participating in the Company's Long Term Incentive Plans.

How we are improving diversity, fairness and equality across our organisation

Berkeley is committed to paying for performance equally and fairly and rewarding and retaining our best people. We are already taking steps that will increase the proportion of women within the organisation as a whole, recognising the desire in the Group to promote from within and therefore providing increased opportunities for career progression within the organisation and to more senior roles over the long-term.

Central to this is to recruit and retain a high calibre workforce and in May 2018 we launched two new commitments within Our Vision, Berkeley's long-term strategy, to help achieve this.

Industry image

One of the greatest barriers for young people, especially women, joining our industry is the perception of the roles within the industry. We are committed to undertaking a range of activities including ensuring that existing material for the industry includes clear pathways for progression and by developing a programme for school and further education engagement.

As part of our progress in this area we have put a special focus on increasing engagement with universities across the country. This has seen active participation and sponsorship of events that are specifically focused around promoting our industry to women. These have included various talks and events designed specifically to educate and engage young women on the benefits of working in the built environment.

We work closely with 'Women Into Construction' by hosting regular 'experience' events across our developments as well as making them one of the beneficiaries of the Berkeley Foundation's 'Empowering Young Women into Work' programme announced in 2019.

We are also focused on encouraging and developing our existing employees. One example is in our St James business, which will be hosting an 'Inspiring Women in Construction' event aimed at motivating and encouraging women in all roles within St James and St William, including a series of speeches by successful women from across the industry highlighting their employment journey.

Diversity and inclusion

There is a historic under-representation of women in our industry and we believe there are real benefits in ensuring diverse views, skills and perspectives which can lead to creative thinking and more effective problem solving. We have committed to focusing on diversity by developing guiding principles and seeking to attract and retain a diverse workforce.

As part of this commitment we have developed a Group-level strategy for diversity and inclusion covering aspects such as recruitment, workplace inclusion and flexibility and organisational design and culture, and launched enhanced parental leave policies in autumn 2019 for employees.

Our graduate scheme continues to target a balanced intake each year, aiming to identify the next generation of leaders within the organisation. This will naturally take a period of time but we are investing for the long-term. We are also focused on providing apprenticeships, through recruitment and for existing employees, in order to improve skills within both Berkeley and the wider industry. Our internal apprenticeship programme REACH has excelled in female recruitment achieving an average of 19% of women entering built environment and trade apprenticeships in the last four years.

In addition to these initiatives, as a business we understand the importance of recruiting responsibly and efficiently to help with the progression of women within the business. In the last year we have seen ourselves complete a range of activities to address this. We have undertaken a full review of our recruitment processes and adapted our experienced hire application journey to make the candidate experience more inclusive and streamlined.

A focus has also been placed on the importance of gender diversity on interview panels. As a result an increased number of females have been included in the graduate recruitment assessment process to provide better gender balance and to act as ambassadors for women in the industry.

All staff will also be completing unconscious bias training to give them a better understanding of how biases affect recruitment and progression decisions and help to mitigate against them.

Directors' Remuneration Report continued

Employment at Berkeley continued

Pay comparisons

In 2019, the Committee chose to adopt early the CEO pay ratio disclosure requirements which would otherwise come into effect in this year's Directors' Remuneration Report.

Since then, the Committee determined that it would be appropriate to use Option B, which involves using the 2019/20 gender pay gap data to identify the three employees that represent the 25th percentile, median and the 75th percentile. We believe this provides a clear and robust methodology to facilitate year on year reporting whilst remaining simple and providing a reasonable estimate for employee pay at these levels.

Chief Executive pay ratio

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019/20 ⁽¹⁾	Option B	189:1	125:1	84:1

1. CEO pay ratio is determined by reference to representative employee data as at 30 April 2020

Under Option B of The Companies (Miscellaneous Reporting) Regulations 2018, the latest available gender pay gap data (i.e. from April 2020) was used to identify the best equivalent for three Group UK employees whose hourly rates of pay were at the 25th, 50th and 75th percentiles for the Group. A full-time equivalent total pay and benefits figure for the 2019/20 financial year was then calculated for each of those employees. No adjustments (other than the approximate up-rating of pay elements to achieve full-time equivalent rates) were made and no components of pay have been omitted.

A small number of employees at either side of the quartile points identified from the gender pay gap data were also considered, together with their corresponding full time equivalent total pay and benefits figures to ensure that the employees identified at each of the three percentile points are reasonably representative of each quartile.

The table below sets out the salary and total pay and benefits for the representative employees

	25th percentile	Median	75th percentile
Salary	£38,000	£52,767	£74,383
Total pay and benefits	£42,576	£64,083	£96,049

The Committee is satisfied that the individuals identified within each relevant percentile appropriately reflects the employee pay profiles at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies.

In addition to the all-employee ratio, we also present below the ratio of total single figure remuneration across the entire Berkeley senior Executive team (excluding the Chairman) with that of the Chief Executive. This demonstrates broadly consistent ratios across the team reflecting the consistent nature of the pay structures for these individuals.

Executive Director	Chief Executive pay ratio
R J Stearn	2.5:1
K Whiteman	2.5:1
S Ellis	1.6:1
J Tibaldi	3.3:1
P Vallone	3.3:1

Shareholders expect the Chief Executive to have a significant proportion of his pay based on performance and paid in shares. It is this element of his package which will provide any observed volatility in his remuneration when comparing on a year-to-year basis to the wider employee population. The Committee is comfortable that the underlying picture is not one of a greater divergence of the Chief Executive's remuneration from employees, i.e. excluding the volatility of the LTIP, the relationship will be consistent. There is likely to be significant volatility in this ratio year-on-year, and we believe that this is likely to be caused by the following factors:

- Our Chief Executive's pay is made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our shareholders. This introduces a higher degree of variability in his pay each year, which will affect the ratio.
- The value of long-term incentives is disclosed in pay in the year it vests, which increases the Chief Executive's pay in that year, again impacting the ratio for that year.

- Long-term incentives are provided in shares, and therefore an increase in share price magnifies the impact of a long-term incentive award vesting in a year.
- We recognise that the ratio is driven by the different structure of the pay of our Chief Executive versus that of our employees, as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the Chief Executive and the wider workforce.
- Where the structure of remuneration is similar, as for the Executive Directors and the Chief Executive, the ratio will be much more stable over time.
- None of the lower quartile, median and upper quartile employees identified this year are participants in the LTIP. If the value of the LTIP is excluded in the CEO pay ratio calculation, the ratios would be as follows:
 - To employee at the 25th percentile – 16:1
 - To employee at the 50th percentile – 11:1
 - To employee at the 75th percentile – 7:1

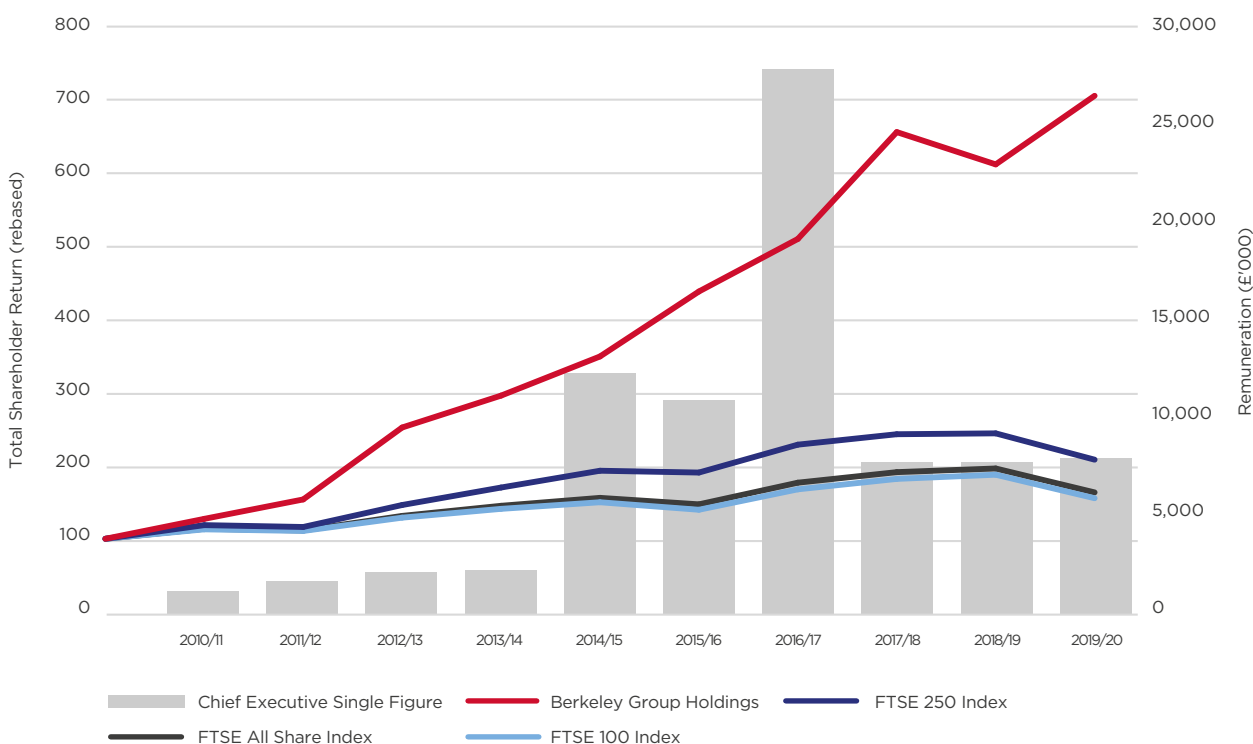
External pay comparisons

On page 123 we have compared our Remuneration Policy quantum to the FTSE 100.

Comparison of Chief Executive total remuneration and Total Shareholder Return against the market

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 the Regulations.

To give context to the total single figure levels of the Chief Executive we have also included the single figure historical outcomes from the table below onto the chart in order to demonstrate the clear alignment between shareholder returns and the Chief Executive's single figure pay that results from the nature of the remuneration structure in place.



Directors' Remuneration Report continued

Employment at Berkeley continued

Chief Executive/Chairman pay in the last 10 years

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

Executive Director	Single total figure of remuneration (£'000) ⁽¹⁾		Annual bonus pay-out (as % maximum opportunity) ⁽²⁾	Multi-year incentive vesting awards (as % maximum opportunity)
	A W Pidgley Chairman	R C Perrins Chief Executive		
2019/20	8,285	8,030	-	100%/See Note 9
2018/19	8,257	7,809	100%	100%/See Note 8
2017/18	8,256	7,806	100%	100%/See Note 7
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%	
2012/13	3,638	2,198	100%	
2011/12	2,799	1,692	100%	See Note 3
2010/11	2,033	1,226	100%	

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 and deferred awards that were released during the year under the Bonus Plan.
7. 2017/18 Multi-year vesting represents the 2011 LTIP second tranche that vested during the year and deferred awards that were released during the year under the Bonus Plan.
8. 2018/19 Multi-year vesting represents the 2011 LTIP third tranche that vested during the year and deferred awards that were released during the year under the Bonus Plan.
9. 2019/20 Multi-year vesting represents the 2011 LTIP fourth tranche that vested during the year (see table on page 131 for details) and deferred awards that were released during the year under the Bonus Plan (see table on page 130 for details).

Percentage change in Chief Executive's remuneration

The following table compares the Chief Executive's pay (including salary, taxable benefits and annual bonus) between 2018/19 and 2019/20 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:

	2018/19 to 2019/20 year on year change (%)	
	R C Perrins Chief Executive	Group employees
Base salary	2.8%	4.1%
Taxable benefits	9.9%	1.9%
Annual bonus	n/a	1.1%

The Committee considers the year on year change in salary between the Chief Executive and the employees as a clear indication that there is not a divergence in the rate of fixed pay.

Annual Report on Remuneration

This section of the Remuneration Report contains details of how the Company's Remuneration Policy, approved by shareholders at the EGM on 23 February 2017 and as amended at the AGM on 6 September 2019, was implemented for Executive Directors during the financial year that ended on 30 April 2020. An advisory resolution to approve this report (including the Chair's Annual Statement) will be put to shareholders at the AGM in September 2020.

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 2019/20 financial year. The components of the single figure for 2019/20 are aligned with the calculation of the individual elements of remuneration for the purposes of the Total Remuneration cap, which was first introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM and re-approved at the 2019 AGM.

Executive Director £'000	Salary 2020	Pension 2020	Annual bonus 2020 ⁽¹⁾	Total Remuneration			Benefits 2020 ⁽⁵⁾	Total 2020
				LTIP ⁽²⁾	Cap ⁽³⁾	Actual ⁽⁴⁾		
A W Pidgley	197	-	-	8,000	8,200	8,197	88	8,285
R C Perrins	551	93	-	7,345	8,000	7,989	41	8,030
R J Stearn	374	56	-	2,813	3,250	3,243	22	3,265
K Whiteman	359	54	-	2,830	3,250	3,243	25	3,268
S Ellis	359	54	-	4,580	5,000	4,993	20	5,013
J Tibaldi	359	54	-	1,980	2,400	2,393	14	2,407
P Vallone	359	54	-	1,980	2,400	2,393	18	2,411

Notes

- There are no further contributions which will be made into the Bonus Plan. Any accrued deferred balance will continue to pay-out for participants. The actual payments made in the year are set out on page 130.
- This represents the fourth tranche of the 2011 LTIP that vested on 30 September 2019 at a share price of £41.96 subject to the operation of the Total Remuneration Cap (see table on page 131 for details). Where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration. The capped amount is equivalent to the Total Remuneration Cap less salary less pensions.
- The Total Remuneration Cap limits the amount of total remuneration that has been earned over the financial year and is capable of being paid out.
- The Total Remuneration Cap operated for the 2019/20 financial year and where the remuneration would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
- Benefits, which are not included in calculating the remuneration cap, include a fully expensed company car or cash allowance alternative and medical insurance.

Comparative figures for 2018/19, as disclosed in last year's Directors' Remuneration Report, are set out in the table below.

Executive Director £'000	Salary 2019	Pension 2019	Annual bonus 2019 ⁽¹⁾	LTIP		Total Remuneration		Benefits 2019 ⁽⁶⁾	Total 2019
				Cap ⁽²⁾	Actual ⁽³⁾	Cap ⁽⁴⁾	Actual ⁽⁵⁾		
A W Pidgley	200	-	-	8,000	8,000	8,200	8,200	57	8,257
R C Perrins	545	92	1,635	5,500	5,500	8,000	7,772	37	7,809
R J Stearn	370	55	740	2,000	2,000	3,250	3,165	21	3,186
K Whiteman	355	53	710	2,000	2,000	3,250	3,118	29	3,147
S Ellis	355	53	781	3,750	3,750	5,000	4,939	21	4,960
J Tibaldi	355	53	710	1,150	1,150	2,400	2,268	14	2,282
P Vallone	355	53	710	1,150	1,150	2,400	2,268	18	2,286

Notes

- This represents the contribution into the Bonus Plan for the level of performance achieved in the financial year. 50% of this contribution is deferred in shares or share equivalents.
- The LTIP Cap limits the value of the LTIP vesting in the year. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
- This represents the third tranche of the 2011 LTIP that vested on 1 October 2018 at a share price of £36.38 subject to the operation of the LTIP Cap. Where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
- The Total Remuneration Cap limits the amount of total remuneration that has been earned over the financial year and is capable of being paid out. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
- The Total Remuneration Cap operated for the 2018/19 financial year and where the remuneration would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
- Benefits, which are not included in calculating the remuneration cap, include a fully expensed company car or cash allowance alternative and medical insurance.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director. Non-Executive Directors do not participate in any of the Company's incentive arrangements nor do they receive benefits.

Non-Executive Director (£'000)	Basic fees		Additional fees ⁽¹⁾		Total fees	
	2020	2019	2020	2019	2020	2019
J Armitt ⁽²⁾	81.0	80.0	-	-	81.0	80.0
A Nimmo	66.9	66.0	-	-	66.9	66.0
G Barker	121.0	119.5	-	-	121.0	119.5
V Wadley	66.9	66.0	-	-	66.9	66.0
A Li	66.9	66.0	-	-	66.9	66.0
A Myers	66.9	66.0	12.8	13.0	79.7	79.0
D Brightmore-Armour	66.9	66.0	-	-	66.9	66.0
P Vernon	66.9	66.0	-	-	66.9	66.0
R Downey	66.9	66.0	-	-	66.9	66.0

Notes

- Additional fees represent fees paid for the role of Committee Chairmanship.
- J Armitt receives a base fee of £82,400 to reflect his experience and pre-eminent standing in construction and infrastructure, and the value he continues to add to the Board.

Bonus payments from deferred balance of the legacy Bonus Plan (Audited)

No further contributions will be made under the Bonus Plan. Under the Bonus Plan 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.

	a. Plan account brought forward	b. Plan account brought forward ⁽¹⁾	c. Contribution into plan accounting for the financial year 2019/20 ⁽²⁾	d. Plan account balance following contribution for financial year 2019/20	e. Amount paid following contribution for financial year 2019/20 (50% of column d)	f. Plan account carried forward	g. Plan account carried forward ⁽³⁾
Executive Director	Shares	£'000	£'000	£'000	£'000	£'000	Shares
A W Pidgley	16,287	701	-	701	350	350	8,376
R C Perrins	41,777	1,797	-	1,797	899	899	21,485
R J Stearn	18,912	814	-	814	407	407	9,726
K Whiteman	18,138	780	-	780	390	390	9,328
S Ellis	19,952	858	-	858	429	429	10,261
J Tibaldi	13,857	596	-	596	298	298	7,127
P Vallone	13,857	596	-	596	298	298	7,127
Total	142,780	6,143	-	6,143	3,071	3,071	73,430

Notes

- Converted at a share price of £41.83 at 30 April 2020 plus £0.2008 dividend paid on 13 September 2019 and £0.9932 dividend paid on 31 March 2020.
- No contributions made into the plan account for the year as disclosed in the single figure table for 2019/20.
- Converted at a share price of £41.83 at 30 April 2020.
- All amounts are rounded to the nearest £'000.

Long-term incentives (Audited)

The fourth vesting of options under the 2011 LTIP occurred on 30 September 2019. The maximum level of options capable of vesting was 13.4% (25% of the original options granted in 2018 for Tibaldi and Vallone) of the total grant provided that £835.4 million of shareholder returns had been made from 1 October 2016 to 30 September 2019, through a combination of dividends and share buy-backs. This performance condition was met in full and therefore the maximum number of options capable of vesting vested.

The table below sets out the number of options over shares that vested for each Executive Director and the achievement against the conditions required for vesting taking into account the application of the Total Remuneration Caps.

	Options granted under 2011 LTIP	Percentage of options capable of vesting	Performance measure and outcome	Options capable of vesting	Value of gain on vested options ⁽¹⁾	Capped value (and value vested) ⁽²⁾	Number of options vested (after application of Cap) ⁽³⁾	Value above the Cap ⁽⁴⁾	Banked options ⁽⁵⁾	Cumulative Banked options ⁽⁶⁾
A W Pidgley	5,000,000		£835.4m of shareholder returns from 1 October 2016 to the 30 September 2019 – 100% achieved	670,000	23,116,675	8,000,000	231,867	15,116,675	438,133	1,220,451
R C Perrins	5,000,000			670,000	23,116,675	7,344,800	212,877	15,771,875	457,123	1,413,717
R J Stearn	954,328	13.4%		127,879	4,412,144	2,813,000	81,530	1,599,144	46,349	162,688
K Whiteman	1,000,000			134,000	4,623,335	2,830,250	82,030	1,793,085	51,970	180,550
S Ellis	2,250,000			301,500	10,402,504	4,580,250	132,751	5,822,254	168,749	510,336
J Tibaldi ⁽⁷⁾	450,000	16.67%		75,000	2,587,688	1,980,250	57,394	607,438	17,606	52,468
P Vallone ⁽⁷⁾	450,000			75,000	2,587,688	1,980,250	57,394	607,438	17,606	52,468

Notes

- The value of gain on the options at vesting is calculated using the opening share price of £41.96 on 30 September 2019 (the date the options vested and became exercisable) less the exercise price of £7.4575 per share.
- The Total Remuneration Cap limits the value of the LTIP vesting in the year. The Total Remuneration Cap operated for the 2019/20 financial year and where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration. The capped amount is equivalent to the Total Remuneration Cap less salary less pensions.
- This is the actual number of options which vested on 30 September 2019 and could be exercised by the participants.
- This is the value of the options above the Cap which would have vested had the Cap not operated.
- This is the number of options representing the value above the Cap, which are banked and capable of vesting at a future vesting date.
- This is the cumulative banked options including options banked in prior years.
- As set out in the 2019 Notice of Annual General Meeting, on 25 September 2019, J Tibaldi and P Vallone, were granted a further 150,000 options each, in addition to the 300,000 options granted in 2018, taking their total to 450,000 options. This additional award was in line with the commitment made on their appointment as Executive Directors by the Remuneration Committee and in line with the Policy. The original grant of 300,000 options is eligible to vest 25% each year (75,000 options) in 2018, 2019, 2020 and 2021. The additional 150,000 options will be eligible to vest in two tranches in 2020 and 2021. Therefore in September 2019, 75,000 shares were capable of vesting (16.67% of the total options granted). However, vesting will be restricted by the existing Total Remuneration Cap in both cases.
- Each Executive Director exercised all the options that vested on 30 September 2019. Under the rules of the Plan, after the sale of shares to pay tax, only 10% of shares are permitted to be sold each year until 30 September 2025 at which point the sale restriction falls away.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

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 £41.83 on 30 April 2020, compliance with these requirements was as follows:

	Obligation (% base salary)	Actual Shareholding as % base salary at 30 April 2020	Achievement at 30 April 2020
Executive Director⁽¹⁾			
A W Pidgley	400%	34,987%	✓
R C Perrins	400%	8,613%	✓
R J Stearn	200%	1,850%	✓
K Whiteman	200%	3,306%	✓
S Ellis	200%	3,235%	✓
J Tibaldi	200%	564%	✓
P Vallone	200%	594%	✓
Non-Executive Director⁽²⁾			
	(% NED net fees)	% net fees	
J Armitt	100%	636%	✓
A Nimmo	100%	232%	✓
G Barker	100%	603%	✓
V Wadley	100%	224%	✓
A Li	100%	2,321%	✓
A Myers	100%	292%	✓
D Brightmore-Armour	100%	116%	✓
P Vernon	100%	232%	✓
R Downey	100%	150%	✓

Notes

1. To be achieved within five years of appointment.
2. To be achieved within three years of appointment.

	Beneficially owned shares ⁽¹⁾	2011 LTIP Option interests subject to conditions ⁽²⁾	Banked LTIP options ⁽³⁾	Total interests held
Executive Director				
A W Pidgley	1,672,800	1,340,000	1,220,451	4,233,251
R C Perrins	1,153,055	1,340,000	1,413,717	3,906,772
R J Stearn	168,051	255,762	162,688	586,501
K Whiteman	288,444	268,000	180,550	736,994
S Ellis	282,267	603,000	510,336	1,395,603
J Tibaldi	49,243	300,000	52,468	401,711
P Vallone	51,837	300,000	52,468	404,305
Non-Executive Director				
J Armitt	6,891	-	-	6,891
A Nimmo	2,000	-	-	2,000
G Barker	9,411	-	-	9,411
V Wadley	2,000	-	-	2,000
A Li	20,000	-	-	20,000
A Myers	3,000	-	-	3,000
D Brightmore-Armour	1,000	-	-	1,000
P Vernon	2,000	-	-	2,000
R Downey	1,290	-	-	1,290

Notes

- Beneficial interests include shares held directly or indirectly by connected persons.
- The fourth tranche of the 2011 LTIP awards vested and were exercised during the year by the Executive Director participants (see page 131 for details).
- Banked LTIP options may vest subject to the achievement of performance conditions depending on the number of banked options held by a participant and the share price of the Company.

Summary table

The following table sets out where in the Remuneration Committee Report the following information can be found:

Element	Relevant in Year	Page
Taxable benefits (Audited)	Yes	120
Total pension entitlements (Audited)	Yes	120
Payments to past Directors (Audited)	No payments	-
Payments for loss of office (Audited)	No payments	-
Directors' shareholding and share interests (Audited)	Yes	132 - 133
Statement of the Implementation of the new Remuneration Policy for 2020/21	Yes	120 - 122

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2018/19 and 2019/20 financial years compared with distributions to shareholders.

	2019/20 (£m)	2018/19 (£m)	% change
Remuneration of Group employees (including Directors)	216	214	1%
Distributions to shareholders	280	252	11%

Service contracts

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

	Date of contract/ letter of appointment	Expiry date	Notice period by Company or Director
Executive 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
J Tibaldi	30 June 1999	Rolling service contract with no fixed expiry date	12 months
P Vallone	25 September 1990	Rolling service contract with no fixed expiry date	12 months
Non-Executive Director			
J Armitt	1 October 2007	Renewal annually on 1 May	n/a
A Nimmo	5 September 2011	Renewal annually on 1 May	n/a
G Barker	3 January 2012	Renewal annually on 1 May	n/a
V Wadley	3 January 2012	Renewal annually on 1 May	n/a
A Li	2 September 2013	Renewal annually on 1 May	n/a
A Myers	6 December 2013	Renewal annually on 1 May	n/a
D Brightmore-Armour	1 May 2014	Renewal annually on 1 May	n/a
P Vernon	6 September 2017	Renewal annually on 1 May	n/a
R Downey	8 December 2017	Renewal 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 all Directors 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.

Directors' Report

The Directors submit their report together with the audited Consolidated and Company Financial Statements for the year ended 30 April 2020.

For the purpose of DTR 4.1.8R, the Directors' Report is also the Management Report for the year ended 30 April 2020.

Certain information that is relevant to this report, including information required in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), DTR 4.1.8R, DTR 7, LR 9.4.3R and LR 9.8R can be found in the Strategic Report and the Corporate Governance section of this report, as detailed in each case below, and is thereby incorporated by reference into this report.

The following information in respect of LR 9.8.4R can be located in the following sections:

Information	Section in Annual Report	Pages
Capitalised interest	Directors' Report	137
Unaudited financial information	-	N/A
Long-term incentive schemes	Remuneration Report	106 to 134
Waiver of Directors' emoluments	Remuneration Report	106 to 134
Allotments of equity securities	-	N/A
Contracts of significance	Directors' Report	136
Controlling shareholders	-	N/A
Dividend waivers	Directors' Report	136 (i.e. EBT)

The Corporate Governance section on pages 86 to 134 forms part of the Directors' Report. The Company's statement of how it has applied the Principles of the Code and complied with the relevant provisions of the Code is set out on pages 86 and 93 of this Report.

A full review of the business, its development, performance and position at the year end, together with information in respect of important events and future developments, as required by DTR 4.1.8R, is set out on pages 22 to 27 of the Strategic Report and is incorporated into this report by reference.

Financial risk management and financial instruments

The Company has not engaged in financial instruments. Information in respect of the principal financial and operating risks and uncertainties relating to the business, including the Group's financial risk management objectives and policies and its exposure to liquidity, foreign currency, interest rate, price and credit risks, is set out on pages 66 to 79 of the Strategic Report and in note 2.23 of the Consolidated Financial Statements, and is incorporated into this report by reference.

Dividends

An interim dividend of 20.08 pence per share was paid to shareholders on 13 September 2019 and a further interim dividend of 99.32 pence per share was paid to shareholders on 31 March 2020. A further interim dividend is proposed to be paid as part of the £140.0 million shareholder return to be provided by 30 September 2020 through a combination of dividends and share buy-backs. The amount to be paid as a dividend will be announced on 13 August 2020, taking account of any share buy-backs undertaken as part of the Shareholder Returns Programme. The dividend will be paid on 11 September 2020 to shareholders on the register on 21 August 2020.

Post Balance Sheet events

There are no post balance sheet events that require disclosure.

Research and development

The Group is engaged in various research and development activities, including the development of modular manufacturing, which forms part of the Group strategy and is reported in Our Vision. Details of this can be found in the Strategic Report on page 33.

Share capital

The Company had 136,648,882 ordinary shares of 5 pence each in issue at 30 April 2020 (2019: 140,157,183), which are fully paid. During the year to 30 April 2020 and in accordance with the authority provided by shareholders at the 2018 and 2019 AGMs, the Company has purchased for cancellation 3,508,301 ordinary shares with a nominal value of £175,415 which equated to 2.50% 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 £130.5 million. As at 30 April 2020 the Company held 10,941,900 shares in treasury. These shares have no voting rights. Authority will be sought from shareholders at the forthcoming AGM to renew the authority given at the 2019 AGM 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.

The business of the Company shall be managed by the Directors, who may exercise all the powers of the Company subject to the provisions of the Company's Articles of Association (the 'Articles') and statutes, and to such directions as may be given by the Company in general meeting by special resolution, provided that no such direction or alteration of the Articles shall invalidate any prior act of the Directors which would have been valid if such direction or alteration of the Articles had not been given.

Further details of Directors' powers are set out in the Articles of Association of the Company.

Directors' Report continued

At the Company's 2019 AGM, Directors were authorised to allot shares or grant rights to subscribe for, or convert, any security into shares up to an aggregate nominal amount of £2,115,645 and to allot shares for a similar aggregate nominal amount for the purposes of a rights issue. Directors were further authorised to allot securities through the sale of treasury shares up to a nominal value of £317,379. These authorities will apply until the conclusion of the 2020 AGM and it is proposed that renewal of the authorities will be sought.

Movements in the Company's share capital are shown in note 2.18 to the Consolidated Financial Statements.

All the Company's issued share capital is publicly listed on the London Stock Exchange.

All shares have full rights in the Company with respect to voting, dividends and distributions, except as explained above in respect of treasury shares. Further information in respect of the rights and obligations attaching to the ordinary shares are set out in the Articles of Association of the Company.

There are no specific restrictions on the size of a shareholding nor on the transfer of shares, which are both governed by the Articles of Association and the prevailing law. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or on voting rights.

No person has special rights of control over the Company's share capital.

Information on the Group's share option schemes is set out in note 2.5 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 106 to 134.

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. The Articles are available on the Company's website at www.berkeleygroup.co.uk/investor-information/corporate-governance. Copies are available by writing to the Company Secretary and are also open to inspection at Companies House.

Directors

The Directors of the Company, their profiles and details of their roles and Committees of which they are members are detailed on pages 88 to 91 and are incorporated into this report by reference. All of these Directors served throughout the year under review.

The appointment and replacement of Directors is governed by the Company's Articles, the Code, the Companies Act 2006 and any related legislation. The Company, by ordinary resolution, or the Directors may from time to time appoint a Director to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for reappointment.

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 Code all of the Directors will offer themselves for re-election at the forthcoming AGM.

Each of the Directors proposed for re-election at the AGM is being unanimously recommended by all the other members of the Board. This recommendation follows the completion of the annual Board evaluation process, which was facilitated externally this year. Further information relating to the evaluation is set out on pages 100 to 101.

The interests of the Directors and their connected persons in the share capital of the Company and its subsidiaries are shown on the Company website. At 30 April 2020 each of the Executive Directors was deemed to have a non-beneficial interest in 213,802 (2019: 437,358) ordinary shares held by the Trustees of the Berkeley Group Employee Benefit Trust (EBT). The shares held in the EBT rank *pari passu* with all other shares in issue. However, 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 2.24 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 maintains Directors' and officers' liability insurance which provides appropriate cover for legal action brought against its Directors.

The Company's practice has always been to indemnify its Directors in accordance with the Company's Articles 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 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.

No pension scheme indemnity provisions (as defined by Section 235 of the Companies Act 2006) were in force during the year ended 30 April 2020 for the benefit of the Trustee Directors of the Berkeley Group plc Benefits Plan.

Substantial shareholders

The latest notifications received by the Company from shareholders in respect of their interests, pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules ("DGTR"), as at 30 April 2020 are as follows:

	Number of ordinary shares held ⁽ⁱ⁾	% of voting rights ⁽ⁱⁱ⁾
BlackRock Inc.	11,698,607	8.72
First Eagle Investment Management LLC ⁽ⁱⁱ⁾	10,071,368	7.81

- (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 Global Fund has notified the Company that it holds 5,013,920 ordinary shares being 3.89% of voting rights. This holding is included in the indirect interests of 7.81% notified by First Eagle Investment Management LLC.

Between 30 April 2020 and 17 June 2020 the Company was not notified of any changes to substantial interests pursuant to Rule 5 of the DGTR.

Donations

The Group made no political donations (2019: £nil) during the year.

Capitalised interest

No interest has been capitalised by the Group during the period under review (2019: £nil).

Employee engagement

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.

Further information is provided on pages 42 to 43 and page 56 of the Strategic Report.

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 or civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation.

Stakeholder engagement

The Company recognises the importance of good supplier, customer and other relationships to the overall success of the business and manages dealings with stakeholders in a fair, consistent and transparent manner.

The Company's s.172 Statement on pages 60 to 61 of the Strategic Report sets out further details of how the Directors' have:

- engaged with employees;
- had regard to employee interests and the effect of that regard, including on the principal decisions taken by the Company during the year; and
- had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the year.

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 material sustainability topics such as climate change. 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 that sustainability is incorporated into daily activities.

Directors' Report continued

Greenhouse gas emissions and energy consumption

	Unit	2020			2019 (restated)		
		Total	UK	Global (excluding UK)	Total	UK	Global (excluding UK)
Scope 1 emissions	tCO ₂ e	2,705 ^A	2,705	-	3,213	3,213	-
Scope 2 location-based emissions	tCO ₂ e	5,484 ^A	5,366	118	5,905	5,789	116
Scope 2 market-based emissions	tCO ₂ e	151 ^A	33	118	163	47	116
Scope 3 emissions	tCO ₂ e	13,824 ^A	13,020	804	17,835	16,916	919
Scope 1, Scope 2 location-based and Scope 3 emissions	tCO ₂ e	22,013 ^A	21,091	922	26,953	25,918	1,035
Scope 1, Scope 2 location-based and Scope 3 emissions intensity	tCO ₂ e/ person	2.16	-	-	2.49	-	-
Scope 1, Scope 2 market-based and Scope 3 emissions	tCO ₂ e	16,680 ^A	15,758	922	21,211	20,176	1,035
Scope 1, Scope 2 market-based and Scope 3 emissions intensity	tCO ₂ e/ person	1.63	-	-	1.96	-	-
Energy consumption associated with Scope 1 emissions	MWh	11,559 ^A	11,559	-	12,347	12,347	-
Energy consumption associated with Scope 2 emissions	MWh	21,259 ^A	21,063	196	20,740	20,550	190
Energy consumption associated with Scope 3 emissions from contractor purchased fuel and business travel only	MWh	38,178 ^A	35,577	2,601	47,540	44,564	2,976
Energy consumption associated with Scope 1, Scope 2 and Scope 3 contractor purchased fuels and business travel emissions	MWh	70,996 ^A	68,199	2,797	80,627	77,461	3,166

^A 2020 information has been separately subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided in 2020 and prior years, see the independent assurance reports found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

Methodology

The Group has reported on greenhouse gas emissions for which it is responsible and energy use associated with these greenhouse gas emissions, as required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The emissions and energy consumption 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 travel (business and other travel where expensed) in company owned vehicles;

Scope 2 – indirect emissions from electricity and heat consumed for office, sales and development site activities; and travel (business and other travel where expensed) in company owned vehicles;

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

Emissions and energy consumption include 50% of those resulting from the Group's joint ventures on the basis of its equity share. The Group's share of joint ventures' emissions and energy consumption in 2020 is as follows:

	Unit	St Edward	St William	Total
Scope 1 emissions	tCO ₂ e	257	46	303
Scope 2 location-based emissions	tCO ₂ e	227	172	399
Scope 2 market-based emissions	tCO ₂ e	8	-	8
Scope 3 emissions	tCO ₂ e	1,409	723	2,132
Energy consumption associated with Scope 1 emissions	MWh	1,132	183	1,315
Energy consumption associated with Scope 2 emissions	MWh	899	674	1,573
Energy consumption associated with Scope 3 emissions from contractor purchased fuels and business travel only	MWh	4,103	2,128	6,231

The emissions intensity ratios have been calculated using the number of Berkeley employees and the number of contractors working on our sites. It is the average figure for the year and includes 50% of employees and contractors working in offices or on development sites of Berkeley's joint ventures.

The UK Government Environmental Reporting Guidelines 2019 and UK Government GHG Conversion Factors for Company Reporting and International Energy Agency conversion factors have been used to calculate and report the Group's greenhouse gas emissions, and to convert raw data units into the kilowatt-hour energy consumption measure.

The Directors confirm that reported greenhouse gas emissions and energy consumption 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.

Emissions and energy consumption reported outside of this Directors' Report are based on the Group's operational reporting boundary. They include 100% joint venture emissions. Data for 2019 has been restated based on updated data made available within the period. Further details on our reporting boundaries, our established reporting criteria and the methodology adopted for the overall calculations can be found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

Energy efficiency action

The Group's minimum recommendations for energy efficient site set up and operation have continued to be implemented in 2019/20, along with the Carbon Management and Action Plan which details site-specific energy consumption and efficiency measures. In the last year, sites have retrofitted more energy efficient measures or have included these from site start. For example, motion sensors have been installed during the site set up of The Arches to ensure lighting is only active when needed, whilst a master switch has also been implemented to turn off all unnecessary equipment at the end of the working day to reduce out of hours consumption. Welfare cabins with improved energy efficiency have also been specified, including for the set up of Horlicks Quarter. During the project completion of Royal Wells Park and Ryewood, mobile welfare units have been used which are powered by a hybrid of solar photovoltaic panels and a traditional generator feeding into battery storage that once fully charged triggers the generator to stop running.

Recognising that taking action to reduce non-renewable fuel consumption is a key challenge, this year the Group saw its Green Park Village site switch to using biodiesel within generators, whilst at Trent Park the project team collaborated with the groundworks contractor to trial the industry's first fully electric mini excavator.

In autumn 2019, energy audits were completed for two divisional offices and seven development sites (including sales suites where applicable) in line with the requirements of the Energy Savings Opportunity Scheme (ESOS). Resulting recommendations are incorporated into updated energy efficiency recommendations for the business.

The Group has voluntarily purchased and retired Deep Green Renewable Energy Guarantee of Origins (REGOs) for its UK electricity consumption (accounted for within the Scope 2 market-based emissions figures presented in the above table) and has offset its emissions through the support of verified projects. Further details on our approach to being a carbon positive business can be found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

Covid-19 impact

The Covid-19 pandemic has led to decreased carbon emissions and energy consumption in the final months of the reporting year; Berkeley's sales suites were closed, business travel was restricted and office based staff transitioned to home working from the middle of March 2020. To ensure compliance with social distancing rules, the number of operatives and level of activity across Berkeley sites also reduced.

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 agreements, 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 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.

Directors' Report continued

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 or employee that provide compensation for loss of office or employment resulting from a takeover.

Independent auditor and disclosure of information to auditor

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 auditor is 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 auditor is 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.

KPMG has confirmed its willingness to continue in office and, on the recommendation of the Audit Committee, a resolution to re-appoint KPMG LLP as auditor to the Company will be proposed at the AGM.

Annual general meeting

The Annual General Meeting of the Company is to be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG at 11 a.m. on 4 September 2020. 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 AGM and is available on our website at www.berkeleygroup.co.uk/investor-information/corporate-governance.

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

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 'Reduced Disclosure Framework'.

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 parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK 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 88 to 91 confirm that, to the best of each person's knowledge:

- a. the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, 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 80 to 83.

The Directors have assessed the business plan and future funding requirements of the Group over the medium-term and compared these with the level of committed loan facilities and existing cash resources. As at 30 April 2020, the Group has net cash of £1,138.9 million and total liquidity of £1,888.9 million when this net cash is combined with banking facilities of £750 million, which are in place until November 2023. Furthermore, the Group has cash due on forward sales of £1,858 million, around 50% of which is expected to be collected in the next 12 months.

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 in operational existence for the foreseeable future period, and not less than 12 months from the date of these financial statements. For this reason it continues to adopt the going concern basis of accounting in preparing its Consolidated Financial Statements.

By order of the Board

Ann Dibben Company Secretary

The Berkeley Group Holdings plc
Registered number: 5172586

17 June 2020





Fulham Reach, Hammersmith & Fulham

This 7 acre disused distillery site will become a community of more than 700 mixed-tenure homes. An extensive community engagement programme shaped the masterplan, which will see half of the land become public open space and a new pontoon and boat club giving local people and schools improved access to the Thames.

Financial Statements

- 144 Independent Auditor's Report
- 151 Consolidated Income Statement
- 151 Consolidated Statement of Comprehensive Income
- 152 Consolidated Statement of Financial Position
- 153 Consolidated Statement of Changes in Equity
- 154 Consolidated Cash Flow Statement
- 155 Notes to the Consolidated Financial Statements
- 189 Company Balance Sheet
- 190 Company Statement of Changes in Equity
- 191 Notes to the Company Financial Statements
- 196 Five Year Summary
- 197 Financial Diary and Registered Office and Advisors

Independent Auditor's Report to the Members of The Berkeley Group Holdings plc

1. Our opinion is unmodified

We have audited the financial statements of The Berkeley Group Holdings plc ("the Company") for the year ended 30 April 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1 and C1.

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 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 27 November 2013. The period of total uninterrupted engagement is for the seven financial years ended 30 April 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: £21.0 million (2019: £27.0 million)
Group financial statements as a whole 4.2% (2019: 3.5%) of Group profit before tax

Coverage 90% (2019: 97%) of group profit before tax

Key audit matters vs 2019

Key audit matters	vs 2019
Recurring risks	
Carrying value of inventory and profit recognition	◀▶
Post completion development provisions	◀▶
Recoverability of the parent Company's investment in, and amounts due from its subsidiaries	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

In the prior year, we reported a Key Audit Matter in respect of the impact of uncertainties due to the UK exiting the European Union on our audit. As a result of developments since the prior year report, including the Group's own preparation, the relative significance of this matter on our audit work, including in relation to the carrying value of inventory and profit recognition which remains a key audit matter, has reduced. Accordingly, we no longer consider this a key audit matter.

	The risk	Our response
<p>Carrying value of inventory and profit recognition</p> <p>(£3,554.9 million; 2019: £3,114.7 million)</p> <p>Refer to page 103 (Audit Committee Report) and note 2.12 on page 171 (accounting policy and financial disclosures).</p>	<p>Subjective estimate:</p> <p>The Group recognises profit on each unit sold based on an overall forecast margin for each site, which is derived from the total forecast revenue and total forecast costs for the site. This allows the land and build costs of a development to be allocated to each individual unit on a systematic basis. Site forecasts may comprise multiple phases and can be completed over a number of years. Further estimation uncertainty and exposure to market cyclicality exists within longer-term sites.</p> <p>Future sales prices and forecast costs to complete are dependent on market conditions and can be difficult to predict. Political and economic factors including, but not limited to, the future market uncertainties surrounding the impacts of COVID-19 may influence market conditions.</p> <p>Inventory represents the capitalised site costs to date less amounts recognised in cost of sales for units which have been completed and handed over to customers. It is held at the lower of cost and net realisable value, the latter also being based on the forecast sales prices for the site. The level of uncertainty from COVID-19 impacting the Group's assessments of the future economic environment may influence the Group's estimates of net realisable value.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that carrying value of inventory and profit recognition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>The financial statements (note 2.12) disclose the sensitivity estimated by the Group in respect of the approach taken for margin recognition for the longer-term regeneration developments in the portfolio.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control observation: We attended a selection of the Group's build cost meetings that are held for each site. Our attendance at these meetings included assessing whether the appropriate individuals attended the meetings, assessing that the site forecast costs for developments were reviewed and discussed and cost forecasts were updated as appropriate; <p>We inspected whole site forecasts, on a sample basis, and challenged management's inputs and assumptions by performing the following procedures:</p> <ul style="list-style-type: none"> — Historical comparisons: Agreed a sample of forecast build costs to purchase contracts, supplier agreements or tenders and agreed a sample of costs incurred in the year to invoice and/or payment; — Benchmarking assumptions: Assessed, 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 in longer-term developments as well as contingencies held; — Benchmarking assumptions: Compared forecast sales prices against recent prices achieved in the local market, historical sales prices, and considered factors, including COVID-19, that may impact the achievable price on forecast future sales; — Our sector experience: Utilised the audit team's experience, supported as appropriate by the firm's property experts, to consider the appropriateness of the forecast sales prices and forecast future cost assumptions; — Sensitivity analysis: Evaluated the impact of varying changes in sales prices and build costs on the forecast margin and considered whether this indicated an alternative basis of margin recognition in the year. This evaluation included applying severe, but also plausible downside scenarios including, but not limited to the COVID-19 impact on sales prices; and — Assessing transparency: We have also considered the adequacy of the Group's disclosures in note 2.12 to the financial statements regarding the degree of judgement, estimation uncertainty, and sensitivity to key assumptions involved in arriving at the forecast site margins and resultant profit recognised. <p>Our results</p> <ul style="list-style-type: none"> — We found the resulting estimates in determining the carrying value of inventory and profit recognition to be acceptable (2019: acceptable).

Independent Auditor's Report to the Members of The Berkeley Group Holdings plc continued

	The risk	Our response
<p>Post completion development provisions (£109.8 million; 2019: £74.2 million)</p> <p>Refer to page 103 (Audit Committee Report) and page 173 (accounting policy and financial disclosures).</p>	<p>Subjective estimate: The Group holds post completion development provisions in respect of claims and construction related liabilities that have arisen, or that prior claims experience indicates may arise for remediation of defects subsequent to the completion of certain developments. The identification and estimation of amounts to be recognised in relation to post completion development provisions is judgemental by its nature and there is a risk that the estimate is incorrect and the provision is materially misstated.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that post completion development provisions have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Personnel interviews: We enquired of Group and divisional Directors and inspected board minutes to assess completeness of claims provided for; – Test of detail: When a provision has been made for significant known issues and claims, we inspected the Group's calculation of the provision held, considered internal remediation cost assessments and third party evidence, where available; – Benchmarking assumptions: Where past events indicated an obligation may arise, we evaluated risk assessments performed in respect of known issues and/or settled and considered any changes in the development portfolio over time, in assessing the calculation of the provision; – Enquiry of lawyers: In respect of open matters of litigation, we held discussions with the Group's legal counsel and reviewed relevant correspondence; and – Assessing transparency: We have also considered the adequacy of the Group's disclosures in note 2.16 to the financial statements regarding the degree of judgement, estimation uncertainty, and sensitivity to key assumptions involved in arriving at the recorded post completion development provisions. <p>Our results</p> <ul style="list-style-type: none"> – We found the resulting estimates in determining post completion development provisions to be acceptable (2019: acceptable).
<p>Recoverability of the parent Company's investment in, and amounts due from, its subsidiaries Investment carrying value £1,430.5 million (2019: £1,421.7 million), and amounts due from subsidiaries £685.5 million (2019: £229.2 million)</p> <p>Refer to page 193 (accounting policy and financial disclosures).</p>	<p>Low risk, high value The carrying amount of the parent Company's investments in, and amounts due from, its subsidiaries represents 66.9% and 32.0% (2019: 85.2% and 13.7%) of the Company's total assets, respectively. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Test of detail: comparing the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount; assessing 100% of amounts due from subsidiaries to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, and assessing whether those subsidiaries have historically been profit-making. <p>Our results</p> <ul style="list-style-type: none"> – We found the carrying amount of the parent Company's investment in, and amounts due from, its subsidiaries to be acceptable (2019: acceptable).

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 £21.0 million (2019: £27.0 million), determined with reference to a benchmark of group profit before tax of £503.7 million (2019: Group profit before tax of £775.2 million), of which it represents 4.2% (2019: 3.5%).

Materiality for the parent company financial statements as a whole was set at £12.0 million (2019: £24.3 million), determined with reference to a benchmark of company total assets of £2,139.6 million (2019: £1,667.9 million), of which it represents 0.6% (2019: 1.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.05 million (2019: £1.35 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 17 (2019: 18) reporting components, we subjected 11 (2019: 10) to full scope audits for group purposes and 6 (2019: 8) 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.

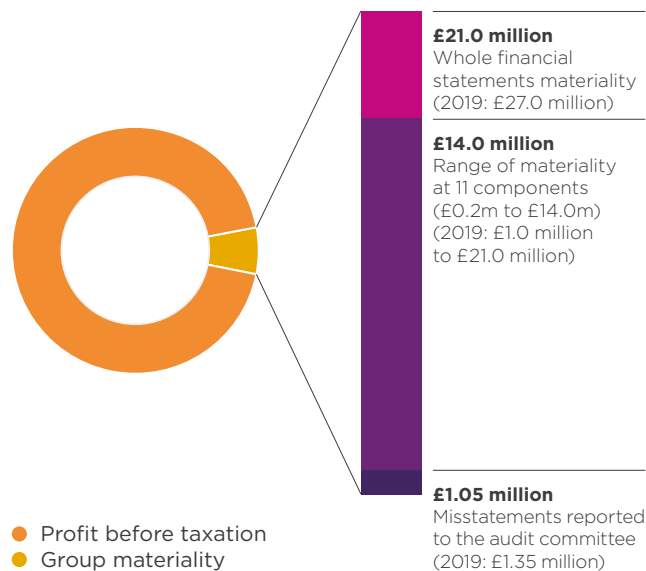
There are no residual components in 2020 (2019: no residual components).

Profit before taxation

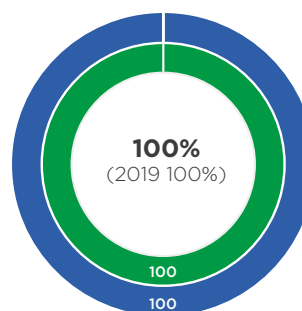
£503.7 million
(2019: £775.2 million)

Group materiality

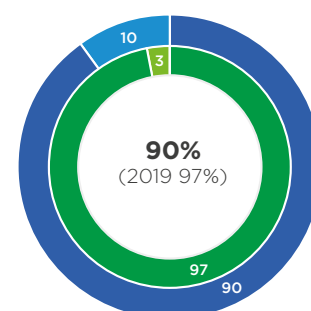
£21.0 million
(2019: £27.0 million)



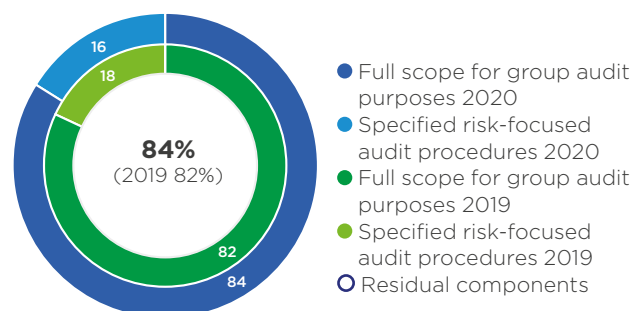
Group revenue



Group profit before tax



Group total assets



Independent Auditor's Report to the Members of The Berkeley Group Holdings plc continued

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 107 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 67 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements 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 section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the Company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
 - we have not identified material misstatements therein; and
 - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 141, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of The Berkeley Group Holdings plc continued

Irregularities - ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards) and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, anti-money laundering and sanctions checking. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

Michael Harper

(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

17 June 2020

Consolidated Income Statement

For the year ended 30 April	Notes	2020 £m	2019 £m
Revenue		1,920.4	2,957.4
Cost of sales		(1,283.0)	(2,031.2)
Gross profit		637.4	926.2
Net operating expenses		(167.7)	(157.8)
Operating profit		469.7	768.4
Finance income	2.3	12.4	10.7
Finance costs	2.3	(11.7)	(12.7)
Share of results of joint ventures using the equity method	2.11	33.3	8.8
Profit before taxation for the year		503.7	775.2
Income tax expense	2.6	(93.6)	(147.8)
Profit after taxation for the year		410.1	627.4
Earnings per share (pence):			
— Basic	2.7	324.9	481.1
— Diluted	2.7	313.4	469.9

Consolidated Statement of Comprehensive Income

For the year ended 30 April		2020 £m	2019 £m
Profit after taxation for the year		410.1	627.4
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain recognised in the pension scheme	2.5	(1.7)	1.6
Total items that will not be reclassified to profit or loss		(1.7)	1.6
Other comprehensive (expense)/income for the year		(1.7)	1.6
Total comprehensive income for the year		408.4	629.0

Consolidated Statement of Financial Position

As at 30 April	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Intangible assets	2.8	17.2	17.2
Property, plant and equipment	2.9	48.5	42.5
Right-of-use assets	2.10	2.5	-
Investments in joint ventures	2.11	261.8	374.7
Deferred tax assets	2.17	53.6	45.8
		383.6	480.2
Current assets			
Inventories	2.12	3,554.9	3,114.7
Trade and other receivables	2.13	68.3	65.5
Current tax assets		5.1	2.5
Cash and cash equivalents	2.14	1,638.9	1,275.0
		5,267.2	4,457.7
Total assets		5,650.8	4,937.9
Liabilities			
Non-current liabilities			
Borrowings	2.23	(300.0)	(300.0)
Trade and other payables	2.15	(263.7)	(40.5)
Lease liability	2.10	(1.3)	-
Provisions for other liabilities and charges	2.16	(60.0)	(59.1)
		(625.0)	(399.6)
Current liabilities			
Borrowings	2.23	(200.0)	-
Trade and other payables	2.15	(1,668.1)	(1,555.0)
Lease liability	2.10	(1.2)	-
Provisions for other liabilities and charges	2.16	(54.9)	(20.0)
		(1,924.2)	(1,575.0)
Total liabilities		(2,549.2)	(1,974.6)
Total net assets		3,101.6	2,963.3
Equity			
Shareholders' equity			
Share capital	2.18	6.8	7.0
Share premium	2.18	49.8	49.8
Capital redemption reserve	2.19	24.7	24.5
Other reserve	2.19	(961.3)	(961.3)
Retained earnings	2.19	3,981.6	3,843.3
Total equity		3,101.6	2,963.3

The financial statements on pages 151 to 188 were approved by the Board of Directors on 17 June 2020 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 equity £m
At 1 May 2019		7.0	49.8	24.5	(961.3)	3,843.3	2,963.3
IFRS 16 application adjustment at 1 May 2019		-	-	-	-	(0.2)	(0.2)
Profit after taxation for the year		-	-	-	-	410.1	410.1
Other comprehensive expense for the year		-	-	-	-	(1.7)	(1.7)
Purchase of own shares	2.18	(0.2)	-	0.2	-	(130.5)	(130.5)
Transactions with shareholders:							
– Charge in respect of employee share schemes	2.5	-	-	-	-	(3.9)	(3.9)
– Deferred tax in respect of employee share schemes	2.17	-	-	-	-	14.3	14.3
– Dividends to equity holders of the Company	2.20	-	-	-	-	(149.8)	(149.8)
At 30 April 2020		6.8	49.8	24.7	(961.3)	3,981.6	3,101.6
At 1 May 2018		7.0	49.8	24.5	(961.3)	3,471.2	2,591.2
Profit after taxation for the year		-	-	-	-	627.4	627.4
Other comprehensive income for the year		-	-	-	-	1.6	1.6
Purchase of own shares	2.18	-	-	-	-	(198.9)	(198.9)
Transactions with shareholders:							
– Charge in respect of employee share schemes	2.5	-	-	-	-	(3.9)	(3.9)
– Deferred tax in respect of employee share schemes	2.17	-	-	-	-	(1.1)	(1.1)
– Dividends to equity holders of the Company	2.20	-	-	-	-	(53.0)	(53.0)
At 30 April 2019		7.0	49.8	24.5	(961.3)	3,843.3	2,963.3

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	2020 £m	2019 £m
Cash flows from operating activities			
Cash generated from operations	2.22	395.4	789.2
Interest received		12.4	10.7
Interest paid		(9.1)	(8.8)
Income tax paid		(89.8)	(178.8)
Net cash flow from operating activities		308.9	612.3
Cash flows from investing activities			
Purchase of property, plant and equipment	2.9	(9.7)	(19.5)
Proceeds on disposal of property, plant and equipment		0.6	0.3
Dividends from joint ventures	2.11	177.7	-
Movements in loans with joint ventures	2.11	(31.5)	(54.0)
Net cash flow from investing activities		137.1	(73.2)
Cash flows from financing activities			
Lease capital repayments		(2.0)	-
Proceeds from issue of shares		0.2	0.5
Purchase of own shares		(130.5)	(198.9)
Net increase in borrowings	2.23	200.0	-
Dividends paid to Company's shareholders	2.20	(149.8)	(53.0)
Net cash flow from financing activities		(82.1)	(251.4)
Net increase in cash and cash equivalents		363.9	287.7
Cash and cash equivalents at the start of the financial year		1,275.0	987.3
Cash and cash equivalents at the end of the financial year	2.22	1,638.9	1,275.0

Notes to the Consolidated Financial Statements

1 Basis of preparation

1.1 Introduction

These Consolidated Financial Statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRSs), the IFRS Interpretations Committee (IFRIC) 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.



Critical accounting judgements and key sources of uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their 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 within the relevant notes on pages 157 to 188.



Group accounting policies

The significant Group accounting policies are included within the relevant notes to the Consolidated Financial Statements on pages 157 to 188.

1.2 Going concern

The Directors have assessed the business plan and future funding requirements of the Group over the medium-term and compared these with the level of committed loan facilities and existing cash resources. As at 30 April 2020, the Group has net cash of £1,138.9 million and total liquidity of £1,888.9 million when this net cash is combined with banking facilities of £750 million, which are in place until November 2023. Furthermore, the Group has cash due on forward sales of £1,858 million, around 50% of which is expected to be collected in the next 12 months.

In making this assessment, consideration has been given to the uncertainty inherent in future financial forecasts and where applicable, severe but plausible 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 in operational existence for the foreseeable future period, and not less than 12 months from the date of these Financial Statements. For this reason it continues to adopt the going concern basis of accounting in preparing its Consolidated Financial Statements.

1.3 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, unless otherwise stated in note 2.25.

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.

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.

Notes to the Consolidated Financial Statements continued

1.4 Adoption of new and revised standards

The following new standards, amendments to standards and interpretations are applicable to the Group and are mandatory for the first time for the financial year beginning 1 May 2019:

IFRS 16 'Leases' replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease', setting out criteria for recognition, measurement and disclosure of leases. The standard is effective for periods beginning on or after 1 January 2019 and has been implemented by the Group from 1 May 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 May 2019. Comparative information has therefore not been restated and is reported under the previous accounting policies.

Under IFRS 16, most leases previously classified as operating leases under IAS 17 are recognised on the Statement of Financial Position as a right-of-use asset along with a corresponding lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019.

The associated right-of-use assets for the Group's leases were measured on a prospective basis, applying the new rules from 1 May 2019.

Impact on the financial statements:

On transition to IFRS 16, the Group recognised an additional £3.3 million of right-of-use assets and £3.5 million of lease liabilities. The net difference of £0.2 million was recognised in retained earnings.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the Income Statement on a straight line basis over the term of the relevant lease. For the year ended 30 April 2020, payments charged to the Income Statement related to low value and short-term leases were insignificant.

Right-of-use assets are presented separately in non-current assets on the face of the Statement of Financial Position and lease liabilities are shown separately on the Statement of Financial Position in current liabilities and non-current liabilities depending on the length of the lease term.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' and IFRIC 23 'Uncertainty over Income Tax Treatments', neither of which have had a significant impact on reported results or position.

1.5 Impact of standards and interpretations in issue but not yet effective

The International Accounting Standards Board (IASB) has published a number of minor amendments to IFRS's which will be applicable to the Group for the financial year beginning 1 May 2020. These amendments are not expected to have a significant impact on the results of the Group.

2 Results for the year

2.1 Revenue

The Group's revenue derives principally from the sale of residential homes and commercial properties across mixed use developments.



Revenue represents the amounts receivable from the sale of 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 at the point control of the unit is passed to the customer, which has been determined as the point of legal completion. Ground rent assets are treated as sold when contracts are exchanged, all material conditions precedent to the sale have been satisfied and control of the ground rent assets have passed to the customer.

2.2 Segmental disclosure



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.

For the purpose of monitoring segment performance and allocating resources between segments, all assets are considered to be attributable to residential-led, mixed use property development.

2.3 Net finance costs

	2020 £m	2019 £m
Finance income	12.4	10.7
Finance costs		
Interest payable on bank loans and non-utilisation fees	(9.1)	(8.6)
Amortisation of facility fees	(1.8)	(1.8)
Other finance costs	(0.8)	(2.3)
	(11.7)	(12.7)
Net finance income/(costs)	0.7	(2.0)

Finance income predominantly represents interest earned on cash deposits.

Other finance costs represent imputed interest on taxation, land purchased on deferred settlement terms and lease interest.

Notes to the Consolidated Financial Statements continued

2.4 Profit before taxation



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 inventories note 2.12 for further disclosures on the key estimates and judgements around cost recognition.

Profit before taxation is stated after charging the following amounts:

	2020 £m	2019 £m
Staff costs (note 2.5)	276.3	267.3
Depreciation on property, plant and equipment (note 2.9)	2.9	2.4
Depreciation on right-of-use assets (note 2.10)	1.8	-
Loss on sale of property, plant and equipment	0.2	0.2
Fees paid and payable to the Company's current auditor for the audit of the Parent Company	0.6	0.6
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

The value of inventories expensed and included in the cost of sales is £1,184.3 million (2019: £1,836.0 million).

Fees paid in the year to the Group's current auditor for audit related assurance services relate to the interim review.

In addition to the above services, the Group's current auditor has acted 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 auditor for audit services to the pension scheme during the year were £10,000 (2019: £8,500).

2.5 Directors and employees

Profit before taxation is stated after charging the following amounts:

	2020 £m	2019 £m
Staff costs:		
Wages and salaries	216.4	213.7
Social security costs	36.8	29.0
Share based payments – equity settled	10.0	7.4
Share based payments – cash settled	4.5	8.9
Pension costs	8.6	8.3
	276.3	267.3

The average monthly number of persons employed by the Group during the year was 2,709 (2019: 2,673).

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:

	2020 £m	2019 £m
Directors' remuneration	2.8	2.8
Amount charged under long-term incentive schemes	12.2	13.2
Company contributions to the defined contribution pension schemes	0.1	0.1
	15.1	16.1

The Directors' Remuneration Report includes disclosure of the gains made by Directors on the exercise of share options during the year, which was £29.5 million (2019: £23.6 million) in aggregate.

The number of Director's accruing benefits under defined contribution pension schemes in the year was 2 (2019: 2).

Equity settled share based payments



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.

The Group operates one (2019: one) equity settled share based payment scheme. 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 (LTIP) was £10.0 million (2019: £7.4 million). The charge to the Income Statement attributable to key management is £10.3 million (2019: £7.6 million).

The charge to the reserves during the year in respect of employee share schemes was £3.9 million (2019: £3.9 million), resulting from the non-cash IFRS 2 charge for the year as reflected in the Cash Flow Statement.

There were nil exercisable share options at the end of the year (2019: nil). During the year 914,516 options vested under the 2011 LTIP (2019: 935,871).

2011 Long Term Incentive Plan

The 2011 Long Term Incentive Plan ("2011 LTIP"), announced in June 2011, is currently a 14 year plan. The original plan required returns of £1.7 billion to shareholders over 10 years to September 2025. In December 2015, a revision to the plan was proposed to return an additional £0.5 billion to shareholders over the same period.

At the AGM in September 2019 it was agreed to extend the returns period by a further four years to September 2025. Shares earned but not vested up to 30 September 2021 have to be re-earned by management over four years in equal instalments subject to an additional £2 per share of additional return being provided.

The key features of the 2011 LTIP are as follows:

- 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.
- Shares earned but not vested at 30 September 2021 have to be re-earned by management over four years in equal instalments to 2025 subject to £2 per share of additional return being provided to shareholders each year.
- 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. Individual participant caps are in place for all Executive members.
- 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.

Notes to the Consolidated Financial Statements continued

2.5 Directors and employees continued

The cumulative distributions are set out below:

	Cumulative distributions - Original
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
30 September 2022	£18.34 per share
30 September 2023	£20.34 per share
30 September 2024	£22.34 per share
30 September 2025	£24.34 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%

As a result of modifications in 2019, which reviewed individual participant caps and extended the service period to 2025, there was a decrease in the fair value cost of the options. 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 300,000 additional options were granted (2019: nil) and 50,250 options lapsed (2019: 100,500). As at 30 April 2020 there were 8,131,720 options outstanding (2019: 8,796,486).

Cash settled share based payments



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 Statement of Financial Position. The liability is remeasured at fair value at each Balance Sheet date until settlement with changes in fair value recognised in the Income Statement.

Bonus Banking Plan

As detailed in the Directors' Remuneration Report on page 118, no new awards have been made under the annual Bonus Plan during the financial year. The liability accrued relates to prior year awards and will unwind over the remaining vesting period. The charge for the year of £2.0 million (2019: £5.6 million) relates to prior year awards, all of which relates to key management.

Under the Bonus Banking Plan, 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 total carrying amount of liabilities for the Bonus Banking Plan at the end of the year was £1.9 million (2019: £6.1 million), recorded in accruals and deferred income.

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 2020 was £2.5 million (2019: £3.3 million).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £13.0 million (2019: £22.8 million), recorded in accruals and deferred income.

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.

Pension contributions under defined contribution schemes are charged to the Income Statement as they fall due.

Defined contribution plan

Contributions amounting to £7.4 million (2019: £7.0 million) were paid into the defined contribution schemes during the year.

Defined benefit plan

As at 30 April 2020, 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 312 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 recent valuation was carried out as at 1 May 2019. The method adopted in the 2019 valuation was the projected unit credit method, which assumed no allowance for over performance on investments both prior to and after retirement and pension increases derived at each term using Black Scholes Methodology with a volatility assumption of 1.75% per annum. The market value of the Berkeley Final Salary Plan assets as at 1 May 2019 was £22.9 million and covered 98% of the scheme's liabilities. The Group made additional voluntary contributions of £0.6 million during the year (2019: £0.6 million).

For the purpose of IAS 19, the 2019 valuation was updated for 30 April 2020.

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.

Notes to the Consolidated Financial Statements continued

2.5 Directors and employees continued

The amounts recognised in the Statement of Financial Position are determined as follows:

	2020 £m	2019 £m
Present value of defined benefit obligations	(22.4)	(20.9)
Fair value of plan assets	23.0	22.5
Net surplus recognised in the Statement of Financial Position	0.6	1.6

	Defined benefit obligations		Fair value plan assets		Net defined benefit asset	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Balance at 1 May	(20.9)	(19.4)	22.5	21.5	1.6	2.1
Included in Income Statement						
Past service costs	-	(0.6)	-	-	-	(0.6)
Net interest	(0.5)	(0.5)	0.6	0.6	0.1	0.1
Included in Other Comprehensive Income						
Remeasurements:						
Actuarial (loss)/gain arising from:						
— Demographic assumptions	0.1	-	-	-	0.1	-
— Scheme experience	(0.4)	-	-	-	(0.4)	-
— Financial assumptions	(1.2)	(1.0)	-	-	(1.2)	(1.0)
Return on plan assets	-	-	(0.2)	0.4	(0.2)	0.4
Other						
Contributions by the employer	-	-	0.6	0.6	0.6	0.6
Benefits paid out	0.5	0.6	(0.5)	(0.6)	-	-
Balance at 30 April	(22.4)	(20.9)	23.0	22.5	0.6	1.6

Cumulative actuarial gains and losses recognised in equity:

	2020 £m	2019 £m
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 1 May	(5.8)	(7.3)
Net actuarial losses recognised in the year	(1.7)	(0.6)
Change in the effect of the asset ceiling	-	2.1
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 30 April	(7.5)	(5.8)

The fair value of the assets were as follows:

	30 April 2020 Long-term value £m	30 April 2019 Long-term value £m
UK equities	0.9	1.1
Global equities	5.9	5.3
Emerging market equities	1.8	1.9
High yield bonds	1.6	1.7
Diversified growth fund	6.9	7.2
Government bonds (over 15 years)	1.5	1.2
Index linked gilts (over 5 years)	2.6	2.4
Corporate bonds	1.7	1.5
Cash	0.1	0.2
Fair value of plan assets	23.0	22.5

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.

History of asset values

	30 April 2020 £m	30 April 2019 £m	30 April 2018 £m	30 April 2017 £m	30 April 2016 £m
Fair value of plan assets	23.0	22.5	21.5	21.0	18.1
Present value of defined benefit obligations	(22.4)	(20.9)	(19.4)	(20.5)	(15.9)
Net surplus in the plan	0.6	1.6	2.1	0.5	2.2

Actuarial assumptions

The major assumptions used by the actuary for the 30 April 2020 valuation were:

Valuation at:	30 April 2020	30 April 2019
Discount rate	1.70%	2.40%
Inflation assumption (RPI)	2.80%	3.60%
Inflation assumption (CPI)	2.30%	2.70%
Rate of increase in pensions in payment post-97 (Pre-97 receive 3% p.a. increases)	3.00%	3.60%

The mortality assumptions are the standard S3PMA/S3PFA_M CMI_2019_X [1.25%] (2019: S2PA CMI_2017_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 21.9 years and 23.6 years respectively (2019: 21.8 and 23.7 years respectively). The life expectancy of male and female deferred pensioners (now aged 45) retiring at age 65 after the Balance Sheet date is 23.2 years and 25.1 years respectively (2019: aged 45, 22.9 and 25.0 years respectively).

Notes to the Consolidated Financial Statements continued

2.5 Directors and employees continued

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.	+1.8%
Rate of mortality	+1 year	+3.8%

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 2021, albeit it has no obligation to do so.

2.6 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.

The tax charge for the year is as follows:

For the year ended 30 April	2020 £m	2019 £m
Current tax		
UK corporation tax payable	(93.3)	(132.4)
Adjustments in respect of previous years	2.8	0.3
	(90.5)	(132.1)
Deferred tax		
Deferred tax movements	(0.9)	(15.0)
Adjustments in respect of previous years	(2.2)	(0.7)
	(3.1)	(15.7)
	(93.6)	(147.8)

Tax on items recognised directly in equity is as follows:

	2020 £m	2019 £m
Deferred tax in respect of employee share schemes (note 2.17)	14.3	(1.1)
Current tax in respect of employee share schemes (note 2.17)	(3.4)	(3.1)
	10.9	(4.2)

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 19.0% (2019: 19.0%). The differences are explained below:

	2020 £m	2019 £m
Profit before tax	503.7	775.2
Tax on profit at standard UK corporation tax rate	95.7	147.3
Effects of:		
Expenses not deductible for tax purposes	1.0	0.8
Tax effect of share of results of joint ventures	-	0.3
Adjustments in respect of previous years	(0.6)	0.5
Effect of change in rate of tax (note 2.17)	(2.1)	(0.3)
Other	(0.4)	(0.8)
Tax charge	93.6	147.8

Corporation tax is calculated at 19.0% 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 closure of open tax matters in the ordinary course of events. The adjustments in respect of previous years predominantly reflect tax relief claims made in respect of the year ended 30 April 2019.

Changes to UK corporation tax rates were substantively enacted as part of the Finance (No 2) Act 2015 on 18 November 2015 and the Finance Act 2016 on 15 September 2016. These changes included reductions to the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. At the Budget 2020, the Government announced that the corporation tax main rate for years starting 1 April 2020 and 2021 would remain at 19% and the change was substantially enacted for IFRS and UK GAAP purposes on 17 March 2020. As a result, the deferred taxes at the Balance Sheet date have been measured using these revised rates and are based on when the assets are expected to be realised.

2.7 Earnings per ordinary share

Basic earnings per share (EPS) are calculated as the profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

For the year ended 30 April	2020	2019
Profit attributable to shareholders (£m)	410.1	627.4
Weighted average no. of shares (million)	126.2	130.4
Basic EPS (pence)	324.9	481.1

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 2020 the Group had two (2019: two) categories of potentially dilutive ordinary shares: 4.4 million (2019: 2.9 million) share options under the 2011 LTIP and 30,788 (2019: 22,000) share options under the 2015 Bonus Banking Plan.

A calculation is undertaken 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 EPS calculation.

Notes to the Consolidated Financial Statements continued

2.7 Earnings per ordinary share continued

For the year ended 30 April	2020	2019
Profit used to determine diluted EPS (million)	410.1	627.4
Weighted average number of shares (million)	126.2	130.4
Adjustments for:		
— Share options – 2011 LTIP	4.6	3.1
Shares used to determine diluted EPS (million)	130.8	133.5
Diluted EPS (pence)	313.4	469.9

2.8 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.

	Goodwill £m
Cost:	
At 1 May 2019 and 30 April 2020	17.2
Accumulated impairment:	
At 1 May 2019 and 30 April 2020	-
Net book value:	
At 1 May 2019 and 30 April 2020	17.2
Cost:	
At 1 May 2018 and 30 April 2019	17.2
Accumulated impairment:	
At 1 May 2018 and 30 April 2019	-
Net book value:	
At 1 May 2018 and 30 April 2019	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; and
- (ii) a pre-tax discount rate of 8.21% (2019: 8.98%) 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.

2.9 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	25 – 50 years
Fixtures, fittings and equipment	3 – 12 years
Motor vehicles	4 years

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.

	Freehold property £m	Fixtures, fittings & equipment £m	Motor vehicles £m	Total £m
Cost:				
At 1 May 2019	32.4	18.8	2.8	54.0
Additions	0.9	8.3	0.5	9.7
Disposals	-	(7.4)	(0.8)	(8.2)
At 30 April 2020	33.3	19.7	2.5	55.5
Accumulated depreciation:				
At 1 May 2019	1.8	8.4	1.3	11.5
Charge for the year	0.7	1.8	0.4	2.9
Disposals	-	(6.8)	(0.6)	(7.4)
At 30 April 2020	2.5	3.4	1.1	7.0
Net book value:				
At 1 May 2019	30.6	10.4	1.5	42.5
At 30 April 2020	30.8	16.3	1.4	48.5

Notes to the Consolidated Financial Statements continued

2.9 Property, plant and equipment continued

	Freehold property £m	Fixtures, fittings & equipment £m	Motor vehicles £m	Total £m
Cost:				
At 1 May 2018	21.5	12.6	3.4	37.5
Additions	10.9	8.1	0.5	19.5
Disposals	-	(1.9)	(1.1)	(3.0)
At 30 April 2019	32.4	18.8	2.8	54.0
Accumulated depreciation:				
At 1 May 2018	1.5	8.5	1.6	11.6
Charge for the year	0.3	1.7	0.4	2.4
Disposals	-	(1.8)	(0.7)	(2.5)
At 30 April 2019	1.8	8.4	1.3	11.5
Net book value:				
At 1 May 2018	20.0	4.1	1.8	25.9
At 30 April 2019	30.6	10.4	1.5	42.5

2.10 Right-of-use assets



IFRS 16 'Leases' replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease' setting out criteria for recognition, measurement and disclosure of leases. The standard is effective for periods beginning on or after 1 January 2019 and has been implemented by the Group from 1 May 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 May 2019. Comparative information has therefore not been restated and is reported under the previous accounting policies.

Policy applicable from 1 May 2019:

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The Group determines the borrowing rate from external financing sources and adjusts this to reflect the term of the lease and the type of assets subject to the lease. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the Income Statement on a straight line basis over the term of the relevant lease.

Right-of-use assets are presented separately in non-current assets on the face of the Statement of Financial Position and lease liabilities are shown separately on the Statement of Financial Position in current liabilities and non-current liabilities depending on the length of the lease term.

	Office buildings £m	Motor vehicles £m	Total £m
Cost:			
At 1 May 2019	2.9	0.4	3.3
At 30 April 2020	2.1	0.4	2.5
Additions	0.8	0.2	1.0

Lease liabilities included in the Balance Sheet:

	Total £m
Current	1.2
Non-current	1.3
Total	2.5

Amounts recognised in the Income Statement:

	Total £m
Depreciation charged on right-of-use assets – Office buildings	1.6
Depreciation charged on right-of-use assets – Motor vehicles	0.2
Interest on lease liabilities	0.1
Total	1.9

The total cash outflow for leases in 2020 was £2.0 million.

2.11 Investments in 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.

	2020 £m	2019 £m
Unlisted shares at cost	-	11.0
Loans	177.8	146.3
Share of post acquisition reserves	84.1	217.5
Elimination of profit on transfer of inventory to joint ventures	(0.1)	(0.1)
	261.8	374.7

Details of the joint ventures are provided in notes 2.24 and 2.25.

Notes to the Consolidated Financial Statements continued

2.11 Investments in joint ventures continued

	2020 £m	2019 £m
At 1 May	374.7	311.9
Profit after tax for the year	33.3	8.8
Increase in loans to joint ventures	31.5	54.0
Dividends from joint ventures	(177.7)	-
At 30 April	261.8	374.7

The Group's share of joint ventures' net assets, income and expenses is comprised as follows:

2020	St Edward £m	St William £m	Other £m	Total £m
Cash and cash equivalents	157.0	4.7	-	161.7
Other current assets	194.4	372.4	-	566.8
Current assets	351.4	377.1	-	728.5
Current liabilities	(125.6)	(118.0)	-	(243.6)
Non-current financial liabilities	(97.4)	(125.7)	-	(223.1)
	128.4	133.4	-	261.8
Revenue	30.6	132.7	-	163.3
Costs	(20.2)	(107.5)	-	(127.7)
Operating profit	10.4	25.2	-	35.6
Interest charges	2.6	(4.7)	-	(2.1)
Profit before tax	13.0	20.5	-	33.5
Tax credit	(0.2)	-	-	(0.2)
Share of post tax profit of joint ventures	12.8	20.5	-	33.3
	264.3	110.3	0.1	374.7
Revenue	62.0	5.2	-	67.2
Costs	(41.0)	(14.9)	-	(55.9)
Operating profit/(loss)	21.0	(9.7)	-	11.3
Interest charges	0.2	(2.5)	-	(2.3)
Profit/(loss) before tax	21.2	(12.2)	-	9.0
Tax credit	(0.2)	-	-	(0.2)
Share of post tax profit/(loss) of joint ventures	21.0	(12.2)	-	8.8

2.12 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.

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; in particular due to the need to take account of future direct input costs, sales prices and the need to allocate site-wide costs on an appropriate basis to reflect the overall level of development risk, including planning risk. 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 assessments and allocations evolve over the life of the development in line with the risk profile, and accordingly the margin recognised reflects these evolving estimates. Similarly, these estimates impact the carrying value of inventory at each reporting date as this is a function of costs incurred in the year and the allocation of inventory to costs of sales on each property sold.

In addition, the Group has consistently applied its 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. These developments, where the development life cycle is typically greater than ten years, are considered to be particularly susceptible to potential downward shifts in profitability due to the cyclical nature of the property market and its impact on both revenue and costs. As such, the inherent estimation uncertainty is increased.

A fundamental principle of the Group's accounting policy is to reduce the possibility of recognising margin in the early stages of a development that could subsequently reverse. As such, for these long-term sites with greatest estimation uncertainty, a greater proportion of whole-site costs are recognised during the earlier stages of the development up to a point of inflection when such developments are deemed to be sufficiently de-risked. Subsequent to this inflection point, and should the uncertainties have not materialised, margin would increase as the visibility over projected revenue and costs across the development improves.

As at 30 April 2020 the greater proportion of whole-site costs recognised in either the current or previous financial years during the earlier stages of the development for the Group's particularly complex, long-term sites amounted to 9% (2019: 9%) of the future estimated revenue for the specific sites. As with all judgements involving estimation over a long-term horizon, the outcome of future events may affect the eventual accounting outcome.

	2020 £m	2019 £m
Land not under development	519.7	395.2
Work in progress: Land cost	907.9	806.7
Total land	1,427.6	1,201.9
Work in progress: Build cost	1,987.8	1,778.0
Completed units	139.5	134.8
Total inventories	3,554.9	3,114.7

Notes to the Consolidated Financial Statements continued

2.13 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. Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted on an approximation of the original effective interest rate. Any expected credit losses are likely to be immaterial. For trade receivables the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. 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 not collectible, 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.

	2020 £m	2019 £m
Trade receivables	26.2	38.3
Other receivables	27.4	18.4
Prepayments and accrued income	14.7	8.8
	68.3	65.5

Further disclosures relating to trade receivables are set out in note 2.23.

2.14 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.

	2020 £m	2019 £m
Cash and cash equivalents	1,638.9	1,275.0

2.15 Trade and other payables



New property deposits and on account contract receipts are held within current 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.

Deferred revenue relates to consideration received in advance of units being delivered. Revenue is recognised in the Income Statement at the point that control is passed to the customer, which has been determined as the point of legal completion.

	2020 £m	2019 £m
Current		
Trade payables	(586.0)	(620.7)
Deposits and on account contract receipts	(783.5)	(686.1)
Other taxes and social security	(40.6)	(31.5)
Accruals and deferred income	(258.0)	(216.7)
	(1,668.1)	(1,555.0)
Non-current		
Trade payables	(263.7)	(40.5)
	(1,931.8)	(1,595.5)

All amounts included above are unsecured. The total of £40.6 million (2019: £31.5 million) for other taxes and social security includes £17.6 million (2019: £12.7 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 2.23.

2.16 Provisions for liabilities and charges



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.



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.

The Group continually reviews the identified risks that it is aware of for the Group's portfolio of developments to ensure the amount of the provision remains appropriate.

	Post completion development provisions £m	Other provisions £m	Total £m
At 1 May 2019	(74.2)	(4.9)	(79.1)
Utilised	15.6	-	15.6
Released	12.9	1.8	14.7
Charged to the Income Statement	(64.1)	(2.0)	(66.1)
At 30 April 2020	(109.8)	(5.1)	(114.9)

Notes to the Consolidated Financial Statements continued

2.16 Provisions for liabilities and charges continued

	Post completion development provisions £m	Other provisions £m	Total £m
At 1 May 2018	(74.2)	(7.6)	(81.8)
Utilised	7.3	0.2	7.5
Released	23.5	3.0	26.5
Charged to the Income Statement	(30.8)	(0.5)	(31.3)
At 30 April 2019	(74.2)	(4.9)	(79.1)
		2020 £m	2019 £m
Non-current		(60.0)	(59.1)
Current		(54.9)	(20.0)
Total		(114.9)	(79.1)

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 property developments which are expected to be incurred in the ordinary course of business, based on historical experience of the Group's sites and current site-specific risks, but which are uncertain in terms of timing and quantum. The increase in the year relates to post-completion items on a number of sites, none of which are individually significant. 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 completion.

2.17 Deferred tax



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.

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 2019	0.6	-	45.2	45.8
Adjustments in respect of previous years	(2.8)	-	0.6	(2.2)
Charged to the income statement in year	-	-	(3.0)	(3.0)
Adjustment in respect of change of tax rate to 19% for future periods (note 2.6)	0.1	-	2.0	2.1
Charged to income statement in the year	0.1	-	(1.0)	(0.9)
Credited to equity at 19%	-	-	14.3	14.3
Realisation of deferred tax asset on vesting of employee share scheme	-	-	(3.4)	(3.4)
Credited to equity in year (note 2.6)	-	-	10.9	10.9
At 30 April 2020	(2.1)	-	55.7	53.6

	Accelerated capital allowances £m	Retirement benefit obligations £m	Short-term timing differences £m	Total £m
At 1 May 2018	0.7	0.1	64.9	65.7
Adjustments in respect of previous years	-	-	(0.7)	(0.7)
Charged to the income statement in year	(0.1)	(0.1)	(15.1)	(15.3)
Adjustment in respect of change of tax rate from 20% to 19%/17% (note 2.6)	-	-	0.3	0.3
Charged to income statement in the year	(0.1)	(0.1)	(14.8)	(15.0)
Charged to equity at 19%/17%	-	-	(1.1)	(1.1)
Realisation of deferred tax asset on vesting of employee share scheme	-	-	(3.1)	(3.1)
Charged to equity in year (note 2.6)	-	-	(4.2)	(4.2)
At 30 April 2019	0.6	-	45.2	45.8

Short-term timing differences primarily relates to deferred tax assets held in relation to long-term incentive schemes and bonuses.

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% as appropriate (2019: 19%/17%). There is no unprovided deferred tax (2019: £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 2020 is £53.6 million (2019: £45.8 million).

Deferred tax assets of £41.5 million (2019: £32.6 million) are expected to be recovered after more than one year.

Notes to the Consolidated Financial Statements continued

2.17 Deferred tax continued

The deferred tax credited/(charged) to equity during the year was as follows:

	2020 £m	2019 £m
Deferred tax movement in the year in respect of employee share schemes (note 2.6)	10.9	(4.2)
Cumulative deferred tax credited to equity at 1 May	20.7	24.9
Cumulative deferred tax credited to equity at 30 April	31.6	20.7

2.18 Share capital and share premium



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.

The movements on allotted and fully paid share capital for the Company in the year were as follows:

	Ordinary shares		Share capital		Share premium	
	2020 No '000	2019 No '000	2020 £m	2019 £m	2020 £m	2019 £m
Issued						
At start of year	140,157	140,157	7.0	7.0	49.8	49.8
Shares cancelled	(3,508)	-	(0.2)	-	-	-
At end of year	136,649	140,157	6.8	7.0	49.8	49.8

Each ordinary share of 5 pence 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 30 September 2019, 0.2 million ordinary shares (2019: 0.5 million) were allotted and issued to the Employee Benefit Trust.

On 1 October 2019, 0.4 million ordinary shares (2019: 0.5 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 Long Term Incentive Plan.

At 30 April 2020 there were 0.2 million shares held in trust (2019: 0.4 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2020 was £8.9 million (2019: £16.4 million).

During the 2020 financial year, 3.5 million shares were repurchased (2019: 5.6 million) for a total consideration of £130.5 million, excluding transaction costs (2019: £198.9 million). These shares were subsequently cancelled (2019: none).

At 30 April 2020 there were 10.9 million (2019: 11.1 million) treasury shares held by the Group. The market value of the shares at 30 April 2020 was £457.7 million (2019: £417.0 million).

2.19 Reserves

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 153.

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.

During the year 3.5 million (2019: 5.6 million) shares were repurchased to the value of £130.5 million (2019: £198.9 million). These shares were subsequently cancelled (2019: none) as shown in note 2.18. On cancellation of the share capital the capital redemption reserve was credited with the nominal value of shares.

Other reserve

The other reserve of negative £961.3 million (2019: 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.

Retained earnings

On 30 September 2020 the Company issued and transferred to the Company's Employee Benefit Trust 0.2 million ordinary shares (2019: 0.5 million ordinary shares). On 1 October 2019 0.4 million ordinary shares were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP (2019: 0.5 million ordinary shares).

2.20 Dividends per share



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.

	2020		2019	
	Dividend per share pence	£m	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2018	-	-	33.30	43.8
January 2019	-	-	7.12	9.2
September 2019	20.08	25.2	-	-
March 2020	99.32	124.6	-	-
Total dividends		149.8		53.0

2.21 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 £22.6 million which are guaranteed by third parties (2019: £20.5 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 continued

2.22 Notes to the Consolidated Cash Flow Statement

Reconciliation of profit after taxation for the year to cash generated from operations:

	2020 £m	2019 £m
Profit for the financial year	410.1	627.4
Adjustments for:		
– Taxation	93.6	147.8
– Depreciation	4.7	2.4
– Loss on sale of Property, Plant and Equipment	0.2	0.2
– Finance income	(12.4)	(10.7)
– Finance costs	11.7	12.7
– Share of results of joint ventures after tax	(33.3)	(8.8)
– Non-cash charge in respect of pension deficit	-	0.6
– Non-cash charge in respect of share awards	(4.1)	(4.4)
Changes in working capital:		
– (Increase)/decrease in inventories	(440.2)	181.9
– Increase in trade and other receivables	(3.8)	(20.9)
– Increase/(decrease) in trade and other payables	369.9	(138.4)
– Decrease in employee benefit obligations	(1.0)	(0.6)
Cash generated from operations	395.4	789.2

Reconciliation of net cash flow to net cash:

Net increase in cash and cash equivalents, including bank overdraft	363.9	287.7
Increase in borrowings	(200.0)	-
Movement in net cash in the financial year	163.9	287.7
Opening net cash	975.0	687.3
Closing net cash	1,138.9	975.0
Net cash as at 30 April:		
Cash and cash equivalents	1,638.9	1,275.0
Current borrowings	(200.0)	-
Non-current borrowings	(300.0)	(300.0)
Total borrowings	(500.0)	(300.0)
Net cash*	1,138.9	975.0

*IFRS 16 lease liabilities are detailed in note 2.10.

2.23 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 £13.00 per share returned to shareholders over the following ten 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 pages 22 to 23, ensures that 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 2020 was £1,962.7 million (2019: £1,988.3 million). The decrease in capital employed in the year of £25.6 million reflects a decrease in net assets during the year (2019: increase of £84.4 million).

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 contract receipts, lease liabilities and accruals and deferred income. 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:

	2020 £m	2019 £m
Current:		
Trade receivables	26.2	38.3
Cash and cash equivalents	1,638.9	1,275.0
Total financial assets	1,665.1	1,313.3

Trade receivables are non-interest bearing. Of the current trade receivables balance of £26.2 million (30 April 2019: £38.3 million) none of the balance was overdue by more than 30 days.

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.

Notes to the Consolidated Financial Statements continued

2.23 Capital management, financial instruments and financial risk management continued

Financial instruments: financial liabilities

The Group's financial liabilities can be summarised as follows:

	2020 £m	2019 £m
Current		
Trade payables	(586.0)	(620.7)
Deposits and on account contract receipts	(783.5)	(686.1)
Lease liability	(1.2)	-
Accruals and deferred income	(258.0)	(216.7)
Borrowings	(200.0)	-
	(1,828.7)	(1,523.5)
Non-current		
Trade payables	(263.7)	(40.5)
Lease liability	(1.3)	-
Borrowings	(300.0)	(300.0)
	(565.0)	(340.5)
Total trade and other payables	(2,393.7)	(1,864.0)

All amounts included above are unsecured.

Current bank loans have term expiry dates within 12 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.

The maturity profile of the Group's non-current financial liabilities, all of which are held at amortised cost, is as follows:

	2020 £m	2019 £m
Amounts due:		
In more than one year but not more than two years	(26.6)	(25.7)
In more than two years but not more than five years	(445.4)	(314.8)
In more than five years	(93.0)	-
	(565.0)	(340.5)

The carrying amounts of the Group's financial assets and financial liabilities approximate their 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).

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. 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:

	2020 £m	2019 £m
Amounts due:		
In less than one year	(1,045.4)	(837.5)
In more than one year but not more than two years	(26.8)	(26.0)
In more than two years but not more than five years	(446.4)	(315.2)
In more than five years	(93.5)	-
	(1,612.1)	(1,178.7)

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 2020, profit after tax for the year would have been £4.3 million higher (2019: £2.4 million 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 2020.

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 (2019: £nil), nor are there any material provisions held against trade receivables (2019: £nil), and £nil million trade receivables are past their due date (2019: £nil).

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.

Notes to the Consolidated Financial Statements continued

2.23 Capital management, financial instruments and financial risk management continued

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.

The Group has committed borrowing facilities as follows:

	2020				2019			
	Available £m	Drawn £m	Undrawn £m	Termination £m	Available £m	Drawn £m	Undrawn £m	Termination £m
Issued								
Term loan	300	(300)	-	Nov-23	300	(300)	-	Nov-23
Revolving credit facility	450	(200)	250	Nov-23	450	-	450	Nov-23
	750	(500)	250		750	(300)	450	

The Group's committed banking facilities currently total £750 million and expire in November 2023.

At 30 April 2020 the total drawn down balance of the facilities was £500.0 million (2019: £300.0 million) after the Group drew down £200 million (2019: £nil) on the revolving credit facility during the year. In addition, at 30 April 2020 there were bank bonds in issue of £28.1 million (2019: £5.0 million).

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.

2.24 Related party transactions

The Group has entered into the following related party transactions:

Transactions with Directors

During the year, Mr A W Pidgley paid £65,598 (2019: £225,188), Mr R C Perrins paid £120,601 (2019: £90,981), Mr S Ellis paid £208,046 (2019: £107,039) and Mr P Vallone paid £811,191 (2019: £490,576) 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.

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. A fee of £300,000 has been paid under this agreement in the year (2019: £nil), there were no outstanding balances at the year end (2019: £nil); and there are no contingent fees outstanding. 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 years.

Transactions with joint ventures

During the financial year there were no transactions with joint ventures other than movements in loans. The outstanding loan balances with joint ventures at 30 April 2020 total £177.2 million (30 April 2019: £156.7 million).

2.25 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 2020 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 principal 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	Berkeley Homes (South London) Limited	Imperial Wharf (Riverside Tower) Residential Limited
Ely Business Park Limited	Berkeley Homes (Southern) Limited	
Agents of Berkeley Homes (Central London) Limited	Berkeley Homes (Surrey) Limited	Agents of St George plc
Chelsea Bridge Wharf (Block A) Limited	Berkeley Homes (Thames Gateway) Limited	St George Central London Limited
Chelsea Bridge Wharf (Block B) Limited	Berkeley Homes (Thames Valley) Limited	St George City Limited
Chelsea Bridge Wharf (Block P) Limited	Berkeley Homes (Three Valleys) Limited	St George Developments Limited
Chelsea Bridge Wharf (C North) Limited	Berkeley Homes (Urban Developments) Limited	St George Kings Cross Limited
Chelsea Bridge Wharf (C South) Limited	Berkeley Homes (Urban Living) Limited	St George North London Limited
Agents of Berkeley Homes (Hampshire) Limited	Berkeley Homes (Urban Renaissance) Limited	St George South and Central London Limited
Berkeley Homes (South Western House No.1) Limited	Berkeley Homes (West London) Limited	St George South London Limited ^(vii)
Agents of Berkeley Homes plc	Berkeley Homes (Western) Limited	St George West London Limited ^(vi)
Berkeley (Canalside) Limited	Berkeley Homes (West Thames) Limited	Agents of St George South London Limited
Berkeley Build Limited	Berkeley Modular Limited	Battersea Reach Estate Company Limited
Berkeley Forty-Five Limited ⁽ⁱ⁾	Berkeley Ninety-One Limited	Kensington Westside No. 2 Limited
Berkeley Forty-Four plc	Berkeley Partnership Homes Limited	Putney Wharf Estate Limited
Berkeley Gateway Limited	Berkeley Seven Limited	Riverside West (Block C) Commercial Limited
Berkeley Homes (Barn Elms) Limited	Berkeley STE Limited	Riverside West (Block C) Residential Limited
Berkeley Homes (Capital) plc	Berkeley SW Management Limited	Riverside West (Block D) Commercial Limited
Berkeley Homes (Central & West London) plc	Berkeley Urban Renaissance Limited	Riverside West (Block D) Residential Limited
Berkeley Homes (Central London) Limited	Clare Homes Limited	Riverside West Car Park Limited
Berkeley Homes (Chiltern) Limited	Lisa Estates (St Albans) Limited	St George Wharf (Block B) Limited
Berkeley Homes (East Anglia) Limited	PEL Investments Limited	St George Wharf (Block C) Limited
Berkeley Homes (East Kent) Limited	St John Homes Limited	St George Wharf (Block D) Commercial Limited
Berkeley Homes (East Thames) Limited	St Joseph Homes Limited	St George Wharf Car Park Limited
Berkeley Homes (Eastern Counties) Limited	Stanmore Relocations Limited	Agents of St John Homes Limited
Berkeley Homes (Eastern) Limited	Tabard Square (Building C) Limited	Berkeley Sixty-Six Limited
Berkeley Homes (Festival Waterfront Company) Limited	Agents of Berkeley Twenty Limited	Non-Agency Companies^(v)
Berkeley Homes (Hampshire) Limited	Thirlstone Homes (Western) Limited	Ancestral Homes Limited
Berkeley Homes (Home Counties) plc	Thirlstone Homes Limited	Berkeley (Inner-City Partnerships) Limited
Berkeley Homes (North East London) Limited	Agents of St George Central London Limited	Berkeley (SQP) Limited
Berkeley Homes (Oxford & Chiltern) Limited	Castle Court Putney Wharf Limited	Berkeley (Virginia Water) Limited ⁽ⁱⁱ⁾
Berkeley Homes (South East London) Limited	Imperial Wharf (Block C) Limited	Berkeley Affordable Homes Limited
	Imperial Wharf (Block J) Limited	Berkeley Asset MSA Limited
		Berkeley College Homes Limited

Notes to the Consolidated Financial Statements continued

2.25 Subsidiaries and joint ventures continued

(a) Subsidiaries continued

Berkeley Commercial Developments Limited	Berkeley Homes (City) Limited	Berkeley One Hundred and Fifty-Four Limited
Berkeley Commercial Investments Limited	Berkeley Homes (Dorset) Limited	Berkeley One Hundred and Fifty Limited
Berkeley Commercial Limited	Berkeley Homes (East London) Limited	Berkeley One Hundred and Fifty-Nine Limited
Berkeley Community Villages Limited	Berkeley Homes (Essex) Limited	Berkeley One Hundred and Fifty-One Limited
Berkeley Construction Limited	Berkeley Homes (Fleet) Limited ⁽ⁱ⁾	Berkeley One Hundred and Fifty-Seven Limited
Berkeley Developments Limited ⁽ⁱ⁾	Berkeley Homes (Greater London) Limited	Berkeley One Hundred and Fifty-Six Limited
Berkeley Eighteen Limited	Berkeley Homes Group Limited	Berkeley One Hundred and Fifty-Three Limited
Berkeley Eighty Limited	Berkeley Homes (Hertfordshire & Cambridgeshire) Limited	Berkeley One Hundred and Fifty-Two Limited
Berkeley Eighty-One Limited	Berkeley Homes (Kent) Limited	Berkeley One Hundred and Five Limited
Berkeley Eighty-Three Limited	Berkeley Homes (North Western) Limited ⁽ⁱ⁾	Berkeley One Hundred and Forty-Eight Limited
Berkeley Eighty-Two Limited	Berkeley Homes (PCL) Limited	Berkeley One Hundred and Forty-Five Limited
Berkeley Enterprises Limited	Berkeley Homes Public Limited Company ⁽ⁱⁱⁱ⁾	Berkeley One Hundred and Forty-Four Limited
Berkeley Festival Development Limited	Berkeley Homes (South) Limited	Berkeley One Hundred and Forty Limited
Berkeley Festival Hotels Limited	Berkeley Homes (Southall) Limited	Berkeley One Hundred and Forty-Nine Limited
Berkeley Festival Investments Limited	Berkeley Homes (Stanmore) Limited	Berkeley One Hundred and Forty-One Limited
Berkeley Festival Limited	Berkeley London Residential Limited	Berkeley One Hundred and Forty-Seven Limited
Berkeley Fifty Limited	Berkeley Manhattan Limited	Berkeley One Hundred and Forty-Six Limited
Berkeley Fifty-Eight Limited	Berkeley Ninety-Eight Limited	Berkeley One Hundred and Four Limited
Berkeley Fifty-Five Limited	Berkeley Ninety-Five Limited	Berkeley One Hundred and Nine Limited
Berkeley Fifty-Four Limited	Berkeley Ninety-Nine Limited	Berkeley One Hundred and Ninety-Eight Limited
Berkeley Fifty-Nine Limited	Berkeley Ninety-Seven Limited	Berkeley One Hundred and Ninety-Five Limited
Berkeley Fifty-One Limited	Berkeley Ninety-Six Limited	Berkeley One Hundred and Ninety-Four Limited
Berkeley Fifty-Seven Limited	Berkeley Number Four Limited	Berkeley One Hundred and Ninety Limited
Berkeley Fifty-Three Limited	Berkeley Number Seven Limited	Berkeley One Hundred and Ninety-Nine Limited
Berkeley Fifty-Two Limited	Berkeley Number Six Limited	Berkeley One Hundred and Ninety-Seven Limited
Berkeley First Limited	Berkeley One Hundred and Eight Limited	Berkeley One Hundred and Ninety-Six Limited
Berkeley Five Limited	Berkeley One Hundred and Eighteen Limited	Berkeley One Hundred and Ninety-Three Limited
Berkeley Forty Limited	Berkeley One Hundred and Eighty-Eight Limited	Berkeley One Hundred and Ninety-Two Limited
Berkeley Forty-Eight Limited	Berkeley One Hundred and Eighty-Five Limited	Berkeley One Hundred and One Limited
Berkeley Forty-Nine Limited	Berkeley One Hundred and Eighty Limited	Berkeley One Hundred and Seven Limited
Berkeley Forty-Seven Limited	Berkeley One Hundred and Eighty-Nine Limited	
Berkeley Forty-Six Limited	Berkeley One Hundred and Eighty-One Limited	
Berkeley Forty-Three Limited	Berkeley One Hundred and Eighty-Seven Limited	
Berkeley Forty-Two Limited	Berkeley One Hundred and Eighty-Two Limited	
Berkeley Fourteen Limited	Berkeley One Hundred and Fifteen Limited	
Berkeley Group Pension Trustees Limited	Berkeley One Hundred and Fifty-Eight Limited	
Berkeley Group Services Limited	Berkeley One Hundred and Fifty-Five 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 One Hundred and Seventeen Limited	Berkeley One Hundred and Twenty-Eight Limited	Berkeley Twenty-Eight Limited
Berkeley One Hundred and Seventy-Eight Limited	Berkeley One Hundred and Twenty-Five Limited	Berkeley Twenty-Four Limited
Berkeley One Hundred and Seventy-Five Limited	Berkeley One Hundred and Twenty-Four Limited	Berkeley Twenty-Nine Limited
Berkeley One Hundred and Seventy-Four Limited	Berkeley One Hundred and Twenty Limited	Berkeley Twenty-Seven Limited
Berkeley One Hundred and Seventy-Nine Limited	Berkeley One Hundred and Twenty-Nine Limited	Berkeley Twenty-Three Limited
Berkeley One Hundred and Seventy-One Limited	Berkeley One Hundred and Twenty-One Limited	Berkeley Twenty-Two Limited
Berkeley One Hundred and Seventy-Seven Limited	Berkeley One Hundred and Twenty-Seven Limited	Berkeley Two Hundred and Eight Limited
Berkeley One Hundred and Seventy-Six Limited	Berkeley One Hundred and Twenty-Six Limited	Berkeley Two Hundred and Eighteen Limited
Berkeley One Hundred and Seventy-Three Limited	Berkeley One Hundred and Twenty-Three Limited	Berkeley Two Hundred and Eleven Limited
Berkeley One Hundred and Seventy-Two Limited	Berkeley One Hundred and Twenty-Two Limited	Berkeley Two Hundred and Five Limited
Berkeley One Hundred and Six Limited	Berkeley One Hundred and Two Limited	Berkeley Two Hundred and Fourteen Limited
Berkeley One Hundred and Sixteen Limited	Berkeley Portsmouth Harbour Limited	Berkeley Two Hundred and Nine Limited
Berkeley One Hundred and Sixty-Five Limited	Berkeley Portsmouth Waterfront Limited	Berkeley Two Hundred and Nineteen Limited
Berkeley One Hundred and Sixty-Four Limited	Berkeley Properties Limited ⁽ⁱ⁾	Berkeley Two Hundred and One Limited ⁽ⁱ⁾
Berkeley One Hundred and Sixty-One Limited	Berkeley Residential Limited ⁽ⁱⁱ⁾	Berkeley Two Hundred and Seven Limited
Berkeley One Hundred and Sixty-Six Limited	Berkeley Ryewood Limited ⁽ⁱⁱⁱ⁾	Berkeley Two Hundred and Seventeen Limited
Berkeley One Hundred and Sixty-Three Limited	Berkeley Seventy Limited	Berkeley Two Hundred and Sixteen Limited
Berkeley One Hundred and Thirteen Limited	Berkeley Seventy-Four Limited	Berkeley Two Hundred and Thirteen Limited
Berkeley One Hundred and Thirty-Eight Limited	Berkeley Seventy-Nine Limited	Berkeley Two Hundred and Thirty Limited
Berkeley One Hundred and Thirty-Five Limited	Berkeley Seventy-One PLC ^(vii)	Berkeley Two Hundred and Three Limited
Berkeley One Hundred and Thirty-Four Limited	Berkeley Seventy-Seven Limited	Berkeley Two Hundred and Twelve Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Seventy-Six Limited	Berkeley Two Hundred and Twenty Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Seventy-Three Limited	Berkeley Two Hundred and Twenty-Eight Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Seventy-Two Limited	Berkeley Two Hundred and Twenty-Five Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sixty Limited	Berkeley Two Hundred and Twenty-Four Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sixty-Eight Limited	Berkeley Two Hundred and Twenty-Four Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sixty-Five Limited	Berkeley Two Hundred and Twenty-Nine Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sixty-Four Limited	Berkeley Two Hundred and Twenty-Nine Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sixty-Nine Limited	Berkeley Two Hundred and Twenty-One Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sixty-One Limited	Berkeley Two Hundred and Twenty-One Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Special Projects Limited	Berkeley Two Hundred and Twenty-Seven Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Strategic Land Limited ^(viii)	Berkeley Two Hundred and Twenty-Seven Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Sustainable Communities Limited	Berkeley Two Hundred and Twenty-Six Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Thirty-Eight Limited	Berkeley Two Hundred and Twenty-Six Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Thirty-Nine Limited	Berkeley Two Hundred and Twenty-Three Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Thirty-Three Limited	Berkeley Two Hundred and Twenty-Three Limited
Berkeley One Hundred and Thirty-Two Limited	Berkeley Three Limited	Berkeley Two Hundred and Twenty-Two Limited
Berkeley One Hundred and Three Limited	Berkeley Twenty 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

Notes to the Consolidated Financial Statements continued

2.25 Subsidiaries and joint ventures continued

(a) Subsidiaries continued

Bromyard House (Freehold) Limited	Royal Clarence Yard (Phase K) Management Company Limited	Tabard Square (Car Park) Limited
Bromyard House (North) Limited	Royal Clarence Yard Estate Limited	TBG (1) 2009 Limited
Bromyard House Limited	Sandgates Developments Limited ^(v)	TBG (3) 2009 Limited
BWW Management Limited	Siteseure Limited	TBG (4) Limited
Cambridge Riverside (Kingsley Walk) (No.2) Management Company Limited	SJC (Highgate) Limited	TBG (5) LLP+
Charco 143 Limited ^(v)	South Quay Plaza Management Limited (62.5%) ^{(vi)+}	The Berkeley Festival Waterfront Company Limited
Chelsea Bridge Wharf (Management Company) Limited	St Edward Limited	The Berkeley Group plc
Chelsea Bridge Wharf Car Park Limited	St George (Crawford Street) Limited	The Millennium Festival Leisure Company Limited
Community Housing Action Limited	St George (Queenstown Place) Limited	The Oxford Gateway Development Company Limited
Community Villages Limited	St George Blackfriars Limited	The Tower, One St George Wharf Limited
CPWGCO 1 Limited	St George Commercial Limited	Thirlstone (JLP) Limited
Drummond Road (Number 1) Limited	St George Ealing Limited	Thirlstone Commercial Limited
Drummond Road (Number 2) Limited	St George Eastern Limited	Thirlstone plc
Exchange Place No 2 Limited	St George Inner Cities Limited	Woodside Road Limited
Fishguard Bridge Limited	St George Investments Limited	(i) A Ordinary and B Ordinary shares
Fishguard Tunnel Limited	St George London Limited	(ii) Ordinary and Preference shares
Great Woodcote Park Management Limited	St George Northfields Limited	(iii) Ordinary and Deferred shares
Hertfordshire Homes Limited	St George Partnerships Limited	(iv) Ordinary, Deferred and Preference shares
Historic Homes Limited	St George plc ^(iv)	(v) List contains companies that are a principal to agency agreements but are not agents themselves
Kentdean Limited	St George Project Management Limited	(vi) Registered office is 83 The Avenue, Sunbury-On-Thames, Middlesex, TW16 5HZ
One Tower Bridge Limited	St George Properties Limited	(vii) Ordinary and redeemable preference shares
Quod Erat Demonstrandum Properties Limited	St George Real Estate Limited	+ Partnership with no share capital
Retirement Homes Limited	St George Regeneration Limited	
Royal Clarence Yard (Marina) Limited	St George Southern Limited	
Royal Clarence Yard (Phase A) Limited	St George Western Limited	
Royal Clarence Yard (Phase B) Limited	St George Wharf Hotel Limited	
Royal Clarence Yard (Phase C) Limited	St George's Hill Property Company Limited	
Royal Clarence Yard (Phase E) Limited	St James Group Limited	
Royal Clarence Yard (Phase G) Management Company Limited	St James Homes (Grosvenor Dock) Limited	
Royal Clarence Yard (Phase H) Limited	St James Homes Limited	
Royal Clarence Yard (Phase I) Limited	Tabard Square (Building A) Limited	
	Tabard Square (Building B) Limited	

	Country of incorporation	Registered office
Aragon Investments Limited ⁽ⁱ⁾	Jersey	28 Esplanade, Jersey, JE2 3QA
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 Public Limited ⁽ⁱⁱⁱ⁾	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	28 Esplanade Jersey JE2 3QA
Berkeley Residential (Singapore) Limited	Singapore	3 Anson Road, #27-01 Springleaf Tower, Singapore, 079909
Berkeley Whitehart Investments Limited	Jersey	18 Esplanade, Jersey, JE4 8RT
Comiston Properties Limited	Bahamas	Shirlaw House, PO Box SS-19084, Shirley Street, Nassau, Bahamas
Real Star Investments Limited ⁽ⁱ⁾⁽ⁱⁱ⁾	Jersey	28 Esplanade, Jersey, JE2 3QA
Silverdale One Limited ⁽ⁱⁱ⁾	Jersey	28 Esplanade, Jersey, JE2 3QA
St George Battersea Reach Limited	Jersey	Po Box 521, 9 Burrard Street, Jersey, JE4 5UE
TBG (Jersey) 2009 Limited	Jersey	44 Esplanade, Jersey, JE4 9WG

(i) Agency company of St James Group Limited

(ii) Non-UK Nominee Company

(iii) Ordinary, A Deferred and B Deferred shares

Notes to the Consolidated Financial Statements continued

2.25 Subsidiaries and joint ventures continued

(b) Joint ventures

At 30 April 2020 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 and have their registered office address at Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG and the principal 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 Carlton Holdings Limited ⁽ⁱⁱ⁾	St William Four Limited*
Berkeley Sutton Limited ⁽ⁱⁱ⁾	St William Fourteen Limited*
Community Housing Initiatives Limited** (in liquidation)	St William Holdings Limited*
Diniwe One Limited	St William Nine Limited*
Diniwe Two Limited	St William Nineteen Limited*
SEH Manager Limited	St William One Limited*
SEH Nominee Limited	St William Seven Limited*
SES Manager Limited ⁽ⁱⁱ⁾	St William Seventeen Limited*
SES Nominee Limited	St William Six Limited*
St Edward Homes Limited ⁽ⁱⁱⁱ⁾	St William Sixteen Limited*
St Edward Homes Number Five Limited***	St William Ten Limited*
St Edward Homes Number Four Limited***	St William Thirteen Limited*
St Edward Homes Number One Limited***	St William Three Limited*
St Edward Homes Number Three Limited***	St William Twelve Limited*
St Edward Homes Number Two Limited***	St William Twenty Limited*
St Edward Homes Partnership Freeholds Limited	St William Twenty-Eight Limited*
St Edward Strand Partnership Freeholds Limited	St William Twenty-Five Limited*
St George Little Britain (No 1) Limited ⁽ⁱⁱ⁾	St William Twenty-Four Limited*
St George Little Britain (No 2) Limited ⁽ⁱⁱ⁾	St William Twenty-One Limited*
St Katharine Homes LLP ⁽ⁱ⁾	St William Twenty-Seven Limited*
STKM Limited	St William Twenty-Six Limited*
Strand Property Unit Trust (unregistered)*	St William Twenty-Three Limited*
St William Homes LLP ⁽ⁱ⁾ *	St William Twenty-Two Limited*
St William Eight Limited*	St William Two Limited*
St William Eighteen Limited*	The St Edward Homes Partnership (unregistered partnership) ⁽ⁱ⁾
St William Eleven Limited*	The St Edward (Strand) Partnership (unregistered partnership) ⁽ⁱ⁾
St William Fifteen Limited*	Thirstone Centros Miller Limited ^{(iv)**} (in liquidation)
St William Five Limited*	U B Developments Limited ^(iv)

(i) Partnership with no share capital

(ii) A Ordinary and B Ordinary shares

(iii) A Ordinary, B Ordinary, C Preference and D Preference shares

(iv) B Ordinary shares

* Accounting date of 31 March

** Accounting date of 31 December

*** 100% owned by St Edward Homes Limited

+ Principal place of business is 19 Portsmouth Road, Cobham, Surrey, KT11 1JG

Company Balance Sheet

As at 30 April	Notes	2020 £m	2019 £m
Fixed assets			
Investments	C2.4	1,430.5	1,421.7
		1,430.5	1,421.7
Current assets			
Debtors	C2.5	708.2	245.3
Cash at bank and in hand		0.9	0.9
		709.1	246.2
Current liabilities			
Creditors (amounts falling due within one year)	C2.6	(804.8)	(773.6)
Net current liabilities		(95.7)	(527.4)
Total assets less current liabilities and net assets		1,334.8	894.3
Capital and reserves			
Called-up share capital	C2.7	6.8	7.0
Share premium account	C2.7	49.8	49.8
Capital redemption reserve		24.7	24.5
Profit and loss account		1,253.5	813.0
Total shareholders' funds		1,334.8	894.3

The financial statements on pages 189 to 195 were approved by the Board of Directors on 17 June 2020 and were signed on its behalf by:

R J Stearn
Finance Director

Company Statement of Changes in Equity

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 May 2019	7.0	49.8	24.5	813.0	894.3
Profit after taxation for the year	-	-	-	709.6	709.6
Purchase of ordinary shares	(0.2)	-	0.2	(130.5)	(130.5)
Credit in respect of employee share schemes	-	-	-	2.2	2.2
Deferred tax in respect of employee share schemes	-	-	-	9.0	9.0
Dividends to equity holders of the Company	-	-	-	(149.8)	(149.8)
At 30 April 2020	6.8	49.8	24.7	1,253.5	1,334.8
At 1 May 2018	7.0	49.8	24.5	657.6	738.9
Profit after taxation for the year	-	-	-	406.0	406.0
Purchase of ordinary shares	-	-	-	(198.9)	(198.9)
Credit in respect of employee share schemes	-	-	-	1.1	1.1
Deferred tax in respect of employee share schemes	-	-	-	0.2	0.2
Dividends to equity holders of the Company	-	-	-	(53.0)	(53.0)
At 30 April 2019	7.0	49.8	24.5	813.0	894.3

Notes to the Company Financial Statements

C1 Basis of preparation

C1.1 Introduction

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 the 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 155 to 187.

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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'; 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.

C1.2 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 80 to 83.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group, including the return of £3.3 billion to shareholders by 2025, and compared this with 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 £95.7 million (2019: £527.4 million). For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

C2 Notes to the Company accounts

C2.1 Profit on ordinary activities before taxation



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.

Profit on ordinary activities before taxation is stated after charging the following amounts:

	2020 £m	2019 £m
Auditor's remuneration	0.1	0.1

No disclosure of other non-audit services has been made as this is included within note 2.4 of the Consolidated Financial Statements.

Notes to the Company Financial Statements continued

C2.2 Directors and employees



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 the cost of the 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.



Pension contributions under defined contribution schemes are charged to the Income Statement as they fall due.

	2020 £m	2019 £m
Staff costs:		
Wages and salaries	2.4	3.0
Social security costs	6.0	1.9
Share based payments – Equity settled	1.4	3.4
Share based payments – Cash settled	1.0	2.8
	10.8	11.1

The average monthly number of persons employed by the Company during the year was ten, all of whom are Directors (2019: ten).

Directors

Details of Directors' emoluments are set out in the Remuneration Report on pages 106 to 134.

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 2.5 of the Consolidated Financial Statements. Contributions amounting to £nil (2019: £nil) were paid into the defined contribution scheme during the year.

Share based payments

The charge to the profit and loss account 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 LTIP was £1.4 million (2019: £3.4 million). The charge to the profit and loss account in respect of cash settled share based payments under the Bonus Banking Plan was £1.0 million (2019: £2.8 million). The credit to the reserves during the year in respect of employee share schemes was £2.2 million (2019: £1.1 million credit) which includes the corresponding entry to the cost of investment of £8.8 million (2019: £4.1 million) detailed in note C2.4. The offsetting entry within reserves results from the non-cash IFRS 2 charge for the year. Further information on the Company's share incentive schemes are included in the Remuneration Report on pages 106 to 134 as well as note 2.5 to the Consolidated Financial Statements.

C2.3 The Berkeley Group Holdings plc profit and loss account

The profit for the year in the Company is £709.6 million (2019: £406.0 million).

C2.4 Investments



Investments in subsidiary undertakings are included in the Balance Sheet at cost less provision for any impairment.

	2020 £m	2019 £m
Investments at cost:		
Investments in shares of subsidiary undertaking at 1 May	1,421.7	1,417.6
Additions	8.8	4.1
Investments in shares of subsidiary undertaking at 1 April	1,430.5	1,421.7

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 LTIP 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 2.25 of the Consolidated Financial Statements.

C2.5 Debtors



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.

	2020 £m	2019 £m
Current		
Amounts owed from subsidiary undertakings	685.5	229.2
Deferred tax	22.7	16.1
	708.2	245.3

All amounts owed from subsidiary undertakings are unsecured, bear no interest and are payable on demand.

Notes to the Company Financial Statements continued

C2.5 Debtors continued

The movements on the deferred tax asset are as follows:

	2020 £m	2019 £m
At 1 May	16.1	18.7
Deferred tax in respect of employee share schemes credited to reserves	8.7	(0.6)
Realisation of deferred tax asset on vesting of employee share scheme	(2.1)	(2.0)
At 30 April	22.7	16.1

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% as appropriate (2019: 19%/17%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2019: £nil) at the Balance Sheet date.

The deferred tax asset of £22.7 million relates to short-term timing differences (2019: £16.1 million).

C2.6 Creditors: Amounts falling due within one year



Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

	2020 £m	2019 £m
Current		
Amounts owed to subsidiary undertakings	(790.9)	(760.4)
Other taxation and social security	(11.6)	(8.9)
Accruals and deferred income	(2.3)	(4.3)
	(804.8)	(773.6)

All amounts included above are unsecured. The interest rate on £790.9 million (2019: £760.4 million) of the balance owed to subsidiary undertakings is 4.0% (2019: 4.0%), with no fixed repayment date.

C2.7 Called-up share capital

Each ordinary share of 5 pence 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	
	2020 No '000	2019 No '000	2020 £m	2019 £m	2020 £m	2019 £m
Issued						
At start of year	140,157	140,157	7.0	7.0	49.8	49.8
Shares cancelled	(3,508)	-	(0.2)	-	-	-
At end of year	136,649	140,157	6.8	7.0	49.8	49.8

During the year 3.5 million (2019: 5.6 million) shares were repurchased to the value of £130.5 million (£198.9 million). These shares were subsequently cancelled (2019: none). On cancellation of the share capital the capital redemption reserve was credited with the nominal value of shares.

Each ordinary share of 5 pence 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 30 September 2019, 0.2 million ordinary shares (2019: 0.5 million) were allotted and issued to the Employee Benefit Trust.

On 1 October 2019, 0.4 million ordinary shares (2019: 0.5 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2020 there were 0.2 million shares held in trust (2019: 0.4 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2020 was £8.9 million (2019: £16.4 million).

During the 2020 financial year, 3.5 million shares were repurchased (2019: 5.6 million) for a total consideration of £130.5 million, excluding transaction costs (2019: £198.9 million). These shares were subsequently cancelled (2019: none).

At 30 April 2020 there were 10.9 million (2019: 11.1 million) treasury shares held by the Group. The market value of the shares at 30 April 2020 was £457.7 million (2019: £417.0 million).

The movements in the year are disclosed in note 2.18 and note 2.19 of the Consolidated Financial Statements.

C2.8 Dividends per share



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.

	2020		2019	
	Dividend per share pence	£m	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2018	-	-	33.30	43.8
January 2019	-	-	7.12	9.2
September 2019	20.08	25.2	-	-
March 2020	99.32	124.6	-	-
Total dividends		149.8		53.0

C2.9 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

	2020 £m	2019 £m	2018 (*Restated) £m	2017 (*Restated) £m	2016 £m
Income statement					
Revenue from operations	1,920.4	2,957.4	2,840.9	2,626.8	2,047.5
Operating profit	469.7	768.4	817.0	737.1	501.9
Share of results of joint ventures	33.3	8.8	162.7	63.0	36.5
Net finance income/(costs)	0.7	(2.0)	(2.7)	(7.6)	(7.5)
Profit before taxation	503.7	775.2	977.0	792.5	530.9
Basic earnings per share	324.9p	481.1p	587.4p	456.2p	295.8p
Statement of financial position					
Capital employed	1,962.7	1,988.3	1,903.9	1,789.2	1,705.4
Net cash	1,138.9	975.0	687.3	285.5	107.4
Net assets	3,101.6	2,963.3	2,591.2	2,074.7	1,812.8
Net assets per share attributable to shareholders ⁽¹⁾	2,472p	2,305p	1,938p	1,511p	1,314p
Ratios and statistics					
Return on capital employed ⁽²⁾	23.8%	39.5%	44.2%	42.8%	34.5%
Return on equity after tax ⁽³⁾	13.5%	22.6%	34.1%	32.8%	23.4%
Return on equity before tax ⁽⁴⁾	16.6%	27.9%	41.9%	41.3%	30.8%
Units sold ⁽⁵⁾	2,723	3,698	3,678	3,802	3,776
Cash due on forward sales ⁽⁶⁾	£1,858	£1,831	£2,193	£2,743	£3,259
Gross margin on land holdings ⁽⁷⁾	£6,417	£6,247	£6,003	£6,378	£6,146

* Figures amended to reflect the adoption of IFRS 15.

- (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) This measures the profitability and efficiency of which capital is being used by the Group and is calculated as profit before interest and taxation (including joint venture profit before tax) divided by the average net assets adjusted for (debt)/cash.
- (3) This measures the efficiency of returns generated from shareholder equity after taxation and is 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.
- (6) Cash due from customers during the next three financial years under unconditional contracts for sale.
- (7) The measure of expected value in the Group's land holdings in the event the Group successfully sells and delivers the developments planned for.

Financial Diary

Annual General Meeting and Trading Update	4 September 2020
Half year end	31 October 2020
Interim Results Announcement for the six months ending 31 October 2020	December 2020
Trading Update	March 2021
Year end	30 April 2021
Announcement of Results for the year ending 30 April 2021	June 2021
Publication of 2021 Annual Report	August 2021

Registered Office and Advisors

Registered office and principal place of business

Berkeley House
19 Portsmouth Road
Cobham
Surrey KT11 1JG

Registered number: 5172586

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

0871 664 0300 (from the UK)
+44 (0) 371 664 0300 (from overseas)
shareholderenquiries@linkgroup.co.uk

Corporate broker and financial advisor

UBS Investment Bank

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

Solicitors

Herbert Smith Freehills LLP

Bankers

Barclays Bank plc
HSBC UK Bank plc
Lloyds Bank plc
Santander UK plc
Svenska Handelsbanken AB (Publ)
National Westminster Bank plc

Auditors

KPMG LLP



This report is printed on Amadeus Silk and UPM Fine Offset which are made of FSC® certified and other controlled material.

They also have the European EcoLabel.

Printed sustainably in the UK by Pureprint, a Carbon Neutral® company with FSC® Chain of custody and an ISO 14001-certified environmental management system recycling over 99 per cent of all dry waste.

luminous

Design and production
www.luminous.co.uk

