2021 Annual Report

TRANSFORMING TOMORROW

OUR VISION 2030

TRANSFORMING TOMORROW

A PURPOSE DRIVEN BUSINESS

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

We focus on large-scale brownfield regeneration sites, which are beyond the scope of conventional homebuilders.

We are unique in having the expertise, resources and financial strength to transform these left behind spaces and unlock their full social, economic and environmental value.

TRANSFORMING TOMORROW

"This resilient set of results reflect the strength of Berkeley's uniquely long-term business model, the enduring value of our high quality homes and places, and the extraordinary performance of our people and partners in meeting the complex challenges of the pandemic.

As the economy reopens, we are well positioned to drive the recovery from COVID-19, to grow our business and to further differentiate Berkeley as the country's most sustainable and innovative homebuilder.

To achieve this we have set out an ambitious ten-year strategy, called, 'Our Vision 2030: Transforming Tomorrow'. This holistic programme will challenge us to transform key parts of our business, to transform more left behind brownfield sites and to evolve our industry's leading approach to customer experience, build quality, health and safety, climate action and nature recovery.

Our strategy is designed to meet the key challenges and opportunities of tomorrow; positioning Berkeley as a world-class business, trusted to transform the most challenging sites into exceptional places and to maximise our positive impact on society, the economy and the natural world."

Rob Perrins
Chief Executive

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HIGHLIGHTS OF OUR YEAR

Financial Highlights*

£518.1m
Profit before tax (2020: £503.7m)

£1,712m
Cash due on forward sales (2020: £1,858m)

£26.12
Net asset value per share (2020: £24.72)

£1,128.2m
Net cash (2020: £1,138.9m)

16.5%
Pre-tax return on equity (2020: 16.6%)

£6,884m
Future gross margin in land holdings (2020: £6,417m)

Operating Highlights

10 new sites
acquired with the capacity to deliver 6,650 homes, including four new sites in our St William joint venture

4 major new planning consents
obtained on long-term regeneration developments in London, comprising 5,350 homes, along with two new consents outside London

6 sites moved into production
including five long-term regeneration developments, comprising 9,900 homes

23 regeneration sites in production
Berkeley now has 23 of its 29 long-term complex regeneration developments in production, supporting its anticipated 50% increase in housing delivery by 2024/25 from 2018/19 levels

7,000 plots
on sites we anticipate will come into the land holdings during the next two years, giving visibility on increasing estimated future gross profit in land holdings to £7.5 billion

Delivering for all stakeholders

2,825 homes
delivered (plus 429 in joint ventures). Berkeley is delivering some 10% of London's new private and affordable homes – supporting, on average, 28,000 UK jobs directly and indirectly throughout its supply chain

>£200 million
of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year

77.9 NPS
maintained industry leading Net Promotor Score (NPS) and customer satisfaction ratings

>40 developments
have net biodiversity gain strategies, which together will create over 480 acres of new or improved natural habitat on an area the size of London's Hyde Park

1.5°C aligned
we have been carbon neutral in our direct operations since 2017 and have now set science-based targets committing us to reducing emissions from our direct operations by 50% by 2030 and reducing the carbon intensity of our homes by 40% by 2030

* Reconciliations and explanations of our financial highlights are provided in our Key Performance Indicators section on page 28.

OUR VISION 2030 TRANSFORMING TOMORROW

Read more about our approach online:
berkeleygroup.co.uk/about-us/our-vision

TRANSFORMING TOMORROW

Berkeley transforms the most challenging and complex brownfield sites into welcoming and sustainable places, with homes and amenities for all. We are the only major UK homebuilder delivering urban regeneration at scale.

BEFORE

Left: Battersea Gasholders
Below: Prince of Wales Drive, Battersea

BEFORE

Below: Royal Arsenal Riverside, Woolwich
Right: Royal Arsenal Munitions Factory

Below: Southall Gas Works
Right: The Green Quarter, Ealing

BEFORE

Strategic Report

WHO WE ARE

We are a purpose driven company

Read more on pages 106 to 110.

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

This core purpose shapes our culture and drives our strategy.

We have deeply embedded values that shape our decisions and behaviour

Read more on page 109.

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

We have a uniquely, long-term operating model

Read more on pages 26 to 27.

We have a uniquely long-term operating model that is responsive to the cyclical nature of the housing market.

We focus on large-scale regeneration where our expertise and financial strength can deliver benefits for all of our stakeholders and lasting positive change.

Berkeley is now bringing forward 29 of the largest and most complex brownfield regeneration sites, a number of which are now in, or coming into, production. In total, our current portfolio consists of 63,270 plots across 96 sites.

OUR VISION 2030
TRANSFORMING TOMORROW

We have an ambitious strategy tackling ten strategic priorities

Read more on pages 35 to 50.

Our Vision 2030: Transforming Tomorrow is our new strategy, focused around ten strategic priorities for the business.

Places that stand the test of time
— Customers
— Quality
— Communities
— Climate Action
— Nature

Exceptional people and resources
— Employee Experience
— Modernised Production
— Future Skills
— Supply Chain
— Shared Value

We have a clear vision for the future

Our vision is to be a world-class business, trusted to transform the most challenging sites into exceptional places and to maximise our positive impact on society, the economy and the natural world.

OUR BRANDS

Berkeley Group

The Berkeley Group is comprised of six market leading brands; Berkeley, St George, St James, St Joseph, St Edward and St William. The Group operates through a network of some 20 autonomous operating companies.

We also have a unique network of international offices in key markets across the globe, enabling us to foster long-term relationships with our customers in overseas markets.

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.


Chelsea Creek, Hammersmith & Fulham

LONG-TERM SUSTAINABLE VALUE CREATION

The unique features of Berkeley's land-led, added value operating model include:

- The scale of its land holdings means Berkeley never needs to compromise its disciplines and can acquire land selectively and at the right point in the cycle, taking into account the prevailing operating environment.
- A focus on continuing to evolve scheme design and layout for the benefit of all stakeholders, utilising our planning and development expertise.
- This long-term approach focused on brownfield regeneration mitigates market risk with the ability to create value through the cycle; which contrasts with a volume growth model with more immediate land requirements.
- A strong planning position provides visibility and mitigates regulatory risk.
- Strong forward sales underpin near and medium-term delivery and profits, supported by Berkeley's diversified sales channels with a unique international network.
- Financial strength means that Berkeley's autonomous teams can make the right long-term operating decisions for each of our unique and complex assets.

Our compelling investment proposition is supported by our capital allocation approach to:

- **Ensure Berkeley's financial strength reflects the prevailing macro environment**
- **Invest in opportunities for the business where the right risk-adjusted returns are available**
- **Make returns to shareholders through either dividends or share buy-backs**

1.

Purpose driven business

Our passion and purpose is to build quality homes, strengthen local communities and make a positive difference to people's lives.

This driving purpose shapes everything we do and is fundamental to our long-term value added approach.

Hollyfields, Hawkenbury

Royal Arsenal Riverside, Woolwich

2.

Long-term regeneration at scale

Our focus is on large-scale, capital intensive brownfield regeneration projects.

We unlock challenging and complex sites over the long-term, bringing well located land back into community use and realising its potential for added value returns through the housing market cycles.

Berkeley is the only UK residential developer regenerating brownfield land at scale.

3.

Collaborative placemaking

We have a collaborative approach to placemaking, designing unique and beautiful places in partnership with local authorities and communities.

We deliver the amenities and natural landscapes local people care about most, alongside high quality, low carbon homes of all types and tenures.

4.

London and South East focus

We focus on deep under-supplied markets with long-term demand for high quality homes and places.

The majority of Berkeley's capital is allocated to London, which is underpinned by its enduring status as a world-class city.

5.

Autonomous, experienced teams

We operate through a decentralised structure with over 20 operating companies across six core brands.

Each team is autonomous, entrepreneurial and highly collaborative with the expertise and local market knowledge to create quality homes and places, whilst managing risk.

Woodberry Down, Finsbury Park

6.

Sustainability and climate action leadership

We are industry leaders in sustainability and climate action, using Our Vision 2030: Transforming Tomorrow to ensure these areas are central to our brand, culture, operations and business strategy.

Our approach is holistic and long-term, aligning us with the global environmental challenges our stakeholders care most about.

7.

Innovation

We are investing in advanced manufacturing and innovative digital technologies which will embrace, expand and transform key parts of our business operations.

These industry leading innovations will enable Berkeley to deliver more homes and achieve higher standards of safety, productivity and sustainability performance.

8.

Financial discipline

We recognise the cyclical nature of the housing market and the high operating risk of our complex, long-term developments and therefore keep financial risk low at all times. We prioritise financial strength ahead of annual profits.

This enables Berkeley to invest, both in new land and in our sites, at the right time in the cycle.

9.

Shareholder returns

We have a strong track record of generating sustainable returns for shareholders, with annual returns committed through to 2025.

Read more on page 8.

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SHAREHOLDER RETURNS PROGRAMME AND SURPLUS CAPITAL

Berkeley has a strong track record of generating sustainable returns for shareholders throughout market cycles. The evolution of the current Shareholder Returns Programme is shown in these key milestones:

2011

Established as a framework through which £13.00 per share (c. £1.7 billion) would be returned over a 10 year timeframe to 2021.

2015

Total returns increased by £3.34 per share to £16.34 per share (c. £2.2 billion in total).

The remaining £12.00 per share (£4.34 already paid) was scheduled in equal annual dividends of £2.00 per share (c. £280 million) over the 6 years to September 2021.

2016

Flexibility introduced to return the remaining £10.00 per share (£6.34 already paid) through a combination of share buy-backs and dividends. Annual returns were categorised as an absolute value per annum (c. £280 million) which is increased appropriately for any new shares issued.

2018

Extended the annual £280 million by a further four years to September 2025, bringing the total returns to c. £3.4 billion.

SURPLUS CAPITAL

In January 2020, Berkeley announced the return of an additional £455 million via cash returns in two tranches to March 2022.

Following the onset of the COVID-19 pandemic, the surplus capital return was deferred for up to two years and flexibility was introduced to make the return via Additional Land Investment* or through cash returns.

In June 2021, Berkeley proposed to return the first half (£228 million) via a shareholder payment by 30 September 2021.

Shareholder Returns Programme	Shareholder Return mechanism			Long-term value metrics‡		
as at 30 April 2021	Return £m	Dividends £m	Buy-backs £m	Shareholders' Equity	Net asset value/share	Land Holdings Future GM
As at 1 May 2011	–	–	–	£929m	£7.09	£2,872m
To 30 September 2015	582	582	–	£1,638m	£11.99	£5,272m
To 30 September 2016	273	273	–	£1,813m	£13.14	£6,146m
To 30 September 2017	278	188	90	£2,075m	£15.11	£6,378m
To 30 September 2018	278	120	158	£2,591m	£19.38	£6,003m
To 30 September 2019	279	34	245	£2,963m	£23.05	£6,247m
To 30 September 2020	280	259	21	£3,102m	£24.72	£6,417m
To 31 March 2021	141	11	130	£3,175m	£26.12	£6,884m
By 30 September 2021	141	82†	59			
Returns – committed	**2,252**	**1,467**	**703**			
Surplus capital						
To 30 September 2021	228					
By 31 March 2023	227					

* Additional Land Investment is defined as 'cash paid on land interests, over and above the cost of land used in the Income Statement, from 1 May 2020 through 31 March 2023.

† The £82 million remaining for the period to 30 September 2021, along with the £140 million due for the six months to 31 March 2022, are proposed to be combined with the first half of the surplus capital (£228 million) in to a £450 million shareholder payment. This will be made via a capital reduction, subject to shareholder approval at the AGM on 3 September 2021.

‡ All figures are provided as at 30 April in the year indicated.

£2.2bn

Since 2011 Berkeley has returned £2.2 billion to shareholders whilst increasing shareholders equity from £0.9 billion to £3.2 billion, with future gross margin in the land holdings currently estimated at £6.9 billion.

£0.7bn

Berkeley has returned £0.7 billion via 19.0 million share buy-backs at an average cost of £36.99 per share since December 2016.

£281m

The ongoing annual return of £281 million, set out to September 2025, is currently equivalent to £2.31 per share (originally £2.00 per share).

This will increase to approximately £2.50 per share following the proposed capital reduction.

Each year EY completes an Economic Impact Assessment based on Berkeley's financial data as well as publicly available statistics. The results for the last five years are presented below.

"On average, every new home built by Berkeley in the last five years has generated £306,000 of value to the state through taxation and contributions to the community."

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ECONOMIC KPIs

Homes

18,481

Berkeley built 3,254 homes in 2020/21 and a total of 18,481 over the last five years (including joint ventures).

Communities

£2.0bn

Including over £0.2 billion in 2020/21. During the last five years, Berkeley has contributed £1.4 billion in affordable housing subsidies and committed to additional payments of £0.6 billion to help pay for a wide range of facilities and services for local communities.

Economy

£13.8bn

Berkeley's contribution to UK GDP was over £2.5 billion in 2020/21 and £13.8 billion for the last five years.

Tax

£3.7bn

Total UK tax contribution of £0.6 billion in 2020/21 and £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.

Jobs

28,000

Berkeley has supported, on average, 28,000 UK jobs per annum directly and indirectly through its supply chain over the five year period.

Prince of Wales Drive, Battersea

OUR PORTFOLIO

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.

Berkeley has 29 long-term regeneration sites. Berkeley is unique in having built up the expertise, experience and financial strength to successfully manage the complex planning, remediation, infrastructure, construction and social challenges involved in these long-term projects.

Returning brownfield sites to sustainable community use is vital to meeting local housing needs, energises local economies and relieves pressure on greenfield land.

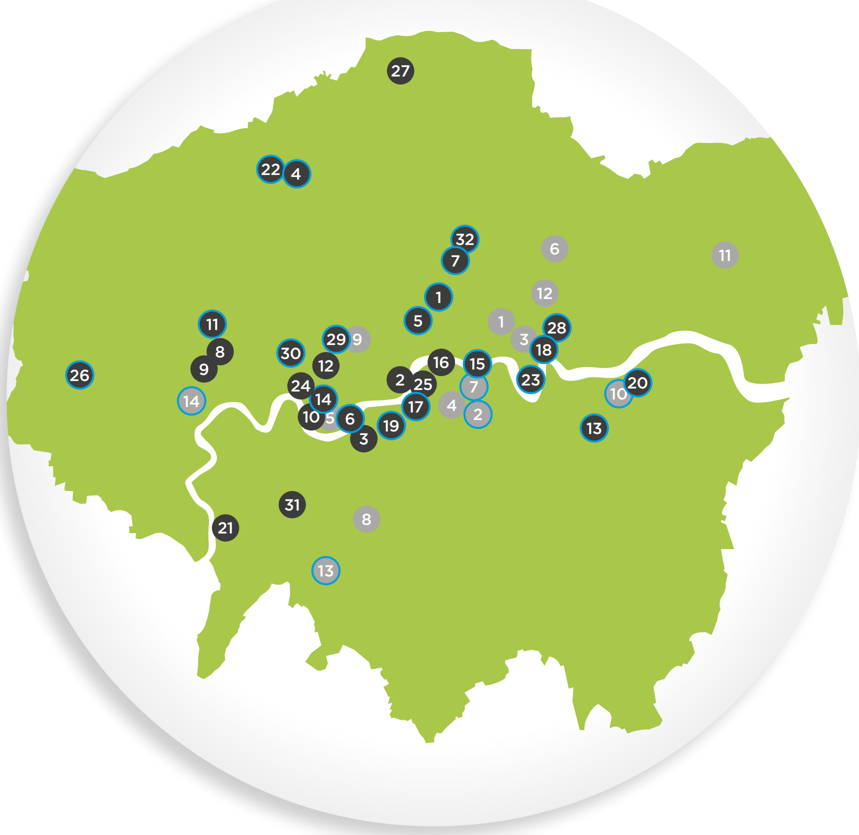
64	32	96	29	88
Sites under construction	Future sites	Total sites in land holdings	Long-term regeneration sites	Brownfield sites

London

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

Future sites
1 Bethnal Green
2 Borough Triangle*
3 Bow Common
4 Chambers Wharf, Southwark
5 Fulham
6 Lea Bridge
7 Malt Street, Southwark
8 Mitcham*
9 Paddington Green*
10 Plumstead, West Thamesmead*
11 Romford*
12 Stratford Gas Works*
13 Sutton*
14 Syon Lane, Brentford

Key
● Under construction
● Future sites
○ Long-term regeneration sites



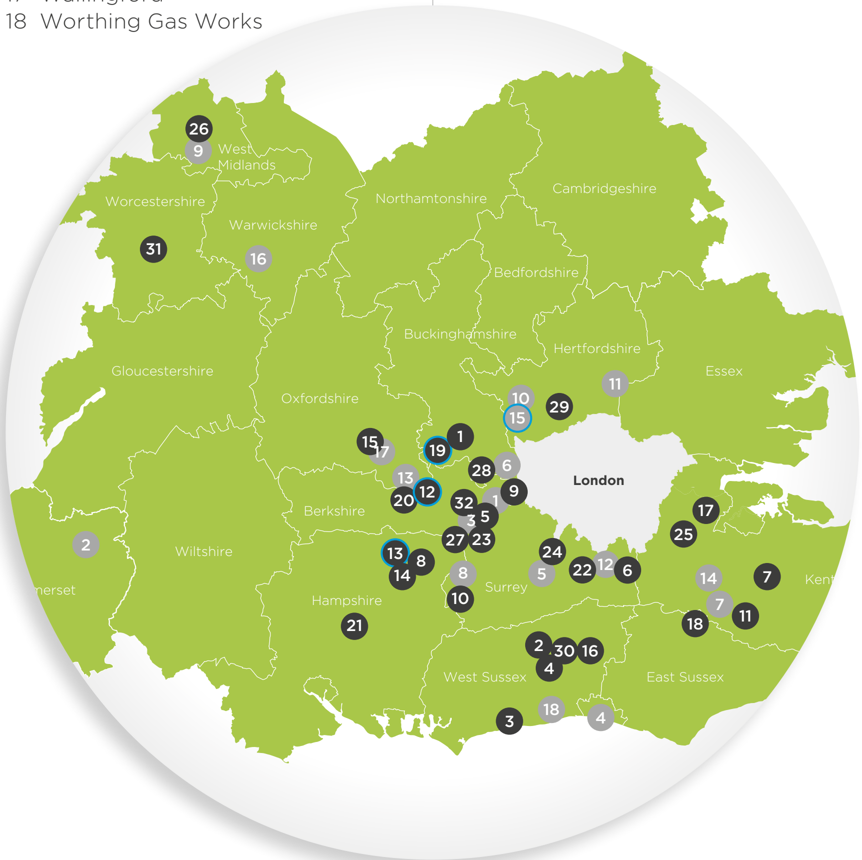
* New sites in the year

Out of London

Under construction
1 Abbey Barn Park, High Wycombe
2 Barleycroft, Rudgwick
3 Bersted Park
4 Broadacres, Southwater
5 Brompton Gardens, Ascot
6 Courtyard Gardens, Oxted
7 Cranbrook
8 Edenbrook Village, Fleet
9 Eden Grove, Staines
10 Farnham
11 Foal Hurst Green, Paddock Wood
12 Green Park Village, Reading
13 Hartland Village, Fleet
14 Hareshill, Fleet
15 Highcroft, Wallingford
16 Highwood Village, Horsham
17 Holborough Lakes
18 Hollyfields, Hawkenbury
19 Horlicks Quarter, Slough
20 Huntley Wharf, Reading
21 Knights Quarter, Winchester
22 Leighwood Fields, Cranleigh
23 Lumina, Camberley
24 Princes Chase, Leatherhead
25 Quinton Court, Sevenoaks
26 Snow Hill Wharf, Birmingham
27 Sunningdale Park
28 Taplow Riverside
29 The Arches, Watford
30 The Paperyard, Horsham
31 The Waterside, Royal Worcester
32 Woodhurst Park, Warfield

Future sites
1 Ascot
2 Bath
3 Bracknell*
4 Brighton Gas Works
5 Effingham
6 Farnham Royal
7 Fidelity, Oakhill House
8 Frimley Green
9 Glasswater Locks, Birmingham
10 Hemel Hempstead
11 Hertford
12 Hillsbrow, Redhill*
13 Reading
14 Sevenoaks
15 The Eight Gardens, Watford
16 Swan's Landing, Stratford-Upon-Avon
17 Wallingford*
18 Worthing Gas Works

Key
● Under construction
● Future sites
○ Long-term regeneration sites



* New sites in the year

Land holdings as at 30 April 2021	Total Group	100% owned	Joint ventures
Sites	96	71	25
Plots – owned	52,080	41,595	10,485
Plots – contracted	11,190	3,480	7,710
Plots – total	63,270	45,075	18,195

BERKELEY'S CORE MARKET

The housing market is cyclical in nature and is a leading indicator of the health of the economy. Berkeley is experienced operating in this environment and our unique business model enables us to successfully deliver homes throughout the whole economic cycle.

The housing market has weathered the significant economic effects of the COVID-19 pandemic, as well as Britain's concurrent exit from the European Union, better than initially anticipated. Government support for both the UK economy and the housing market in the form of the temporary Stamp Duty Land Tax (SDLT) holiday and the extension of Help to Buy deadlines helped to stabilise the market and demonstrated the Government's commitment to the new build sector.

The current heightened economic uncertainties should recede as Britain emerges from the pandemic, and our future relationship with the EU gains greater clarity. Crucially, the fundamentals of the housing sector and Berkeley's core markets remain strong:

- London and the South East of England remain undersupplied;
- interest rates remain at historically low levels;
- mortgage availability is strong with lenders reintroducing higher loan-to-value products and Government policy remaining supportive of mortgage lending; and
- affordability levels remain within historical parameters for those with the requisite deposit.

London and the South East is under supplied

The Government continues to target the delivery of 300,000 homes per year, with this commitment reiterated in its December 2019 election manifesto. The number of new homes completed annually increased to 244,000 in 2019/20[1], which is the highest level seen in nearly 40 years[2] but was still 56,000 short of the Government's commitment.

According to the Government's assessment of housing need[3], all of this undersupply is within London and the South East:

- London's housing need is now 94,000 per year. Over the last three years an average of 37,000 per year was delivered, an annual shortfall of 57,000 homes.
- The housing need across the Home Counties[6] is now 69,000 per year. Over the last three years an average of 53,000 per year was delivered, an annual shortfall of 16,000 homes.

Housing supply shortfall in London and South East

Sources: MHCLG[1,3]

In the short-term this undersupply looks set to worsen. While current completions in London have reached their highest annual level at 42,000 net additional dwellings[1], this is unlikely to be sustainable with new starts falling to less than 15,000 per year for the last two years[4]. This will constrain future new build supply.

In the medium to long-term the supply constraint in London in particular looks set to continue. The recently adopted London Plan has set a target for housing delivery of 52,000 based on London's urban capacity to deliver homes. Even if this target were reached, this would still represent a shortfall of 42,000 homes or around 45% relative to London's assessed housing need every year.

Looking at the national picture, annual new build starts peaked at the end of 2018 at around 170,000[5], just over half the Government target. Starts are currently around 130,000, with activity in 2020 being materially impacted by the pandemic, but a declining trend had already emerged during 2019.

Housing market interventions and trends

Over recent years, well intentioned national housing policy interventions have disproportionately impacted both supply and demand in London and the South East. These changes include:

- introduction of the Community Infrastructure Levy (CIL) in 2010;
- changes to the SDLT regime as well as rate increases starting in 2014;
- a 3% SDLT levy for additional properties in April 2016;
- the elimination of mortgage interest relief for buy to let investors by April 2020;
- a 2% surcharge for overseas purchasers from April 2021;
- an increase in corporation tax rates from 19% to 25% from April 2023;
- the proposed introduction in the near future of a new Residential Property Developer Tax; and
- a new 'Gateway 2' levy applicable to all future high rise development permissions.

At the same time, the Help to Buy scheme has assisted a large number of first time buyers onto the housing ladder, nationally supporting around 40% of new build transactions, although this has been less relevant in London. This level of support is expected to reduce, with restricted eligibility criteria of the new scheme for the two years to March 2023.

The net result of these interventions is that transaction volumes have never returned to the levels seen prior to the Global Financial Crisis[6]. After an initial recovery after the crisis, changes to the SDLT regime and rate increases in December 2014 have meant the market stabilised at a materially lower number of transactions.

The introduction of the 3% SDLT levy on additional property purchases initiated a downward trend in transaction volumes, exacerbated in London, which has a higher than average proportion of rental properties.

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.

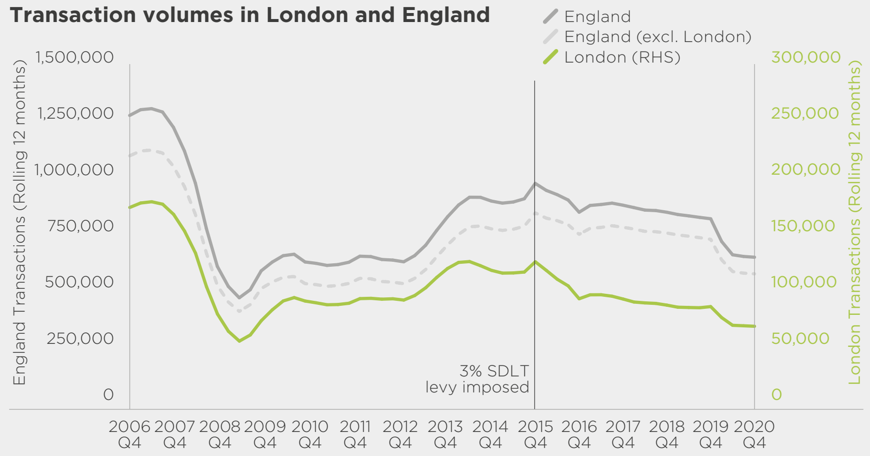
An increase in activity in the initial months of 2021 illustrates the positive impact the SDLT holiday has in stimulating demand, whilst also highlighting the downward pressure SDLT places on transactions under normal market conditions. It also shows the pent up demand that has built up not only over the last year, but systemically over a number of years.

Research on the latest market data is identifying positive emerging trends, which indicate an increase in underlying demand for London expected to continue as people begin to return to more normal working patterns and international travel restrictions ease.

Setting the conditions for growth

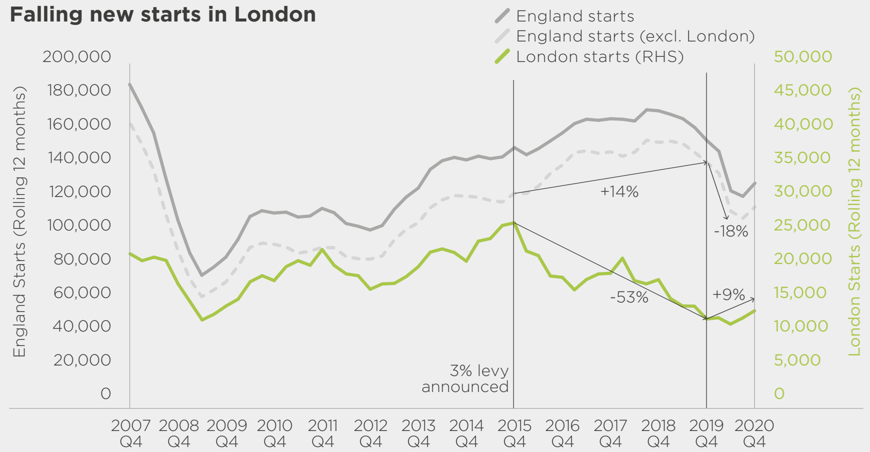
Historically the construction industry has often led the country out of recessions and the Government now has a unique opportunity to engage and focus upon the homebuilder sector, raising standards and

Transaction volumes in London and England



Source: Land Registry

Falling new starts in London



Source: MHCLG[4]

embracing sustainable placemaking. The following interventions would help drive the revival of the sector, deliver much needed housing and create the foundations for a wider economic recovery:

- Set a proportionate approach to SDLT to support activity in the market, permanently cutting SDLT rates at all levels. Although some revenue will be lost to the Treasury from reduced SDLT rates, increased economic activity that results from the building of new homes would more than offset this.
- Increase the amount of direct Government investment in affordable housing. The only time the UK has built more than 300,000 homes per year was in the 1960s when there was significant Government intervention.
- Bring more marginal sites into production with more ambitious grants for affordable homes and infrastructure.
- Provide visibility of any Government support beyond the new Help to Buy scheme to assist with future planning for home ownership aspirations.
- Offer longer periods for mortgages to support owner-occupier activity at an earlier stage in the new build sales cycle.
- Review of the planning tariffs (affordable housing requirements, Section 106 contributions and CIL) for complex, long-term developments to reflect the uncertain environment, particularly in light of the proposed increases in developer taxation.
- Review of the planning system to ensure it suitably addresses and minimises delays as a result of the emergence of Future Homes Standard and modern methods of construction requirements.

Individual home buyers, investors, and developers like Berkeley must all have the confidence and ability to invest in the industry, support wider economic activity, increase social mobility and better match housing supply with need across all tenures.

Sources: (1) MHCLG Live Table 118; (2) MHCLG Live Table 244; (3) MHCLG Indicative Local Housing Need (December 2020); (4) MHCLG Live Table 253a; (5) Land Registry; (6) Essex, Hampshire, Hertfordshire, Kent, Surrey, Sussex and Thames Valley

WHITE CITY LIVING

HAMMERSMITH & FULHAM

11 acre	2,370	50%	90,000 sqft
brownfield warehousing site	mixed-tenure homes	public open space	commercial and community space

The first phase of White City Living was completed during 2020/21, with phases two and three well underway.

The former warehousing site has become a well connected neighbourhood, with new routes through a Victorian railway viaduct leading into the neighbouring Westfield Shopping Centre and new pedestrian decks and bridges built over the Central Line to create the main entrance from Wood Lane.

This growing community is set around five acres of biodiverse parkland, public squares, waterways and a series of restored railway arches which will be brought to life as cafés, restaurants and shops.

Glyn Barker
Chairman

This has been an extraordinary year, with the challenges presented by COVID-19 impacting the daily lives of the nation, the economy and businesses in an unprecedented and profound way.

Looking back over the year, we have seen a remarkable response to the pandemic; from the country's frontline public services, and from the scientists and businesses responsible for creating the vaccines that provide an increasing sense of hope and optimism for the future, and we owe them all a huge debt of gratitude.

Each business faced its own set of challenges. Berkeley's purpose to create homes, strengthen communities and improve lives carries a real responsibility as we are providing the most basic of needs; a safe place to call home.

The pace, determination and skill with which our teams and supply chain partners quickly adapted working practices and sustained production throughout the year, to deliver on our commitments to customers and communities, was remarkable and I am very proud of our people for this. Berkeley was able to achieve this while prioritising the health, safety and wellbeing of all its people and stakeholders. This meant that where others were closing operations Berkeley was able to ensure the Covid-secure continuity of its sites and operations.

Berkeley's financial strength has meant that the Group has not needed to draw on any Government support nor furlough any of its staff during the pandemic. Instead, we have been able to utilise our strength to support our people, customers, suppliers and local communities through a range of initiatives, further details of which are set out opposite.

Berkeley has also differentiated itself through its financial performance, delivering results for this year and last in line with guidance at the start of the two-year period, before the pandemic began. We have also maintained our shareholder returns programme at the long-term pre-pandemic level of £280 million per annum throughout.

Emerging from the pandemic in a very strong financial position, Berkeley is now preparing to return the first £230 million of surplus capital to shareholders this September, subject to approval by shareholders at the Annual General Meeting of the Company in September 2021. The remaining £225 million of surplus capital is likely to be allocated to incremental land investment over the next two years.

This year has also seen the launch of Our Vision 2030: Transforming Tomorrow. This is of fundamental importance to Berkeley given our unique role in transforming large-scale brownfield sites into wonderful places to live. Our Vision 2030 links together our purpose, values and sustainable business model through ten strategic priority areas including customers, communities, nature, climate action, employee experience and modernising production. I believe this will continue to distinguish Berkeley from other developers through both the scope of its operations and the scale of its ambition to create a truly sustainable future for customers and communities.

It is with great sadness that June 2020 saw the sudden passing of Berkeley's co-founder and former Chairman, Tony Pidgley CBE. I had the privilege of knowing Tony since before he took Berkeley to the public market in 1984. He is of course irreplaceable, but his drive, ambition and vision is deeply embedded in the Berkeley of today. Tony was always looking to the future and, in the years before his passing, he had the wisdom to put in place strong succession within the Executive team. This exceptional team, led by Rob Perrins, has enabled the Company to respond to the challenges over the last year so resiliently. The strength and cohesion of the Board has also provided the foundation over the past year to allow for smooth transition as four new Non-Executives have been appointed, ensuring the Board, as a whole, continues to represent a diverse and inclusive team with the requisite balance of skills, expertise and experience that is closely aligned to the Berkeley Group purpose and values.

The Ven. Elizabeth Adekunle and William Jackson joined the Board in January 2021. Sarah Sands joined the Board in April 2021 and, following the year-end, the Board will be further strengthened by the appointment of Andy Kemp in July 2021. 2021 also saw Baroness Fleet, Veronica Wadley stepping down as a Non-Executive Director after 9 years of service. Adrian Li and Peter Vernon will be stepping down as Non-Executive Directors at the 2021 Annual General Meeting.

I would like to take this opportunity to formally welcome the four new Non-Executive Directors to the Board and to thank Veronica, Adrian and Peter for their service and in particular their support over the past year. The transition process, which will include the identification of the Company's next Chairman, will continue over the coming year. I look forward to sharing further details in due course, as the Board looks to conclude this process in 2022.

I am grateful to the Board and Senior Management for their support and guidance during this extraordinary year and to all of Berkeley's people who have shown such dedication and professionalism in delivering such a strong performance, whilst at the same time prioritising the health, safety and wellbeing of all fellow staff and stakeholders.

I am very proud to be able to present such a strong set of results and I commend the strength and resilience of the Berkeley business and its people in such challenging circumstances. I am confident that Berkeley is in an excellent position to be able to emerge from the pandemic even stronger in fulfilling its purpose to build quality homes, strengthen communities and improve people's lives.

Glyn Barker
Chairman

OUR RESPONSE TO COVID-19

Key features of our response

1. Berkeley prioritised the health, safety and wellbeing of our stakeholders at all times
2. We quickly developed and implemented Covid Secure operations across sites, office and sales venues
3. We played a central role in developing Government approved Site Operating Procedures for the construction industry
4. Our agile working culture and high level of in-house health & safety and site management expertise were vital to our effective response
5. Our robust long-term operating model and financial strength negated the need to furlough our employees or request taxpayer support
6. We offered targeted support to vulnerable employees, suppliers, charity partners and local communities
7. We maintained or underlying shareholder returns in line with our commitments
8. Our customers saw the full value and benefits of Berkeley's well designed, high quality homes and places throughout lockdown
9. Berkeley continued to invest in our long-term operating model, bringing forward new regeneration sites and increasing investment in build work in progress
10. Berkeley is emerging from the pandemic in a strong position to meet housing needs, help drive the economic recovery and create value for our stakeholders

Supporting our stakeholders

Our communities
- The Berkeley Foundation issued £660,000 in emergency grants to our partner charities
- Donated PPE, including protective masks and gloves, to front line public services
- Donated to local food banks and supported projects to deliver food and household essentials to NHS staff and other key workers
- Provided parking on our sites for emergency services and NHS staff
- Supported vulnerable residents, ensuring they had the supplies and help they need
- Assisted our commercial tenants to reach their customers remotely

Our people
Supported our people by keeping the business moving, not using the Furlough Scheme and implementing:
- Best practice Covid Secure working arrangements across all work venues
- Immediately facilitated remote working using existing IT systems
- Mental health and wellbeing support

Our customers
- Supported our customers by rapidly adapting operations so we could continue to safely deliver their homes
- Enhanced communication to help individual customers understand how changing Government guidance affected them and to enable them to safely move home
- Expanded our digital sales offering to give customers the confidence to make well-informed decisions and progress their home purchase

Our suppliers
- Supporting our suppliers by paying all sub-contractor invoices within 30 days throughout 2020/21, and establishing accelerated payment plans where appropriate
- Providing a COVID Secure workplace for all supply chain operatives, including best practice socially distanced welfare facilities

Our shareholders
- Supporting our shareholders by maintaining our underlying shareholder returns

Government and local authorities
- Supported Government to keep the economy moving, building homes, maintaining jobs and not calling for taxpayer support
- Played a lead role in translating public health advice into robust industry-wide Site Operating Procedures as part of the Construction Leadership Council
- Supported local government partners by continuing to regenerate brownfield land and deliver their priorities for local investment and renewal

Rob Perrins
Chief Executive

"These strong results reflect the consistent and focused application of Berkeley's uniquely long-term business model, the quality of the homes and places we create and our proficiency in adapting to the challenges of the pandemic, sustaining production throughout. In this environment, we have delivered results for this year and last in line with guidance at the start of the two year period (which was before the pandemic), maintained our annual £281 million shareholder return and added ten new sites, with the capacity to deliver 6,650 new homes, to our land holdings.

We ended the year in great shape, with net cash of £1.1 billion, cash due on forward sales of £1.7 billion and the estimated future gross margin in our land holdings increased to £6.9 billion, with a further £0.6 billion in the near-term pipeline.

This is a very strong platform from which to continue serving the most under supplied housing markets in the country once the disruption caused by the pandemic dissipates and London is again able to flourish as a global destination for culture, entertainment, education, recreation and business. London is one of the world's greatest open and welcoming cities and it has been wonderful to witness its vibrancy returning over recent weeks, with the gradual lifting of restrictions. People thrive on its energy, opportunity and unparalleled attributes.

Berkeley's unrivalled land holdings now have capacity to deliver over 63,000 homes, of which over 70% are on our 29 large complex regeneration sites. 23 of these are now in production, underpinning the business plan for the next ten years. The next three years will see further investment in work in progress as more of these sites approach the point of delivery and we now have over 11,000 people working on our construction sites, more than prior to the pandemic, supporting Berkeley's planned 50% increase in delivery over the business plan period.

This progress made in the last year and strong cash position provides Berkeley with a clear focus on increasing investment in its Group and joint venture land holdings, including further selective acquisitions. It also provides the visibility for Berkeley to announce a £450 million B share scheme, followed by a share consolidation, comprising £228 million of surplus capital and the remaining £222 million of scheduled annual shareholder returns for 2021/22, subject to approval by shareholders."

Uniquely long-term operating model

Berkeley remains the only large UK homebuilder focused on the regeneration of complex large-scale brownfield projects at scale. We have built up the breadth of expertise, financial strength and holistic placemaking approach needed to transform these challenging sites into welcoming and sustainable places over the long-term.

Throughout the year we have continued to invest in this unique delivery model, adding ten new sites (6,650 new homes) to our land holdings, advancing a further 7,000 homes in our immediate pipeline, securing four new major planning permissions, increasing our investment in the ongoing transformation of live projects and growing our combined site and office workforce by over 12% (over 1,500 net additional jobs) compared to pre-pandemic levels.

As a result, Berkeley remains firmly on course to increase its housing delivery by 50% by 2024/25 from 2018/19 levels, as previously set out, and is in a fantastic position to drive the recovery and create the additional homes, amenities, jobs and training opportunities local communities need post COVID-19.

Holistic placemaking to create sustainable communities

Berkeley is now bringing forward 29 of the most complex and challenging regeneration projects in the country, including vast neglected spaces, which have fragmented local communities and deterred investment. We passionately believe that reviving sites like these is vital to reinvigorating our town centres and high streets, and to supporting the left behind communities who suffered most through the pandemic. It takes many years of patient placemaking to stitch these vast spaces, once cut off from their local communities, back into the local fabric and to bring them to life with the right mix of homes, public amenities, parks and open spaces. This is inherently sustainable and Berkeley is the only developer doing it at scale.

We are holistic long-term placemakers, which means we work collaboratively with local communities to design completely unique, welcoming and inclusive neighbourhoods. For Berkeley, it means creating a place that works beautifully at a human level. Somewhere welcoming, friendly and safe, where people will really love to spend time and feel part of the community. The process of placemaking always starts with local consultation and engagement, and we work very hard to seek out a diverse range of local people to properly understand their views, ensuring our plans complement and support their vision and goals.

We then continue working with the community, putting in place community plans to invest in the neighbourhood's social and cultural strength. These plans involve a mix of local events to get neighbours talking, and provide funding and support for residents to set up local clubs, groups and residents associations.

Our Vision 2030: Transforming Tomorrow

Berkeley is the country's most ambitious and sustainable homebuilder and we unveiled our new Our Vision 2030 strategy in the year, which sets a holistic approach for our activities, while maximising our positive impacts on society, the economy and the natural world. We intend to lead by example, working with our local partners to transform our sites and maximise the positive impacts for all stakeholders.

Our Vision 2030 sets ten strategic priorities for the coming decade, including the next phase of our leading climate action and nature recovery programmes, an expanded approach to environmental net gain and continuing our investment in a highly innovative model of precision manufactured modular housing.

Driving ambitious carbon action

Tackling climate change has long been a priority for Berkeley, and we successfully reduced the carbon impacts of our sites, offices and sales venues by 73% between 2016 and 2019 through adopting more efficient practices and procuring 100% renewable electricity.

We were the first homebuilder to deliver carbon neutral direct operations through voluntarily offsetting our remaining emissions, which we have done for four successive years, and we are the only UK homebuilder with an A Rating for Climate Action and Transparency from CDP.

We are now pushing the boundaries even further, having become one of the first 350 companies in the world to commit to limiting global warming to 1.5°C through adopting ambitious, independently verified science-based greenhouse gas reduction targets. This commits Berkeley to:

- reducing emissions from our sites, offices and sales venues by a further 50% between 2019 and 2030 on an absolute basis (on top of our standing reductions which already includes the procurement of renewable electricity for all UK consumption); and
- reducing embodied carbon within our supply chain and the in-use emissions from our homes by 40% between 2019 and 2030 on an intensity basis.

These targets put Berkeley on a course to be a net zero business by 2040.

AWARDS AND ACCREDITATIONS

Outstanding Achievement Award and Gold Award for customer satisfaction.	Premier Guarantee Excellence Awards Developer of the Year.	Sir David Attenborough Award for Enhancing Biodiversity.	Sustainable Housebuilder of the Year.	RoSPA Diamond Award for an "outstanding corporate contribution to raising safety standards".	Awarded an A rating for Climate Action and Transparency, which is the highest score possible.

Berkeley Modular, Northfleet

Leading nature's recovery
We are proud to continue leading the development industry in reversing biodiversity loss, which is the other great environmental challenge of our time. We were the first homebuilder to commit to delivering a measurable net biodiversity gain on every new site and have since built up a pipeline of over 40 projects, which together will create over 480 acres of new or improved natural habitats; an area the size of London's Hyde Park.

This focus on biodiversity and delivering ambitious and beautiful natural landscapes has been of great benefit to the communities within and around our sites, particularly during the pandemic.

The success of our programme led to the Government mandating that net biodiversity gain will become a national legal requirement for all developments, which could become law by the end of the year. Our first and most mature net biodiversity gain landscape, at Kidbrooke Village, was awarded the 2020 Sir David Attenborough Award for Enhancing Biodiversity by the Landscape Institute.

We are now developing a more challenging approach, which will deliver a further valuable 'environmental net gain' on every project.

Modernising production
Berkeley has continued to develop our unique modular housing system, which is manufactured using highly automated and digitally integrated production technologies from the aerospace and automotive sectors. This will represent a major step forward for the homebuilding industry, enabling Berkeley to create a new generation of precision-made homes at a quicker pace to exacting standards.

Other anticipated benefits include a reduced carbon footprint at every stage of the product lifecycle, increased productivity, eliminating material waste, improved safety and complete golden thread digital record capture for every module produced.

Our factory, located in Northfleet in Kent, will deliver up to 1,000 homes per year once up to full production, with each module leaving the factory floor fully fitted and finished. This additional manufacturing capacity will help overcome the construction industry's long-term skills and recruitment challenges, which could otherwise constrain Berkeley's planned increase in housing completions. First production is scheduled for later this year.

Championing safer homes and operations
In September, we were honoured to be only the second company to ever receive the Diamond Award from The Royal Society for the Prevention of Accidents (RoSPA), in recognition for an "outstanding corporate contribution to raising safety standards across the residential building sector".

We have since co-written, launched and adopted RoSPA's Safer by Design framework, which sets out best practice housing design interventions to reduce the risk of common domestic accidents like falls, which lead to 6,000 accidental deaths each year in the UK. We are now making the case for Government to strengthen mandatory design standards for stair design as part of their ongoing reforms to building regulations, which can be achieved at no additional cost.

Strategy and Shareholder Returns, including Surplus Capital

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.

Large-scale brownfield regeneration takes longer and is more complex and capital intensive than traditional housebuilding sites. It typically involves uncertain timing from any one or combination of planning, remediation, clearing of planning conditions, utilities, CPOs, vacant possession and complex infrastructure works. When approached with great care and expertise it returns greater value to stakeholders over the long-term. Berkeley now has 29 of these long-term regeneration sites in its land holdings.

Over this last 12 months, Berkeley has added ten new sites to its land holdings, comprising some 6,650 homes, and added a further 1,500 through re-planning existing sites, increasing the estimated future gross profit in the land holdings from £6.4 billion to £6.9 billion. In addition, Berkeley has either acquired or advanced a number of development opportunities that will come into the land holdings over the business plan period. These represent a further 7,000 homes and will see Berkeley achieve its long-term target of increasing the estimated future gross profit in its land holdings to £7.5 billion. Within this near-term pipeline is a strategic land site in Milton Keynes, a retail park in Kew and two regeneration sites in St William.

Due to the nature of the new and the pipeline sites, cash spent on land has been only slightly higher than that used in the delivery of new homes in the year. This is due to a number of factors associated with these sites, including timing of land payments, the extent of infrastructure and remediation costs on these sites and the fact that some sit within the St William joint venture.

Immediately prior to the pandemic, Berkeley had identified £455 million of cash that was surplus to its ongoing business plan requirements and that it planned to return to shareholders via a B share scheme, followed by a share consolidation. This surplus cash was generated over the preceding three years as Berkeley delivered a number of central London developments acquired and designed at the end of the Global Financial Crisis.

With the onset of the pandemic, Berkeley obtained the support of shareholders to defer this return of surplus capital for up to two years to; firstly safeguard the business in the immediate aftermath of the pandemic and, secondly to ensure it had sufficient capital should significant incremental opportunities arise to add to its land interests. The surplus capital would therefore be utilised to acquire incremental land or returned to shareholders as previously envisaged.


Beaufort Park, Barnet

Prince of Wales Drive, Wandsworth

Following the progress made in the last twelve months, Berkeley ends the year with significantly enhanced land holdings and a strong cash position. From this point, and given the current buoyancy in the land market, further new sites will be added selectively with Berkeley's strategic focus on continuing to invest in its joint ventures and unrivalled land holdings.

This provides Berkeley with the visibility to commit to making the first half of the return of surplus capital through shareholder returns by 30 September 2021, six months ahead of the revised scheduled date.

The Company has already made £59 million of the £281 million shareholder returns for the current year through share buy-backs towards the end of last year and proposes to combine the remaining £222 million with the first half of the surplus capital return (£228 million) to create a £450 million payment to shareholders (approximately £3.70 per share).

The Company further proposes that this is undertaken via a B share scheme, followed by a share consolidation, with the appropriate resolutions to be put to shareholders at the Company's Annual General Meeting on 3 September 2021. This would see the Company's share capital reduce by around 8% (based on current share price) from 121.6 million to approximately 112 million shares.

Following this, the next scheduled shareholder return will therefore be the £141 million in respect of the six months ending 30 September 2022.

Taking account of commitments on its existing sites, including those added in the year, and pipeline sites, Berkeley anticipates a large part of the second half of the surplus capital return will be allocated to land expenditure on these and new sites.

Summary of Performance

Berkeley has delivered pre-tax profits of £518.1 million for the year. This is from the sale of 2,825 homes (2020: 2,723) at an average selling price of £770,000 (2020: £677,000), reflecting the mix of properties sold in the year.

These are strong results. Over the last two financial years, Berkeley has delivered just over £1.0 billion of pre-tax profits, which is in line with guidance at the start of the two year period. Furthermore, Berkeley has returned £334.1 million to shareholders in the current financial year and, taking into account returns in previous financial years, is currently running £59 million ahead of the underlying shareholder returns run-rate of £281 million per annum.

This demonstrates the resilience of Berkeley's unique long-term operating model, supported by its financial strength with net cash of £1.1 billion, cash due on forward sales of £1.7 billion and future gross profit in the land holdings of £6.88 billion.

Our long-term guidance remains unchanged which is for a 15% cumulative pre-tax ROE for the six years ending 30 April 2025, equating to an average annual pre-tax profit of approximately £500 million, which we remain firmly on track to deliver. Specifically for the next two financial years we expect pre-tax profits to be at a similar level to the current year.

The shareholder returns of £334 million in the current financial year were delivered through share buy-backs of 4.4 million shares for £189 million (£42.76 per share average) and dividends of £145 million. Since January 2017, when share buy-backs were first introduced to the Shareholder Returns Programme, Berkeley has acquired 19.0 million shares for £703 million, at an average price of £36.99 per share and the annual return of £281 million currently equates to £2.31 per share; a 15.5% increase to the initial £2.00 per share.

Housing Market and Operating Environment

Sales

Berkeley has delivered a resilient sales performance in the year. This reflects the enduring hallmarks of our long-term developments, epitomised through our focus on community, nature, connectivity and overall quality of place.

Outside London, Berkeley has seen good demand aided by Government support for both the UK economy and the housing market in the form of the temporary SDLT holiday, which helped to stabilise the market following the initial impact of the pandemic.

In London, transaction levels have inevitably been impacted by the restrictions on travel and Berkeley's selective approach to market; deferring certain sales launches until restrictions are lifted and focusing on our established developments. However, enquiry levels in London are now ahead of pre-pandemic levels, signalling the return of confidence to the London market as we emerge from the restrictions of the last 15 months.

Overall, as indicated in the March Trading Update, the value of our private sales reservations was 20% lower than the previous financial year. Sales prices remain firm and above business plan levels and cancellation rates are at normal levels. At its current level of sales, Berkeley is on target to meet its business plan over the next two years.

Our cash due on forward sales is £1.71 billion, compared to £1.86 billion a year ago, and provides a strong underpin to delivery over the next three years. This represents the cash due on exchanged sales contracts which will be collected over the next three financial years and excludes secured sales in our joint ventures and forward sales to housing associations. Berkeley's sales continue to be split broadly evenly between owner-occupiers and investors, with overseas customers continuing to see the long-term benefits of the London market. Help to Buy reservations accounted for a net 403 sales in the year.

London and South East housing market fundamentals

The fundamentals of Berkeley's core markets in London and the South East remain strong. Most prominent in this assessment is the ongoing undersupply of housing. According to the latest Government assessment (MHCLG Indicative Local Housing Need (December 2020)), London's housing need is now 94,000 per year. Over the last three years an average of 37,000 per year was delivered, an annual shortfall of 57,000 homes. The recently adopted London Plan has set a target for housing delivery of 52,000 based on London's urban capacity to deliver homes. Even if this target were reached, this would still represent a shortfall of 42,000 homes or around 45% relative to London's housing need every year. The housing need across the Home Counties is now 69,000 per year. Over the last three years an average of 53,000 per year was delivered, an annual shortfall of 16,000 homes.

In the short-term the undersupply in London looks set to worsen, despite current completions in the Capital having reached their highest annual level at 42,000 net additional dwellings (MHCLG live table 118). However, this is unlikely to be sustainable with new starts falling to less than 15,000 per year for the last two years (MHCLG Live Table 253a), thereby constraining future new build supply.

In addition, interest rates remain at historically low levels and mortgage availability is strong with lenders reintroducing higher loan-to-value products and Government policy remaining supportive of mortgage lending. Affordability levels remain within historical parameters for those with the requisite deposit.

Land and planning

During the year, Berkeley has made good progress in advancing its land holdings by the addition of a further ten sites, comprising around 6,650 future homes, and optimisation which has added a further 1,500 homes, including market movements. Together these have seen future plots in the land holdings rise to 63,270 (2020: 58,413) which comprise estimated future gross profit of £6.9 billion (2020: £6.4 billion), including Berkeley's 50% share of its joint venture sites.

The six sites in the Berkeley business include, in London, unconditional purchases at Borough Triangle in Southwark, a site in Paddington adjacent to our West End Gate development and a retail site in Sutton, alongside a conditional long-term regeneration development at Plumstead for 1,750 homes on which we have secured planning consent in the year. Outside London we have conditionally acquired a site in Wallingford, Oxfordshire and unconditionally acquired a site in Redhill, Surrey.

St William has added a further four sites to its land holdings, contracting sites, conditional upon planning in Stratford, Bracknell, Mitcham and Romford.

As outlined in the Strategy Review section, Berkeley's focus will be on investing in its joint ventures and land holdings to continue to bring its sites forward for delivery with further new land added selectively given the current buoyancy in the land market.

We have secured six new planning consents in the year. These include four consents on long-term regeneration developments; Malt Street in Southwark for 1,350 homes, Silk Park, Barnet for 1,300 homes, Eight Gardens in Watford for 1,200 homes and at Plumstead for 1,750 homes, alongside two other consents for a St Joseph site at Stratford-Upon-Avon and a site at Hildenborough in Kent. We have also obtained over 40 revisions to existing consents as we continue to evolve our sites.

During the year, the Planning Reform Bill was presented to Parliament. This proposes significant changes to the planning system and will require careful implementation to ensure it does not create a hiatus as local authorities and other stakeholders transition between regimes. In respect to the proposals for a new consolidated infrastructure levy, Berkeley recognises this is appropriate for smaller sites, but it does run the risk of impeding the delivery of large regeneration projects, which each have unique challenges that require locally negotiated solutions, with empowered local stakeholders and councils at the table. We are similarly concerned that the proposed introduction of mandatory design codes, as part of the planning reforms, will not be able to take into account the constraints and opportunities presented by complex regeneration sites.

Berkeley has a strong planning position in its land holdings with 89% of plots having a planning consent, which includes outline consents covering all homes on long-term regeneration developments.

Construction
Berkeley is currently in an investment phase as it brings forward into delivery its portfolio of large, complex regeneration sites acquired since the Global Financial Crisis.

Six sites have been moved into production during the year, including five long-term regeneration developments; TwelveTrees Park, West Ham (3,800 homes), St William's Poplar Riverside (2,800 homes), Silk Park, Barnet (1,300), Horlicks Quarter, Slough (1,300 homes) and Camden Goods Yard (700 homes).

Berkeley now has 23 of its 29 long-term complex regeneration developments in production. Over the next three years, we are targeting net investment into the balance sheet of around £700 million, split evenly between land and work in progress, as we increase the delivery of new homes by some 50% by the end of the business plan period (2024/25), compared to pre-pandemic levels (2018/19).

Following a period of stable build costs during 2020, we have seen these rise to around 4% per annum since the start of 2021. The increase reflects the cost of materials with rising construction activity causing strong demand for construction products, at a time when supply chains are adjusting to the combined impact of the UK's exit from the EU and COVID-19. This has also precipitated a tightening in material availability with lead times increasing for certain products.

Berkeley's stance to continue production activity uninterrupted throughout 2020 strengthened our relationships with subcontractors and manufacturers and we continue to work with our supply chain partners to manage the supply constraints and maintain our production levels.

Berkeley is very supportive of the Government in its determination both to ensure buildings are safe for the people that live in them and to implement the recommendations of Dame Judith Hackitt's review of building safety. The last year saw the introduction of the Fire Safety Act and the Building Safety Bill, both of which are intended to strengthen and improve different elements of the building safety regime, so that confidence in tall buildings can be properly and fully restored. As part of our own drive for continuous improvement, we will ensure that our procedures will be compliant with the new legislation ahead of its anticipated implementation, and are well advanced in this regard.

Berkeley adopted a leading role in the establishment of the current EWS1 process to demonstrate the safety of buildings over 18 metres and we continue to engage with MHCLG and other stakeholders to identify a stable, holistic and comprehensive long-term process that will allow the safety of all buildings to be assessed, based upon science and risk assessment. This will ensure the housing market can operate efficiently, effectively and is fair for all.

The Berkeley Foundation

The positive long-term impacts of The Berkeley Foundation came to the fore during the pandemic as the charities and programmes it support provided vital capacity to meet a sudden increase in needs among vulnerable communities.

One fantastic example of this is Kitchen Social, our partnership with the Mayor's Fund for London, which has built up a food distribution network over the last four years targeting children at risk of food poverty during school holidays. As the pandemic set in, Kitchen Social expanded to supply more than 500 vulnerable households facing real hardship.

The Foundation has awarded £660,000 in emergency COVID-19 funding during the period to help charity partners cope with a fall in funding, greater demands on their services and complex operating restrictions. The Foundation also maintained its existing funding commitments, of over £2 million in the year, and activities throughout the period and is delighted to have renewed its partnership with Imperial College, which encourages young people to develop STEM skills for the future, and expanded its funding to the Change Foundation to support the award-winning Street Elite programme, that helps disadvantaged young people find pathways into employment, education or training through sport.

Outlook

Berkeley is well placed to continue delivering for our stakeholders as the economy continues to re-open, following 15 months of unprecedented disruption from the COVID-19 pandemic. Throughout this period Berkeley has sustained production and continued investing in the future, adding ten new sites to our land holdings and moving five large complex regeneration sites, covering some 10,000 new homes, into production.

Berkeley remains committed to London. We fully recognise the impact of COVID-19 and the important conjecture and debate around the future of cities. However, we firmly believe that this does not represent a permanent structural shift that has the capacity to reverse urbanisation or detract from the attraction of a global city such as London, with all that it has to offer in terms of culture, entertainment, education, recreation and business. It is a deeply under supplied market and Berkeley's unique approach to placemaking with its focus on community, nature, connectivity and overall quality of place will resonate with customers even more as the country emerges from the pandemic.

Berkeley has an ambitious plan for the future, underpinned by its Vision 2030: Transforming Tomorrow strategic priorities, and the position of strength with which it begins the period. Achieving this transformative plan, including its stretching targets for carbon reduction and increased delivery of new homes, requires significant investment for which it is essential to have the necessary conditions for growth in place. We are therefore mindful that the level of investment will be constrained by the coming increase in Corporation Tax and the new Residential Property Developer Tax. It is also important to a have stable regulatory environment that allows business to innovate.

We are excited about a future where Berkeley will be at the forefront of this transformation.

Rob Perrins
Chief Executive

TONY PIDGLEY CBE, 1947 – 2020

Tony Pidgley CBE co-founded The Berkeley Group in 1976 and led the business until his sudden death in June 2020.

He grew the Company from a start-up to a highly sustainable FTSE 100 business.

Tony had a lifelong passion for creating high quality homes and places that strengthen the communities around them. He constantly pushed the boundaries, drove up standards and changed the industry for the better.

Tony's vision, values and philosophy are deeply embedded within Berkeley and continue to shape the way we work and the homes and places we create.

In Tony's words:

> "Good development is all about people. It's about making life better, creating beautiful homes and putting the wellbeing of the whole community at the heart of every plan."

1: Tony with Berkeley co-founder Jim Farrer. They broke the mould by offering customers real choice, quality and a personal service.

2: Never happier than when on site.

3: Two of Tony's proudest moments came in 2008 and 2014, when Berkeley won the Queen's Award for Sustainable Development.

4: Tony was awarded a CBE in 2013 for 'services to the housing sector and the community'.

5: The opening of Cator Park at Kidbrooke Village.

6 and 7: In the 1990s Tony shifted Berkeley's focus to large-scale urban regeneration projects, including Barnes Waterside and Imperial Wharf.

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 brands and the positive contributions we make to society.

INPUTS FOR VALUE CREATION

Industry-leading talent
Employees with expertise to deliver large-scale, complex regeneration developments.

Recognised and trusted brands
With autonomous, talented and experienced teams who embrace Berkeley's core values in their approach.

Strong relationships with partners and key stakeholders
These include public and private joint venture partners, land owners, local authorities, customers and communities.

Strong financial position
A strong Balance Sheet, net cash and forward sales, plus rigorous land investment appraisal process.

Commitment to customers
Putting customers at the heart of every decision and commitment to delivering world-class service.

Addressing climate change
Commitment to reducing carbon emissions and having a positive impact on nature and the environment.

WHAT WE DO: OUR UNIQUE APPROACH

Berkeley has a unique operating model that is responsive to the cyclical nature of the housing market and focused on large-scale developments where our unique expertise and financial strength can unlock long-term social and economic capital for our stakeholders.

Our core activities

- Identifying and acquiring land
- Designing and planning new homes, places and communities
- Building new homes, places and communities
- Marketing and customer service
- Placekeeping and stewardship

Link to how we characterise our culture in Governance see pages 106 to 114.

"We are now the only UK developer undertaking major brownfield regeneration at scale in London and the South East."

PRIORITISING SUSTAINABILITY

Prioritise long-term brownfield regeneration
focusing our resources on returning underused sites to connect communities.

Meet our science-based targets
through a focus on reducing our impacts and working with our supply chain.

Deliver carbon neutral 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.

THE LONG-TERM SUSTAINABLE VALUE WE CREATE

CUSTOMERS

Satisfied customers

77.9
net promoter score compared to an industry average of just 42
(HBF, March 2021)

98.3%
of customers would recommend us to a friend compared to an industry average of 91% (HBF, March 2021)

Read more on pages 37 and 58.

GOVERNMENT, REGULATORS AND INDUSTRY

Delivering on our promises and working responsibly to deliver quality homebuilding and sustainable placemaking

£2.5bn
contribution to UK GDP during the year, with £13.8 billion contributed in the last five years

Read more on pages 9, 39, 59 and 62.

COMMUNITIES

Creating thriving developments where people aspire to live and work

>£200m
of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year

Read more on pages 9, 39, 59 and 62.

INVESTORS

Strong, sustainable risk-adjusted returns for shareholders

£281m
shareholder return in the year, committed through to 2025

£6.9bn
future gross margin in the land holdings at 30 Apr 2021

Read more on pages 6 to 8.

EMPLOYEES

Prioritising health, safety and wellbeing as well as increased knowledge and skills through strong retention, training and development

2,705
employees at 30 April 2021

1.24
AIIR compared to an industry average of 2.63
(HBF, October 2020)

Read more on pages 46 and 60.

SUPPLY CHAIN

Ensuring relationships are underpinned by trust and partnership

29 days
taken on average to pay suppliers

Read more on pages 49 and 61.

ENVIRONMENT

Taking action on climate and making a measurable contribution to the natural environment

Net zero
carbon business by 2040

100%
renewable electricity for UK activities since May 2017

96%
construction waste reused or recycled

Read more on page 64.

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

FINANCIAL KPIs

Profit before tax

2021	518.1
2020	503.7
2019	775.2
2018	977.0
2017	792.5

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

Link to remuneration: page 127.

Definition
Profit earned by the Company during the year, including any finance income and costs and share of results of joint ventures, but before any tax expense.

Link to strategy

Pre-tax return on equity

2021	16.5
2020	16.6
2019	27.9
2018	41.9
2017	41.3

The efficiency of the returns generated from shareholder equity in the business.

Link to remuneration: page 127.

Definition
This is measured by calculating profit before tax as a percentage of the average of opening and closing shareholders' funds. See page 196.

Link to strategy

Net cash

2021	1,128.2
2020	1,138.9
2019	975.0
2018	687.3
2017	285.5

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

Definition
Cash and cash equivalents, less total borrowings.

Link to strategy

Net asset value per share

2021	26.12
2020	24.72
2019	23.05
2018	19.38
2017	15.11

This Balance Sheet measure reflects the value of shareholders' interests in the net assets of the business.

Definition
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. See page 195.

Link to strategy

Cash due on forward sales

2021	1,712
2020	1,858
2019	1,831
2018	2,193
2017	2,743

This measures cash due from customers under unconditional contracts and reflects the strength and financial stability of the business from secured future sales.

Definition
This measures cash still due from customers at the relevant Balance Sheet date during the next three years under unconditional contracts for sale. It excludes forward sales of affordable housing and commercial properties and forward sales within the Group's joint ventures.

Link to strategy

Future gross margin in land holdings

2021	6,884
2020	6,417
2019	6,247
2018	6,003
2017	6,378

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.

Definition
This represents management's risk-adjusted assessment of the potential gross profit for each of the Group's sites, including the proportionate share of its joint ventures, taking account of a wide range of factors, including: current sales and input prices; the economic and political backdrop; the planning regime; and other market factors; all of which could have a significant effect on the eventual outcome.

Link to strategy

NON-FINANCIAL KPIs

Net Promoter Score

2021	77.9
2020	78.8
2019	73.5
2018	73.9
2017	70.8

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 42 (HBF, 2021) and compares favourably with top-performing consumer brands.

Definition
Following their purchase, customers register a score between 0-10; 9-10 being classified as promoters, 7-8 being passive, and 0-6 being detractors. The NPS is the percentage of promoters less the percentage of detractors.

Link to strategy

Annual Injury Incidence Rate per 1,000 people

2021	1.24
2020	1.17
2019	1.14
2018	1.42
2017	1.83

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 construction industry average of 3.66 (HSE, 2020).

Definition
This is calculated by taking the number of reportable injuries and dangerous occurrences on our sites throughout the year, multiplied by 1,000, divided by the average number of people working across our sites in the year.

Link to strategy

Direct apprentices and training

2021	6.5
2020	9.3
2019	10.3
2018	8.7
2017	10.4

This measure shows the proportion of our employees who are an apprentice, graduate or sponsored student. 135 employees have undertaken an apprenticeship during the course of the year.

Definition
Calculated as the average monthly percentage of our direct workforce who are apprentices, graduates or sponsored students, in line with the definition provided by The 5% Club.

Link to strategy

Key

- Customers
- Quality
- Communities
- Climate Action
- Nature
- Employee Experience
- Modernised Production
- Future skills
- Supply Chain
- Shared value

Greenhouse gas emissions intensity

2021	0.0030
2020	0.0031
2019	0.0027
2018	0.0027
2017	0.0034

This measure relates our annual location-based greenhouse gas emissions resulting from our direct activities (Scope 1 and 2) to the floor area legally completed in the year. The figure is disclosed on an operational reporting boundary.

Definition
This is calculated by dividing the level of greenhouse gas emissions on our sites under construction by the floor area legally completed in the year.

Link to strategy

Affordable housing and wider contributions

2021	204
2020	270
2019	525
2018	420
2017	500

This measures our contribution to affordable housing subsidies and wider community and infrastructure benefits delivered or committed to during the year. The value in any one year is influenced by the number and mix of homes delivered.

Definition
This is the total value of affordable housing and wider community and infrastructure benefits delivered or committed to during the year.

Link to strategy

Trading performance

Revenue of £2,202.2 million in the year (2020: £1,920.4 million) arose primarily from the sale of new homes in London and the South East. This included £2,200.3 million of residential revenue (2020: £1,883.7 million) and £1.9 million of commercial revenue (2020: £36.7 million).

2,825 new homes (2020: 2,723) were sold across London and the South East at an average selling price of £770,000 (2020: £677,000) reflecting the mix of developments and varying stages thereon, particularly in London.

There were no significant commercial sales during the year. In the comparative year, revenue of £36.7 million included the sale of units at One Blackfriars, Goodman's Fields and Vista amongst others.

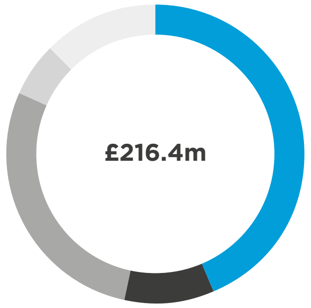
The gross margin percentage has decreased to 28.8% (2020: 33.2%), reflecting the mix of properties sold in the year, the operating environment over the last twelve months and the Group's investment in the future to achieve Our Vision 2030 commitments. Overheads of £133.0 million (2020: £167.7 million) decreased by £34.7 million in the year. This reflects reduced LTIP charges as well as operational efficiencies. Consequently, the Group's operating margin has decreased to 22.8% from 24.5% last year.

Berkeley's share of the results of joint ventures is a profit of £22.4 million (2020: £33.3 million). St William's profits arose primarily from completions at Prince Of Wales Drive in Battersea and Clarendon in Hornsey, whilst St Edward's profits arose predominately from out of London sites at Green Park Village in Reading and the first completions at Hartland Village in Fleet and Highcroft in Wallingford.

Taxation

The Group has an overall tax charge of £95.4 million for the year (2020: £93.6 million) and an effective tax rate of 18.4% (2020: 18.6%). 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 2021)



Corporation tax	£94.7m
SDLT	£21.3m
PAYE	£61.1m
Employees' NI	£12.6m
Employer's NI	£26.7m

For the year ended 30 April 2021, the total tax contribution to the UK Treasury was £216m; split between taxes borne by Berkeley of £143m (corporation tax, employer's NIC and SDLT) and taxes borne by our employees of £73m (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 9.

Income Statement for the Year Ended	30 April 2021 £'million		30 April 2020 £'million		Change £'million	Change %
Revenue	**2,202.2**		1,920.4		+281.8	+14.7%
Gross profit	**635.3**	**28.8%**	637.4	33.2%	-2.1	-0.3%
Operating expenses	**(133.0)**	**6.0%**	(167.7)	8.7%	+34.7	+20.7%
Operating profit	**502.3**	**22.8%**	469.7	24.5%	+32.6	+6.9%
Net finance (costs)/income	**(6.6)**		0.7		-7.3	
Share of joint venture results	**22.4**		33.3		-10.9	
Profit before tax	**518.1**		503.7		+14.4	+2.8%
Tax	**(95.4)**	**18.4%**	(93.6)	18.6%	+1.8	
Profit after tax	**422.7**		410.1		+12.6	+3.1%
Earnings Per Share – Basic	**339.4p**		324.9p		+14.5p	+4.4%
Pre-Tax Return on Equity	**16.5%**		16.6%		-0.1%	

Abridged Cash Flow for the Year Ended		30 April 2021 £'million		30 April 2020 £'million
Profit before tax		**518.1**		503.7
Increase in inventory	**(97.6)**		(440.2)	
Increase in customer deposits	**7.1**		97.4	
Other working capital movements	**13.3**		267.7	
Net increase in working capital		**(77.2)**		(75.1)
Net (investment in)/receipts from joint ventures		**(19.9)**		112.9
Tax paid		**(90.1)**		(89.8)
Other movements		**(7.5)**		(7.5)
Cash inflow before share buy-backs and dividends		**323.4**		444.2
Shareholder returns – share buy-backs		**(188.6)**		(130.5)
Shareholder returns – dividends		**(145.5)**		(149.8)
(Decrease)/increase in net cash		**(10.7)**		163.9
Opening net cash		**1,138.9**		975.0
Closing net cash		**1,128.2**		1,138.9

The Group has remained cash positive on a net basis throughout the year. Net finance costs totalled £6.6 million for the year (2020: £0.7 million net finance income) due to facility fees, interest on drawn borrowings and imputed interest on land creditors, which outweighed interest income on cash deposits.

Pre-tax return on equity for the year is 16.5%, compared to 16.6% for the comparative year. Basic earnings per share has increased by 4.4% from 324.9 pence to 339.4 pence, which takes into account the buy-back of 4.4 million shares at a cost of £188.6 million under the Shareholder Returns Programme.

Financial Position

Net assets increased over the year by £73.8 million, or 2.4%, to £3,175.4 million (2020: £3,101.6 million). This is after payment of £145.5 million of dividends and £188.6 million of share buy-backs. This equates to a net asset value per share of 2,612 pence, up 5.7% from 2,472 pence at 30 April 2020, given the share buy-backs undertaken in the year.

Inventories have increased by £97.6 million over the year from £3,554.9 million to £3,652.5 million at 30 April 2021. Inventories include £331.4 million of land not under development (30 April 2020: £519.7 million), £3,215.7 million of work in progress (30 April 2020: £2,895.7 million) and £105.4 million of completed stock (30 April 2020: £139.5 million).

The reduction in land not under development reflects the movement of five significant sites into production during the year. This outweighed the impact of new sites acquired unconditionally and previously conditional sites which completed, represented by cash and new land creditors. The sites that moved into production, coupled with further investment in build on a number of forward sold London developments, has led to the increase in work in progress inventory in the year. Completed stock is spread across a number of sites and has seen a reduction since the previous year-end.

Trade and other payables, including lease liabilities, are £1,948.7 million at 30 April 2021 (30 April 2020: £1,934.3 million). These include £790.6 million of on account contract receipts from customers (30 April 2020: £783.5 million) and land creditors of £388.2 million (30 April 2020: £372.7 million). Of the total £388.2 million land creditor balance, £57.3 million is short-term and £330.9 million is spread over future financial years. Provisions of £128.1 million (30 April 2020: £114.9 million) include post-completion development obligations and other provisions.

The Group ended the year with net cash of £1,128.2 million (30 April 2020: £1,138.9 million) which consists of cash holdings of £1,428.2 million, net of £300 million of term debt drawn under the Group's banking facilities. During the year Berkeley repaid the £200 million of its £450 million revolving credit facility, which was drawn in March 2020, and the full amount of this facility is now available.

This is a decrease in net cash of £10.7 million during the year (2020: net increase of £163.9 million) as a result of £419.3 million of cash generated from operations (2020: £470.5 million) and a net outflow of £77.2 million in working capital (2020: £75.1 million), before tax and other net cash outflows of £18.7 million (2020: net inflows £48.8 million), share buy-backs of £188.6 million (2020: £130.5 million) and dividends of £145.5 million (2020: £149.8 million).

Banking

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

Abridged Balance Sheet as at	30 April 2021 £'million	Change £'million	30 April 2020 £'million
Non-current assets			
— Investment in joint ventures	**281.7**	+19.9	261.8
— Other non-current assets	**106.5**	-15.3	121.8
Total non-current assets	**388.2**	+4.6	383.6
Inventories	**3,652.5**	+97.6	3,554.9
Debtors	**83.3**	+9.9	73.4
Deposits and on account receipts	**(790.6)**	-7.1	(783.5)
Other trade payables	**(1,158.1)**	-7.3	(1,150.8)
Provisions	**(128.1)**	-13.2	(114.9)
Capital employed	**2,047.2**	+84.5	1,962.7
Net cash	**1,128.2**	-10.7	1,138.9
Net assets	**3,175.4**	+73.8	3,101.6
Net asset value per share	**2,612p**	+140p	2,472p

Joint ventures

Investments accounted for using the equity method have increased by £19.9 million from £261.8 million to £281.7 million at 30 April 2021. Berkeley's joint ventures include St Edward, a joint venture with M&G, and St William, a joint venture with National Grid plc. The increase in joint venture investments during the year reflects Berkeley's share of undistributed joint venture profits of £22.4 million and net receipts from joint ventures of £2.5 million.

In St Edward, 184 homes were completed in the year at an average selling price of £696,000 (2020: 64 at £768,000). The majority of completions occurred at Green Park Village, Royal Warwick Square and Hartland Village.

In total, 5,139 plots (30 April 2020: 5,310 plots) in Berkeley's land holdings relate to six St Edward developments, three in London (Westminster, Kensington and Brentford) and three outside the Capital (Reading, Fleet, and Wallingford). All of the sites are in production apart from Brentford which is contracted on a subject to planning basis and is part of the Group's 29 long-term regeneration developments.

In St William, 245 homes were completed in the year at an average selling price of £667,000 (2020: 371 at £716,000). The majority of completions were at Prince Of Wales Drive, Battersea and Clarendon, Hornsey. Three small developments were completed during the year; Fairwood Place, Borehamwood, Elmswater, Rickmansworth and Cottonworks, Highbury.

St William has committed banking facilities of £360 million through to March 2024, with one remaining option over an additional year. Borrowings under the facility totalled £160 million at 30 April 2021.

In total, 13,056 plots (30 April 2020: 10,945 plots) in Berkeley's land holdings relate to 19 ongoing St William developments which are contracted in the joint venture. 11 of these sites are included in Berkeley's conditional land holdings, St William having contracted a further four new sites in the year. 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 2021	Change	30 April 2020
Owned	**52,080**	+1,522	50,558
Contracted	**11,190**	+3,335	7,855
Plots	**63,270**	+4,857	58,413
Sales value	**£25.5bn**	+£1.8bn	£23.7bn
Average selling price (ASP)*	**£472k**	-£1k	£473k
Average plot cost	**£42k**	-£3k	£45k
Land cost (%)	**10.5%**	-0.5%	11.0%
Gross margin	**£6,884m**	+£467m	£6,417m
GM%	**27.0%**	-0.1%	27.1%

* ASP reflects joint venture revenue at 100%

Land

Berkeley's land holdings comprise 63,270 plots at 30 April 2021 (30 April 2020: 58,413 plots), including joint ventures. Of these land holdings, 52,080 plots (30 April 2020: 50,558) are on 80 sites that are owned and included on the balance sheet of the Group or its joint ventures and 11,190 plots (30 April 2020: 7,855) are on 16 contracted sites which either do not yet have a planning consent or have another conditional element such as vacant possession. The Group expects a number of development opportunities to come into the land holdings over the business plan period from its near-term pipeline which represent a further 7,000 homes and also holds a pipeline of long-term options for in excess of 5,000 plots.

The plots in the land holdings at 30 April 2021 have an estimated future gross profit of £6.9 billion (30 April 2020: £6.4 billion), which includes the Group's 50% share of the anticipated profit on any joint venture development. The increase in the period is due to a combination of ten new sites added, new or revised planning consents and market movements, which has more than offset the gross profit taken through the Income Statement.

Of Berkeley's 80 owned sites, 64 sites (plots: 45,277) have an implementable planning consent and are in construction. A further ten sites (plots: 3,615) 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 six sites (plots: 3,188) which it owns unconditionally that do not have a planning consent and includes four sites acquired in the year at Borough Triangle, Paddington Green, Sutton and in Redhill.

Of the 16 contracted sites, two sites have a planning consent and a further five have achieved a resolution to grant consent but remain subject to section 106 agreements. Given the conditional 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 95 was approved by the Board and signed on its behalf by:

Rob Perrins
Chief Executive
23 June 2021


The Dumont, Albert Embankment

OUR VISION: CELEBRATING THE SUCCESS OF THE LAST DECADE

Berkeley has always been driven by a clear purpose, with a unique culture and strong values that shape the way we work. Building on these foundations, in 2010 we created a long-term strategy to guide our business and we called it Our Vision.

Over the decade it pushed us forward and helped us lead the industry in important areas like customer satisfaction, tackling biodiversity loss, taking climate action and embracing advanced manufacturing.

As we introduce Our Vision 2030 – an ambitious new strategy for our business – it is important to recognise how much we achieved under the original Our Vision.

Our vision

We have embedded lessons learnt over the last ten years and are proud of the progress we have made. Here are some of the key highlights:

Nature
In 2016 we became the first homebuilder to commit to measurably increasing biodiversity on every new site we develop. By 2020, we had committed to enhancing nature at 35 sites across an area larger than London's Hyde Park.

Climate action
We were the first homebuilder to become carbon neutral in our business operations from May 2017 and also led the way in creating resilient homes that can operate at low or zero carbon in the future.

Building communities
We built more than 37,800 homes across 180 communities. We developed and applied our framework for building strong communities and began to calculate value to society.

Queen's Award
We won the Queen's Award for Sustainable Development in 2014 for the second time, recognising our continuous achievement in sustainability. This is the UK's highest accolade for business success.

Net Promoter Score
Our Net Promoter Score, an indicator of our customers' satisfaction with our product and the home buying experience overall, increased from 62 to more than 70 in 2020, compared to an industry average of just 39.

Skills and training
On average 300 apprentices worked on our sites each month and we increased the number of directly employed apprentices to 100. We introduced Apprentice Awards in 2016 to celebrate the individuals, supply chain partners and our own champions.

Customer connectivity
We were the first developer to commit to Fibre Connectivity and have worked with our partners since 2018 to ensure all new homes are fibre enabled and ready for the digital future.

Safety and wellbeing
Our industry-leading Annual Injury Incidence Rate (AIIR) decreased significantly over the decade to 1.17, which is testament to the focus of every construction site and management team. Every part of the business developed a wellbeing programme and we trained 220 mental health first aiders.

The Berkeley Foundation
We launched the Berkeley Foundation, an independent charity, in 2011 to help people overcome barriers, improve their lives and build a fairer society. With Berkeley employees and our partners we helped reach over 26,000 people.

Innovation and advanced manufacture
We delivered the patented Urban House type in 2017. We championed the modernisation of our sector with the launch of a new business – Berkeley Modular – and developed an advanced manufacturing facility to create a new generation of beautifully designed and precisely made homes.

Considerate construction
Our site teams won more than 260 Considerate Constructors Scheme awards, including Most Considerate Site in the UK twice. We are a long-standing Partner of the Considerate Constructors Scheme (CCS) and our build teams work hard to reduce impact on our neighbours' daily lives.

OUR VISION 2030
TRANSFORMING TOMORROW

TRANSFORMING TOMORROW: INTRODUCING OUR VISION 2030

Our Vision 2030 is our new ambitious strategy for the business. It centres on ten strategic priorities that we will focus on for the coming decade, helping to drive our continued success, whilst setting us apart and maximising the positive impact we make.

The Green Quarter, Ealing

OUR VISION 2030: TRANSFORMING TOMORROW

The ten strategic priorities are shown in the diagram below and on the pages that follow.

Each priority includes a long-term goal and is supported by an underlying action plan with short, medium and long-term targets and a new set of core KPIs which we will use to measure outcomes and impacts.

It is an integrated and holistic strategy, so each priority supports the others and makes a valuable contribution to achieving our vision.

> "Our vision is to be a world-class business, trusted to transform the most challenging sites into exceptional places and to maximise our positive impact on society, the economy and the natural world."

10 PRIORITIES

Places that stand the test of time
WHAT WE CREATE

CUSTOMERS
Put our customers at the heart of our decisions and provide an industry leading home buying experience.

Read more on page 37.

QUALITY
Lead the industry in producing high quality, safe homes for all.

Read more on page 38.

COMMUNITIES
Transform underused land into unique, well connected and welcoming places where people and communities can thrive for the long-term.

Read more on page 39.

CLIMATE ACTION
Play an active role in tackling the global climate emergency by creating low carbon, resilient homes.

Read more on page 40.

NATURE
Create a net biodiversity gain and make a measurable contribution to the natural environment on every development.

Read more on page 41.

Exceptional people and resources
HOW WE WORK

EMPLOYEE EXPERIENCE
Create a positive working environment for our people; one that fosters respect, support, wellbeing, safety and inclusivity.

Read more on page 46.

MODERNISED PRODUCTION
Harness advanced manufacturing and digital technology to build more homes and to achieve higher standards of quality, safety and sustainability.

Read more on page 47.

FUTURE SKILLS
Equip our people with the skills they need both now and for the future, enhancing social mobility and inspiring new talent to join the industry.

Read more on page 48.

SUPPLY CHAIN
Build a responsible and constructive supply chain; one that is productive, practical and profitable, sustainable, ethical and dependable.

Read more on page 49.

SHARED VALUE
Allocate capital to deliver sustainable returns to our shareholders whilst creating value for our other stakeholders including through the work of the Berkeley Foundation.

Read more on page 50.

OUR VISION 2030: TEN STRATEGIC PRIORITIES
WHAT WE CREATE

Strategic Report
Corporate Governance
Financial Statements

CUSTOMERS:

Our goal is to put our customers at the heart of our decisions and provide an industry leading home buying experience.

Why is this a priority?
Maintaining the trust, loyalty and advocacy of our customers is fundamental to our business model and sets Berkeley apart from other homebuilding brands.

Our approach
We strive to understand and delight each customer with a personalised service and a unique, high quality home that will stand the test of time. We focus on:

- Gathering, analysing and responding to customer feedback to drive improvement, including independent customer surveys and external assessments.
- Using independently collected Net Promoter Score and Recommend to a Friend scores to track performance and improve our service.
- Enhancing communication by investing in integrated customer channels including our website, our MyHome Plus interactive digital portal and one-to-one viewing.
- Undertaking research to understand customers' needs and preferences at every stage of the customer journey and fine tuning our service, homes and places accordingly.
- Evolving our digital offer to reflect new technologies, media and customer behaviours, including personalised virtual tours and video updates.

Short-term targets by 2023
- Maintain an industry leading Net Promoter Score of 70 or above.
- Exceed the requirements of the HBF 5 star rating every year by at least 5%.
- 90% customers sign up to our digital platform, MyHome Plus.
- Refine communication at each stage of the buying process to align with identified customer needs.

Medium-term target
- By 2025 customers will be able to interact with us digitally, 24-7.

Long-term target by 2030
- We will provide a home buying experience that is industry-leading and which delights our customers.

Highlights from 2021

77.9 Net Promoter Score on a scale of -100 to +100, compared to an industry average of just 42 (HBF, March 2021)

98.3% Recommend to a Friend score, compared to an industry average of 91% (HBF, March 2021)

- Adapted customer communications in response to the pandemic, ensuring sales progressed and customers remained updated, maintaining a feedback score of 92/100 for keeping customers updated despite the unprecedented challenges.
- Expanded our digital offer, including virtual tours and appointments, to enable new customers to make informed decisions and buy with confidence.
- Produced a digital roadmap setting out actions over the next two years and beyond, to improve our digital interaction with customers. This year we created digital platforms to engage with customers and their representatives, and an interactive portal to showcase all developments.
- Completed research on customers' emotional journeys through the buying process, helping us to understand how best to respond to their needs at each stage. This included a survey of more than 1,000 people.
- Enhanced customer information in relation to Our Vision 2030 and our Group's social positive impacts.
- Awarded 'Outstanding Achievement Award' and 'Gold Award' for customer satisfaction for the sixth consecutive year, following an independent benchmarking assessment by In-house Research. These awards reflect our exceptional Net Promoter and Recommend to a Friend scores.
- Maintained our independently assessed Investor in Customers Gold rating across the Group.

Link to stakeholders
- Customers

Link to KPIs
- Net Promoter Score

Link to risks
- COVID-19
- Economic outlook
- Land availability
- Planning process
- Securing sales
- Product quality
- Customers

Green Park, Reading

QUALITY:

Our goal is to lead the industry in producing high quality, safe homes for all.

Why is this a priority?
Creating unique homes and places of lasting quality is fundamental to our brand, purpose, values and working culture.

Our approach
We work with leading architects to design unique homes and neighbourhoods which delight our customers and communities. We do not use standardised housing designs. Instead, we set exacting standards, which are applied with great care, expertise and relentless attention to detail.
We focus on:
- Expertise and accountability by maintaining high build and construction management competence at all levels of the business, including Main Board members and expert Build Quality Managers in each business.
- Build Quality Assurance with robust and digitally integrated management systems which ensure work is inspected and approved before programmes progress.
- Skills and training, with site and project management teams undergoing specialist quality management training.
- Setting standardised best practice processes to ensure consistency through Group-wide Build Quality Assurance Standards.
- Embedding the Royal Society for the Prevention of Accidents (RoSPA) Safer by Design Framework in the design of our homes.
- Pre-handover inspections; homes must pass rigorous quality inspections prior to handover.
- Targeting zero defects; our culture, Standards and BQA systems are geared towards achieving zero defects.

Short-term targets by 2023
- Outperform the industry average for defects reported while targeting zero defects.
- Embed enhanced Build Quality Assurance and training requirements.
- Further use of technology to improve quality management processes.
- 100% close out of quality non-conformances prior to customer handover.
- Share best practice and lessons learnt across the Group.

Medium-term target
- Deliver all homes to RoSPA's Safer by Design Gold Standard.

Long-term target by 2030
- Build 50,000 high quality homes.

Highlights from 2021

1 defect reported by customers on average per home; 49% of our homes had no defects reported by customers when they moved in, compared to just 6% of homes across the industry (HBF, March 2021)

100% close out of audit non-conformances within the required timeframe

- We support the strengthening of the building safety regime for high risk residential buildings, have signed up to the Building a Safer Future Charter and are adapting our procedures to achieve compliance ahead of the implementation of the Building Safety Bill.
- Implemented enhanced Build Quality Assurance arrangements across the business, setting robust Standards that apply to all operating companies.
- Rolled out e-learning and more detailed build quality management training.
- More than 30 dedicated quality managers are now in place across the business, ensuring local implementation and compliance with Group Standards.
- Internal and external quality audits have occurred, including a review of Group, divisional and site arrangements, with improvement recommendations being actioned.
- Trialled RoSPA's Safer by Design framework within the detailed design phase of a project, having partnered with RoSPA to develop this best practice approach to reducing serious accidents in new homes.
- Awarded the prestigious Diamond Award from RoSPA for our "outstanding corporate contribution to raising safety standards across the residential building sector".
- Named Developer of the Year at the Premier Guarantee Excellence Awards 2020 and received a Housing Design Award for the Urban House at Kidbrooke Village.

Link to stakeholders
- Customers
- Government, Regulators and Industry

Link to KPIs
- Net Promoter Score

Link to risks
- COVID-19
- Retaining people
- Securing sales
- Build cost and programme
- Product quality
- Customers


Woodhurst Park, Warfield

COMMUNITIES:

Our goal is to transform underused land into unique, well connected and welcoming places where people and communities can thrive for the long-term.

Why is this a priority?
We believe that holistic placemaking can strengthen communities and make a lasting positive difference to people's lives.

Our approach
We are highly collaborative, working hard to engage local people and partners so we can co-design sustainable places which reflect the local character and work beautifully at a human level. We focus on large brownfield sites, stitching them back into the local fabric and bringing them to life with the right mix of homes, public amenities, parks and digital connectivity. We focus on:
- Community engagement and proactively searching out a diverse mix of people.
- Transforming complex brownfield sites which otherwise fragment local communities and are beyond the scope of conventional homebuilders.
- Quality placemaking and design by providing open, walkable landscapes with a bespoke mix of physical and social infrastructure.
- Maximising social value through our innovative Value to Society development tool.
- Developing community plans which connect neighbours and engage people in community life.

Short-term targets by 2023
- Progress the transformation of our regeneration sites.
- Embed a community development plan at each major regeneration site.
- Calculate the social value of all new projects.
- Complete research on design and infrastructure.

Medium-term targets
- All developments to have an embedded community plan.
- Maximise the value to society that each project brings.
- Work with external experts to assess and enhance people's quality of life on our sites.

Long-term target by 2030
- Demonstrate the success of our developments and the quality of life of our customers and communities over the long-term.

Highlights from 2021

79% of projects under construction will incorporate community facilities, including 26 community spaces, 9 schools and 16 sports facilities

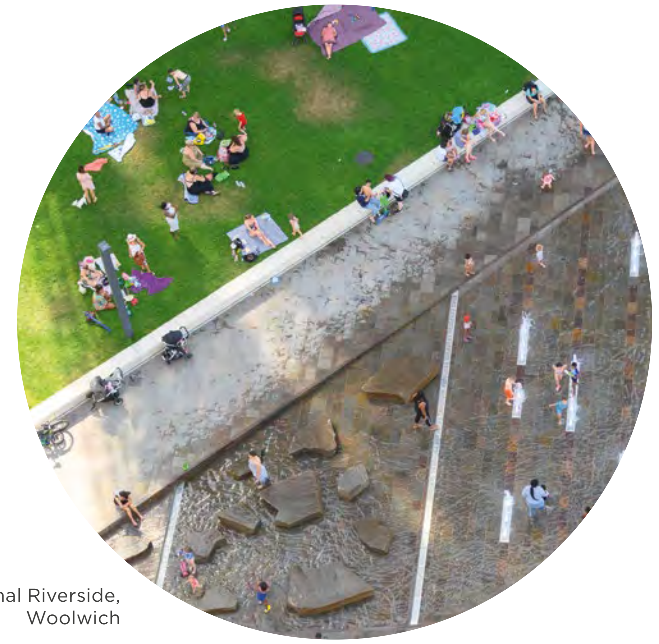
88% of all completed homes were on brownfield land

- Continued to focus on the transformation of brownfield land, including our long-term regeneration sites.
- Worked with external experts to develop and trial an innovative Value to Society development tool on 10 projects ahead of a business-wide roll out. The tool uses more than 30 social, economic and environmental indicators to quantify and understand the social value of different design and infrastructure choices, such as community centres, sports facilities or green spaces. It also considers impacts on existing local services such as GPs and schools.
- As the founding partner of the Quality of Life Foundation, we supported the development of their new Framework, which is a tool to improve quality of life through intelligent design.
- Continued to implement community plans on our major sites, helping to connect local people and establish sustainable models of local partnership.

Link to stakeholders
- Customers
- Communities & Local Government

Link to KPI
- Affordable Housing and Wider Contributions

Link to risks
- COVID-19
- Land availability
- Planning process


Royal Arsenal Riverside, Woolwich

CLIMATE ACTION:

Our goal is to play an active role in tackling the global climate emergency by creating low carbon, resilient homes.

Why is this a priority?
We believe every business has a duty to tackle the global climate emergency and we want to continue leading our industry in taking decisive climate action.

Our approach
We have set independently verified science-based targets for reducing our emissions, which require a step change in how we operate. To achieve this we have developed an ambitious approach to climate action, which includes designing efficient and resilient places, alongside transformational changes to our construction processes and wider business operations. We focus on:
— Assessing the embodied carbon emissions from the materials and services we procure and working with our supply chain to reduce it.
— Creating low carbon homes, in line with the Future Homes Standard, by focusing on building fabric and incorporating appropriate low carbon technologies such as heat pumps and photovoltaics.
— Operating low carbon construction sites through energy efficient set up and operation, increasing biodiesel use in place of gas oil and early adoption of electric and hybrid machinery.
— Making homes and places resilient to climate change by continuing to incorporate adaptation measures to reduce the risk of overheating during design, construction and occupation.
— Balancing our impacts by investing in projects and partnerships that actively remove carbon from the atmosphere, or that help to produce zero carbon energy.

Short-term targets by 2023
— Assess embodied carbon for ten sites and work with our supply chain to reduce impact in key areas.
— Complete Climate Scenario Analysis to understand how climate change could impact our business and begin to manage key risks.
— Maintain carbon neutral business operations and investigate innovative ways to offset our wider impacts.

Medium-term target
— Undertake detailed embodied carbon assessments and set reduction targets on all new developments.

Long-term targets by 2030
— Meet our science-based targets to reduce total emissions across our direct operations by 50% and the emissions intensity of the homes we build by 40%.
— Be on the pathway to be a net zero carbon business by 2040.

Highlights from 2021

40% reduction in absolute direct emissions (Scope 1 and 2) since we launched our carbon neutral commitment in 2016

1.5°C aligned with new science-based targets for carbon emissions reduction

— Set ambitious 1.5°C aligned science-based targets for reducing greenhouse gas emissions in the years ahead, which were independently validated by the Science Based Targets initiative (SBTi) in December 2020.
— Signed up to the Business Ambition for 1.5°C Pledge and the Race to Zero.
— The only UK homebuilder to be awarded a place on CDP's 'A List' for Climate Action and Transparency, putting us in the top 3% of companies worldwide.
— Commenced work to undertake embodied carbon assessments on ten sites.
— Continued to deliver carbon neutral direct business operations and to procure 100% renewable electricity across all UK operations.
— Continued to partner with the UK Green Building Council's Advancing Net Zero programme, which is helping to lead and co-ordinate climate action across the UK built environment sector.

Link to stakeholders
— Environment
— Government, Regulators and Industry

Link to KPI
— GHG emissions intensity

Link to risks
— Climate Change
— Sustainability


The rooftop solar array on the Berkeley Modular facility

NATURE:

Our goal is to create a net biodiversity gain and make a measurable contribution to the natural environment on every development.

Why is this a priority?
We want to play a lead role in nature's recovery and to create more beautiful, wild and open spaces in the heart of cities, towns and our communities.

Our approach
We are proud to have led the industry on net biodiversity gain and laid the path for it to become a national legal requirement for all developments. We will now increase our own commitment in this area and begin to tackle the next challenge for the industry. We will focus on the following:
— Achieving a biodiversity net gain of at least 10% on every development, regardless of its former use. We will be working closely with our managing agents and landscaping teams to ensure that they have the skills to maintain the habitats that we create in the long-term.
— Broadening our established approach to biodiversity net gain to environmental net gain, so that we deliver an even more valuable and holistic contribution to the environment on every site, including biodiversity, water resources, flood resilience, soil quality and air quality.

Short-term targets by 2023
— Create a net biodiversity gain of 10% on every new development.
— Partner with a water company to undertake a water neutrality trial.
— Upskill managing agents and landscaping companies to ensure biodiversity gains are maintained for the long-term.

Medium-term target
— Develop an overall approach for environmental net gain and trial it on at least one site by 2025.

Long-term target by 2030
— We will achieve an overall environmental net gain on all developments.

Highlights from 2021

42 net biodiversity gain strategies underway since May 2017

480 acres of new or improved natural habitats being created since May 2017

— Continued to commit to creating a biodiversity net gain on every new site, with seven additional projects coming through planning during the year.
— Kidbrooke Village, our first net biodiversity gain site to reach maturity, was awarded the 'Sir David Attenborough Award for Enhancing Biodiversity' and the 'Overall President's Award' at the Landscape Institute Awards for Kidbrooke Village.
— Created the first piece of a 13 acre network of biodiverse parks and wetlands at The Green Quarter in Southall, designed in partnership with the London Wildlife Trust.
— Opened a 70 acre country park in Hart, connected by new trails to Hartland Village, where 1,000 trees are also being planted to support biodiversity.
— Worked with the Wildfowl and Wetlands Trust (WWT) to develop best practice guidance for our teams on Sustainable Urban Drainage Systems (SuDS) to manage surface water, reduce flooding and support biodiversity.
— Began dialogue with Thames Water to explore water neutrality and how it can be applied to our sites.

Link to stakeholders
— Environment
— Customers
— Communities & Local Government

Link to risks
— Sustainability
— Climate change


Delivering a 250% net biodiversity gain at Kidbrooke Village

TRANSFORMING TOMORROW

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

OUR JOURNEY TO NET ZERO

2007 Became the first UK homebuilder to publish a Climate Change Policy

2010 First carbon reduction targets and programmes launched as part of our business strategy, Our Vision

2014 Launched our first climate change adaptation programme to make our homes and neighbourhoods more resilient to extreme weather and rising global temperatures

2018 Procured 100% renewable electricity for UK operations for the first time

2018 Achieved carbon neutral business operations for the first time, by taking action to reduce our emissions and offsetting remaining emissions via verified offsetting projects from May 2017

2019 Produced our first low carbon transition plans, which model design, infrastructure and technology solutions to enable our homes to achieve net zero carbon by 2030

2020 BUSINESS AMBITION FOR 1.5°C
Set science-based targets and became a 1.5°C aligned company

2020 Rated 'A' by CDP for Climate Action and Transparency, the highest grade available and the leading grade in our sector

2030 Achieve our science-based targets, reducing our emissions to play our part in keeping global temperature changes within 1.5°C

2040 Be a net zero business, by eliminating emissions across both direct and indirect activities as much as possible and offsetting any remaining emissions using verified carbon sequestration

Kidbrooke Village, Greenwich

OUR SCIENCE-BASED TARGETS

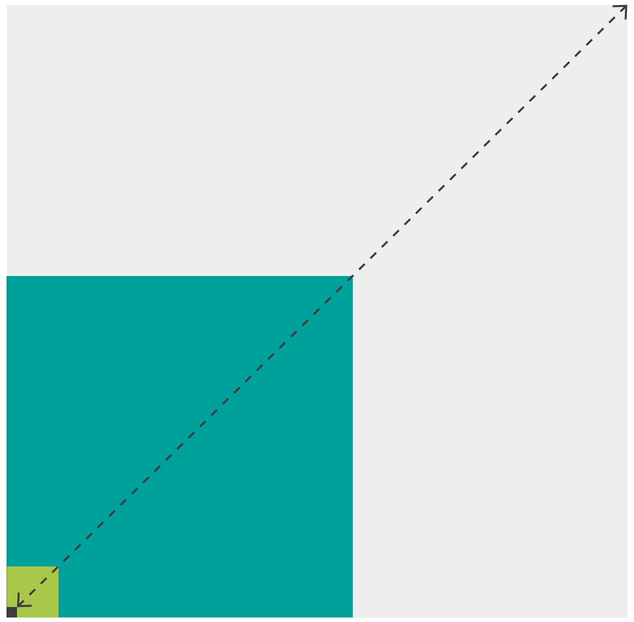
We have set science-based targets, which have been validated by the SBTi. These targets represent an ambitious step forward in our approach to tackling climate change and have been calculated to ensure that we play our part in limiting global warming to 1.5°C above pre-industrial levels.

-50%	We will reduce absolute emissions from our direct operations by 50% between 2019 and 2030
-40%	We will reduce the carbon intensity of the materials and services we use by 40% between 2019 and 2030
-40%	We will reduce the in-use carbon intensity of the homes we build by 40% between 2019 and 2030

OUR CARBON IMPACT

Through the development of our science-based targets, we now have a greater understanding of our true carbon impact. Our direct emissions from our construction sites, offices and sales suites account for around 1% of our total impact; the remainder falls within our indirect activities. This includes the embodied carbon within the materials and services we procure together with the energy that each of our homes will use throughout its lifetime. It is in these two areas that we will focus our efforts, whilst continuing to make progress to reduce our direct impacts.

- Our operations
- Other (e.g. waste generation and business travel)
- Customer energy use
- Supply chain



TRANSFORMING TOMORROW

UNLOCKING THE POTENTIAL OF ADVANCED MANUFACTURING

Berkeley Modular will represent a transformation in housing delivery, combining our homebuilding expertise with the advanced manufacturing technologies of the aerospace and automotive sectors.

We have developed a unique and highly flexible modular housing system, which is manufactured through a highly automated, digitally integrated and safe production process. Our approach aims to create unique, beautifully designed and precision made homes, which can be delivered at high speed and scale. This additional delivery capacity will complement our industry leading construction operations and is key to increasing our overall housing completions in the coming years.

The fit out of our Berkeley Modular factory is underway and we aim to make a phased and gradual start to delivery following production testing in 2022.

Key benefits:

- Deliver **individually designed homes** of all tenures
- Deliver **individually designed buildings** that integrate with local placemaking approaches
- Deliver **precise and consistent quality** standards
- Deliver a **complete golden thread information** through digital record capture
- **Increase operational safety**
- **Reduce greenhouse gas emissions** across scopes 1, 2 and 3
- **Enhance sustainability performance** and reduce environmental impacts
- **Reduce material waste** and meet circular economy design principles
- **Speed up housing delivery**
- **Increase housing delivery capacity**
- **Mitigate industry skills shortages** and productivity challenges
- **Reduce community disruption** including air pollution, traffic and noise

20 YEARS OF LEARNING

2000	2016	2018	2020	2021	2022
Over the last 20 years we have delivered a range of modular and off-site solutions, including townhouses, apartment blocks, bridges and commercial and community buildings. A mix of high quality modular products have been in common use across our developments, including manufactured bathroom pods, steel frame balconies, staircases and risers, fully serviced utility spaces and unitised external wall systems.	Launched the Urban House, one of the first modular housing types designed in-house by Berkeley.	Began the full Research and Development programme for Berkeley Modular.	Completed factory construction.	First projects designed to Berkeley Modular specification followed by prototyping.	Production testing, followed by a phased and gradual start to delivery.

Modular Factory, Northfleet

Strategic Report
Corporate Governance
Financial Statements

HOW WE WORK

EMPLOYEE EXPERIENCE:

Our goal is to create a positive working environment for our people; one that fosters respect, support, wellbeing, safety and inclusivity.

Why is this a priority?
Our highly skilled people are the drivers of our success and we want to build an increasingly diverse, talented and productive workforce where everyone can reach their potential.

Our approach
We take a holistic approach to employee experience; considering both physical and mental health as part of creating a safe, supportive and positive working environment. We are proud to have an industry-leading safety record and are building an increasingly diverse and engaged workforce, where there is an opportunity for employees to share and shape their experience of the workplace. We focus on:

- Communicating and engaging with employees to shape the way we work.
- Improving diversity and inclusion and building a workforce which is representative of the areas in which we operate.
- Improving the wellbeing of our people by running wellbeing programmes in every part of the business.
- Maintaining and enhancing our established, robust and industry-leading health and safety systems and culture.

Short-term targets by 2023

- Continued focus on excellent health and safety standards and targeting zero harm.
- Providing diversity and inclusion and unconscious bias training to all staff.

Medium-term targets

- Demonstrate improved employee health and wellbeing based on the programmes implemented.
- Continued improvement in staff engagement.
- One third of management positions held by women.

Long-term targets by 2030

- Have an engaged and diverse workforce that is representative of the areas in which we operate.
- Have a positive health impact on our employees and contractors working on our sites.

As at 30 April:	2020/21 No.	2019/20 No.
Board of Directors – Male	**12**	12
Board of Directors – Female	**5**	4
Senior management – Male	**2**	3
Senior management – Female	**3**	4
Total employees – Male	**1,735**	1,786
Total employees – Female	**970**	1,058

Highlights from 2021

>85% employees participated in the 2021 staff survey

1.24 AIIR compared to industry average of 2.63 (HBF, October 2020)

- Engaged with our employees in a variety of ways to understand their views, including a staff survey in which more than 85% participated. We received strong feedback around people's pride in their roles, the high quality product we create and our values and ambitions as a business.
- Using our voluntary staff survey we have been building a more detailed picture of the diversity of our employees and the experience of different demographics, so we can set specific actions and targets to develop a more inclusive workplace.
- During the year we signed up to the Mayor's Fund for London Diversity Pledge and became a Platinum Member of Women into Construction. 36% of our employees and 30% of our managers are women.
- Maintained focus on health and safety, with a key focus on compliance with the Standard Operating Procedures for COVID-19 alongside maintaining strong leadership at director level for overall health and safety.
- Awarded three Royal Society for the Prevention of Accidents (RoSPA) awards, including the prestigious Diamond Award for our "outstanding contribution to raising safety standards across the residential building sector."
- Every operating company continues to run a wellbeing programme, including employee assistance programmes, virtual GP services and support sessions for managing stress and personal finances.

Link to stakeholders

- Employees
- Supply chain

Link to KPI

- Annual Injury Incidence Rate per 1,000 people

Link to risks

- COVID-19
- Retaining people
- Health and safety

MODERNISED PRODUCTION:

Our goal is to harness advanced precision manufacturing and digital technology to build more homes, and to achieve higher standards of quality, safety and sustainability.

Why is this a priority?
We want to lead a step-change in industry performance and harness the great potential and benefits of new technologies.

Our approach
We are investing in ground-breaking new production systems and technologies, including robotics, which can make a lasting positive difference to our industry. We are investing in innovative solutions that can increase production capacity and enhance performance in terms of build quality, climate action, sustainability and safety. We focus on:

- Advanced manufacturing through our Berkeley Modular business, see page 44.
- Using more detailed design models to drive efficiencies and increase scope for using modern methods of construction (MMC).
- Digital integration by increasing the use of digital technology and record capture to provide the 'golden thread' of safety and quality information throughout every project.
- Applying manufacturing sector methodologies to improve build efficiency and quality assurance.

Short-term targets by 2023

- Begin production at Berkeley Modular.
- Introduce a new digital platform to capture the 'golden thread' of information for every home.
- Design all apartments to maximise the use of modular construction, with blocks over 11m reaching BIM level 2 status.

Medium-term targets

- Develop a methodology to assess the benefits of digitally-enabled processes for each home built.
- Achieve full production capacity at Berkeley Modular and showcase the benefits compared to traditional construction.

Long-term targets by 2030

- Design all new homes to maximise the use of modern methods of construction.
- Establish a modernised approach to production, including advanced manufacturing and digital technologies which deliver high standards and additional capacity.

Highlights from 2021

165,000 sqft advanced manufacturing facility fit out in Kent

85% of developments currently incorporating some elements of modern methods of construction

- Continued to fit out our Berkeley Modular factory and have begun prototyping and testing.
- Designed five projects to meet the requirements of the Berkeley Modular system and to form the early pipeline for production.
- Begun training and upskilling project teams and the Berkeley supply chain in the application of the Berkeley Modular system to support its future roll out.
- Progressed a new digital collaboration platform which aims to capture a complete digital record of every home from pre-construction to post-completion, the 'golden thread' of information.
- Increased the use of digital platforms, such as Building Information Modelling, automated design and collaboration tools.
- Continued to incorporate modern methods of construction into existing projects, with a mix of high quality modular products in common use across our developments, including manufactured bathroom pods, steel frame balconies, staircases and risers, fully serviced utility spaces and unitised external wall systems.

Link to stakeholder

- Government, regulators and industry

Link to risks

- Securing sales
- Climate change
- Sustainability
- Build cost and programme
- Product quality
- Customers

FUTURE SKILLS:

Our goal is to equip our people with the skills they need both now and for the future, enhancing social mobility and inspiring new talent to join the industry.

Why is this a priority?
We want to equip our people with the skills to embrace innovative technologies and working practices, while attracting a new generation of aspirational and talented people to join our industry and drive our growth.

Our approach
We are working to ensure we have the people and skills for the future, enabling us to increase production levels and fully embrace modern methods of construction and digital technology. We focus on:
— Mapping and enhancing employee competencies and skills, taking into account the evolution of production and modernisation of the business.
— Bringing in new talent through graduate, apprenticeship and trainee programmes, with pathways for early years careers and career changers.
— Enhancing our industry's outdated image to attract aspirational young people to choose a built environment career, demonstrating there is a job for everyone in the modern built environment sector.

Short-term targets by 2023
— Maintain membership of The 5% Club to reinforce our commitment to apprentices, graduates and training.
— Work with our supply chain to encourage apprentices, graduates and sponsored students.
— Implement a Group-wide competency framework covering all disciplines, together with future needs.
— Actively engage with young people and inspire them to join the industry.

Medium-term target
— Ensure all employees meet the competency framework.

Long-term targets by 2030
— Develop a skilled and competent workforce to support our changing production needs.
— Engage with more than 5,000 young people to champion careers in the built environment sector.

Highlights from 2021

6.5% of our direct employees are graduates, apprentices or sponsored students and we joined The 5% Club to reinforce our commitment in this area

240 apprentices worked across our operations on average each month

— Commenced a review of our approach to skills and training of existing employees, ahead of the development of a detailed competency framework.
— Continued to deliver robust training matrices across a number of disciplines, including health and safety and Build Quality Assurance.
— Moved courses online to maintain training delivery throughout the COVID-19 pandemic.
— Completed work on a new staff Academy which will be a hub for face-to-face training.
— Signed up to The 5% Club charter which commits us to maintaining 5% of our workforce as a graduate, apprentice or sponsored student.
— Developed a Group Apprenticeship Framework to provide a consistent and ambitious approach across all operating companies and commenced work on a new programme to train the next generation of construction site supervisors from September 2021.
— 26 new graduates joined our graduate programme in 2021, and we remained rated among the Top Companies For Graduates To Work For by JobCrowd.
— Ran a series of training academies to bring more experienced people into the business, drawing on transferable skills and experience from outside the sector.
— Continued to engage with young people around our sites, offering virtual work experience and other opportunities during COVID-19.

Link to stakeholder
— Employees

Link to KPI
— Direct apprentices and training

Link to risks
— Retaining people
— Build cost and programme


REACH apprentices at South Quay Plaza

SUPPLY CHAIN:

Our goal is to build a responsible and constructive supply chain; one that is productive, practical and profitable, sustainable, ethical and dependable.

Why is this a priority?
We want to develop strong partnerships with our supply chain, sharing goals, embracing modernisation and collaborating to maximise positive impacts whilst achieving production aims.

Our approach
We collaborate with our supply chain to share knowledge, increase transparency and reach higher quality, safety and sustainability standards. Together we are building capability with the skills and resources to meet the transforming needs of the modern construction industry. We focus on:
— Implementing best practice procurement, by engaging with our supply chain, seeking feedback and working towards the Chartered Institute of Procurement and Supply's Excellence Standard.
— Simplifying the tender process to make it straightforward to work for Berkeley and between our operating companies.
— Enhancing our tender process to demonstrate procurement on overall value, including sustainability, quality, cost, and health and safety.
— Launching a materials strategy to ensure resilience of supply for typical materials, without compromising the bespoke nature of our projects.
— Aligning procurement with other strategic priorities such as quality and sustainability.

Short-term targets by 2023
— Implement and embed a new materials strategy.
— 100% of projects to award contracts on best overall value.
— Implement 360 degree feedback across our supply chain.
— Align procurement activity with Build Quality Assurance, Modernised Production and Climate Action targets.

Medium-term targets
— Achieve the Chartered Institute of Procurement and Supply (CIPS) Procurement Excellence Award by 2025.
— Ensure that the 'golden thread' of building information is captured throughout our supply chain.

Long-term targets by 2030
— Benchmark procurement and supply chain activity against global best practice and provide resilience and expertise to meet strategic goals.
— Develop new supply chain capability aligned to modern production methods and digital technologies.

Highlights from 2021

>4,500 suppliers, contractors and consultants support our activities each year

29 days average payment time for contractors, in line with the Prompt Payment Code

— Worked closely with key suppliers to understand and mitigate risks to labour and materials supply from COVID-19 and Brexit.
— Maintained strong relationships to ensure continuity of service in changing and challenging market conditions.
— Supported the industry's response to COVID-19, for example through membership of the Construction Leadership Council and Build UK, sharing real time information and shaping best practice supply chain management.
— We have been active members of CIPS Construction Senior Leaders Group, and are working with CIPS to develop a bespoke Procurement Excellence Programme aligned to our requirements.
— We are working with the Construction Products Association (CPA), Marketing Integrity Group and British Standards Institution (BIS) regarding common product data, physical identification and batching details to be at the forefront of capturing the golden thread of information at product level.
— Reviewed our approach to procuring on overall value, and reissued a standard approach to be applied on all tenders from February 2021.
— Continued to increase our understanding of the risks of modern slavery and child labour in our supply chain, launching updated guidance to our production teams, preparing new awareness training and revising the assessment methodology for our supply chain.
— Continued to adhere to the Prompt Payment Code, of which we are a founding signatory, paying our contractors within 30 days.
— Entered into an industry-leading strategic partnership agreement with Travis Perkins to facilitate the lean procurement and logistics required to align with Berkeley Modular's manufacturing capability.

Link to stakeholder
— Supply chain

Link to risk
— COVID-19
— Economic outlook
— Political outlook
— Regulations
— Climate change
— Sustainability
— Health & safety
— Build cost and programme
— Product quality
— Customers

SHARED VALUE:

Our goal is to allocate capital to deliver sustainable returns to our shareholders whilst creating value for our other stakeholders including through the work of the Berkeley Foundation.

Why is this a priority?
We want to make a lasting positive impact, using our unique operating model and resources to fulfil our purpose and deliver value for all.

Our approach
Our returns are sustainable and balanced with other strategic priorities to ensure we remain a responsible and purposeful business. We invest in opportunities with the right risk-adjusted returns, maintaining our financial strength and making returns to the shareholders who support us to achieve our purpose. Our commercial performance creates and sustains value for other stakeholders, including through the work of the Berkeley Foundation. We focus on:
— Allocating capital to deliver sustainable returns to our shareholders whilst creating value for other stakeholders.
— Quantifying our value to society as a result of our activities, calculating the benefits and costs that we bring across a range of topics, from employee training to research and development, greenhouse gas emissions and investment in health and safety.
— Working in partnership with the Berkeley Foundation to build a society where every person can thrive.

Short-term targets by 2023
— All employees to be engaged with the work of the Berkeley Foundation each year.
— Quantify and report on our value to society.
— Work with the Berkeley Foundation to agree targets for achieving our shared goals.

Medium-term target
— Achieve 15% pre-tax return on equity across the cycle.

Long-term targets by 2030
— We will be a successful business delivering sustainable returns whilst creating demonstrable value for our other stakeholders.
— Demonstrate the impacts of our work with the Berkeley Foundation.

Highlights from 2021

53% of employees did something for the Berkeley Foundation in 2020/21

£2.5billon contribution to UK GDP in 2020/21

— Continued to deliver sustainable returns to our shareholders, whilst creating value to our other stakeholders.
— Over the last five years we contributed £2.0 billion to community facilities including affordable housing, and £13.8 billion in total to the UK economy.
— Building upon the annual assessment of our economic contribution which we have undertaken since 2014, over the past year we have been working to expand our approach across a broader range of indicators, both positive and negative, in order to better understand our impact on society. This includes the benefits of early careers training, investment in site health and safety, and innovative practices, together with negative impacts, such as greenhouse gas emissions.
— This year, 53% of employees directly contributed to the Berkeley Foundation, committing their time, along with donations and fundraising, to help reach more than 5,400 people.
— Despite COVID-19 restrictions, Berkeley colleagues have continued to fundraise and work with the Foundation to support the most vulnerable in society, including a number of emergency COVID grants.
— Came top in the 'home construction' category of Britain's Most Admired Companies Awards 2020, and were named the sixth most admired business in the country. This is based on a survey of corporate reputation and business performance, ranked by competitors and independent analysts.

Link to stakeholders
— All

Link to KPIs
— All

Link to risks
— Economic outlook
— Political outlook
— Regulations
— Liquidity

A DECADE OF SOCIAL IMPACT

The Berkeley Foundation is at the heart of our Group, helping us to fulfil our core purpose and to maximise our lasting positive impacts within the communities in which we work.

Now in its tenth year, the Foundation is an independent grant-making charity focused on supporting disadvantaged young people to overcome barriers, improve their lives and build a fairer society. Its dedicated team is supported through a company-wide network of volunteers and champions, a structure which drives engagement right through our business and ensures that charity partners can draw on the full range of our skills and resources.

The Foundation is funded by Berkeley Group and through the incredible fundraising efforts of Berkeley staff. Over 50% of our people chose to actively contribute to the charity over the past 12 months.

Last year the Foundation gave £2.5 million in grants to a network of exceptional charity partners which share its goals, and Berkeley staff raised an additional £326,000.

The Foundation's key priority was to support its charity partners through the COVID-19 crisis as they faced the triple threat of falling funding, rising community need, and a more challenging operating environment. The priority was to help charities respond to the needs of vulnerable young people and communities – from distributing food to families living in poverty, to putting mental health support in place for young people isolated by lockdown.

Over the course of the year the Foundation provided partners with £660,000 in emergency grants, including unrestricted grants for core funding and support to adapt services to meet young people's needs. It also worked with partners to increase the flexibility of existing grants so that the money could be spent on immediate needs.

The Foundation also maintained its existing funding commitments and activities throughout the period and is delighted to have renewed its partnership with Imperial College, which encourages young people to develop STEM skills for the future, and expanded its funding to the Change Foundation to support the award-winning Street Elite programme, that helps disadvantaged young people find pathways into employment, education or training through sport.

"Berkeley provides the core funding for the Foundation, pays all of its overheads and match funds staff fundraising efforts. This support means that every penny raised for the Foundation is spent on charitable activities."

Brothers Rilwan and Rafiu graduated from the Street Elite youth engagement programme and started apprenticeships with Berkeley's supply chain partner P&O Painting

Berkeley Group staff taking part in Race to End Homelessness, fundraising for Crisis

The Foundation 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.

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.

These partnerships combine grant funding from the Foundation with Berkeley's skills, resources and networks. Last year saw staff come together in new ways to support the Foundation, from hosting virtual courses for young people in subjects like interior design and marketing, to taking part in Crisis' virtual Race to End Homelessness – which involved 243 colleagues raising over £55,000.

TEN YEAR HIGHLIGHTS

>33,000
Since 2011, the Foundation has supported work with more than 33,000 people, helping them to move out of homelessness, build their skills, move into work or access new opportunities.

£23.3m
given and committed to the Berkeley Foundation's charity partners through grants, staff fundraising and Give As You Earn.

>50%
of Berkeley staff get involved in supporting the Berkeley Foundation each year.

32%
of Berkeley staff are signed up to our Give As You Earn (GAYE) scheme, earning Berkeley a Diamond Payroll Giving Award – the highest level available.

>£6.6m
Berkeley staff have raised more than £6.6 million for the Berkeley Foundation and its charity partners through fundraising and GAYE to date.

VAUXHALL CITY FARM

Vauxhall City Farm is one of the oldest city farms in London, serving an area in which many families live on low incomes and have limited opportunities to connect with nature. The Farm works to enable people of all ages and backgrounds to experience nature and enhance their health, wellbeing, and life chances. It has been the local charity partner of St James/St William since 2015, and has received over £200,000 in staff fundraising, Give As You Earn donations, and funding from the Berkeley Foundation.

Monica Tyler, CEO, shared the impact of the partnership and the ways in which the Farm has been supporting its local communities through the pandemic:

“Before the pandemic, St James and the Berkeley Foundation helped to build the skills and capacity within our small team by providing a grant to employ our first fundraiser. Little did we know how much this would mean to the charity during the pandemic! We lost 81% of our income, but having a fundraiser meant we could recover 75% – £400,000 – through additional bid writing support and appeals. This has enabled us to arise from the pandemic stronger and ready to support communities and visitors in their wellbeing, by offering a little oasis in this very urban area that surrounds the farm.

"In 2020 we set up an after-school club to provide engaging, out-of-school learning opportunities for children from low-income backgrounds and at risk of low educational achievement. Working with local schools, the club supported 45 children with curriculum-based tutoring and bespoke wellbeing support.

"The after-school club also supported local children and families living in overcrowded housing and lacking access to green space. COVID-19 exacerbated many pre-existing inequalities, so it was crucial for us to continue the programme despite the challenges of lockdown.

"At a time when the risk of lost learning was so high, most children in the after-school club are on track to obtain an average grade progression of 1.5 over the academic year, 150% higher than the national average. This success, combined with demand and proven impact means we're now working to scale the club for the next academic year."

> “We couldn't recommend the programme enough, it's been an utter life saver for us during the lockdown and made us realise how much it gives our daughter in terms of how positive she feels about learning and being confident to write.” Parent

TWELVETREES PARK

NEWHAM

Computer Generated Image

26 acre	3,800	45%	170,000 sqft
derelict brownfield site	mixed-tenure homes	public open space	commercial and community space

This project moved into production during 2020/21 and will see a derelict Parcelforce depot transformed into a new part of West Ham, including a mix of amenities, commercial space and 12 acres of high quality public open space.

A major infrastructure package is reconnecting this isolated site with its surroundings, including two pedestrian bridges over the Dockland Light Railway and a new entrance to West Ham Station leading directly into a new 4.5 acre public park. The first phase of the project will deliver a 58% net biodiversity gain.

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 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 110.

- 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

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. Berkeley's new ten year business strategy, Our Vision 2030, is firmly grounded in the Berkeley culture, building upon our established strengths, and challenges us to do even more to achieve our core purpose. For more details on our purpose, culture and values see page 109.
Business model and strategy: Our Vision 2030	The Directors have collective responsibility for promoting the long-term success of the Company in a safe and sustainable manner in order to create and enhance shareholder value. The Directors provide leadership and set the Company's strategic long-term objectives which are set out in Our Vision 2030. Read more on pages 35 to 50. Berkeley has a unique long-term operating model, as shown on pages 26 to 27. The focus of the business is on large-scale regeneration opportunities that maximise social and economic value for the community. Each development Berkeley creates has a unique, locally inspired masterplan with a mix of public spaces, natural landscapes and amenities that help create new and sustainable communities. 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 106 to 110. 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 114.
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 78 to 95.
Stakeholder engagement	The Directors engage directly with stakeholders in a number of different ways, and as frequently as they can. The table below sets out our key stakeholders and introduces our approach as to how the interests of each of our stakeholders is embedded in to the long-term strategy of the business. 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.

Key to strategy

Customers · Communities · Nature · Modernised Production · Supply Chain · Quality · Climate Action · Employee Experience · Future skills · Shared value

	Our approach	Link to strategy	Read more
Customers	At Berkeley we put our customers at the heart of every decision we make. From exceptional customer service to the quality of our homes, we aim to delight them in every last detail. Senior management teams and the Board interact with customers on a regular basis to ensure we provide the high level of quality and service expected. Any issues are resolved promptly and effectively.	Customers, Quality	Read more on page 58.
Communities and local government	The Company seeks to work with local people to create places that strengthen the community, improve people's quality of life and create a lasting social impact beyond the site boundary. Berkeley seeks to create and enhance communities, and our economic contribution and value to society is evidence of the focus in these areas.	Communities	Read more on page 59.
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 to support this. The physical and mental health, as well as creating a safe, supportive and positive working environment, is important to the Company. This is demonstrated through our industry-leading safety record.	Employee Experience, Future skills	Read more on page 60.
Supply chain	Berkeley's approach is to collaborate with our supply chain to share knowledge, increase transparency and reach higher quality, safety and sustainability standards. Together Berkeley aims to build capability across the industry by enhancing skills and resources to meet the transforming needs of the modern construction industry.	Supply Chain, Modernised Production	Read more on page 61.
Government, regulators and industry	Collaboration is a key feature to creating successful and sustainable developments. Berkeley looks to work constructively with Government, regulators, local authorities and industry bodies to shape developments. We aim to understand planning, regeneration, housing, environmental and economic policy objectives and work collaboratively to deliver these. The Company contributes to relevant policy consultations and has regular and constructive dialogue with Government departments and regulatory bodies.	Communities, Customers	Read more on page 62.
Investors	Our long-term strategy is to invest in opportunities with the right risk-adjusted returns, while ensuring our financial strength reflects the prevailing macro environment, and to make returns to the shareholders who support us to achieve our purpose. We have 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.	Shared value	Read more on pages 63.
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. 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.	Nature, Climate Action	Read more on pages 64.

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. This will be repeated in 2021.
- 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.

Read more online: berkeleygroup.co.uk/about-us/our-vision/customers

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.

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. 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. We build responsibly and with respect and care for our neighbours.
- We register every site with the CCS, which independently assesses our conduct.
- We create site-specific Community Development Plans to create social links and integration with the wider community. In the last year we trialled a Social Value Toolkit to quantify and maximise community benefits over the long-term.

Read more online: berkeleygroup.co.uk/about-us/our-vision/communities


Horlicks Quarter, Slough

EMPLOYEES

Promoting health, wellbeing and inclusion

Our people are the key to the successful delivery of our business model and are one of the key priorities of our business strategy, Our Vision 2030.

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?

- We complete an annual engagement survey across all parts of the Berkeley Group to understand and measure engagement across a number of areas; 87% of employees responded to the survey in March 2021.
- 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.
- 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: Staff conferences – which bring together the workforce and communicate key achievements and future plans; and 'Sessions with the management' – this could include time with the Managing Director or management team.
- We sought input into the development of our business strategy, Our Vision 2030. Every member of staff was given the opportunity to share their views on a survey.
- 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 Committee meets regularly to bring together people from each of the operating companies 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.
- 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. During the year, this forum met four times and focused on a number of topics including diversity and inclusion and the consistency of employee benefits across different parts of the Group.

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, and diversity and inclusion.
- 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 each employee based on where they are working.
- We launched new training programmes for diversity and inclusion and unconscious bias.
- We are trialling other initiatives such as agile working at operating company level.
- We implemented a new People Engagement Forum.
- We launched an enhanced intranet system to provide updates and key information to our teams at both a Group and a divisional level.

Read more online: berkeleygroup.co.uk/about-us/our-vision/employee-experience

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. COVID-19 restrictions, including lockdowns and remote working combined with new global supply challenges, have meant that active and positive interaction at all levels with our supply chain is now more important than ever.

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 members of the Homes Leadership Group of the Supply Chain Sustainability School, assisting in determining the direction and priority topics for supply chain resources.
- We are members of the Chartered Institute of Procurement and Supply Construction Leaders Group, where we proactively share and develop industry-wide best practice.
- We joined the BuildUK Procurement Group, which through BuildUK and the Construction Leadership Council was formed from member companies with the remit to work together with our mutual supply chains and explore how, between us, we can support reopening projects, increase productivity for those that have remained open, or where critical, and in accordance with the guidelines from the Competition and Markets Authority, ensure the supply and fair distribution of scarce products and/or services affected by the COVID-19 crisis.

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.
- To improve efficiency throughout the supply chain, help address product availability issues and encourage investment in manufacturing capacity, we need to maximise the visibility of our forward product requirements.

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 work with our supply chain to understand the implications of and mitigating actions around COVID-19 and any extended product availability times.

Read more online: berkeleygroup.co.uk/about-us/our-vision/supply-chain

GOVERNMENT, REGULATORS AND INDUSTRY

Working together in the spirit of partnership

Working collaboratively to drive innovation and best practice within our industry and increase the positive social, environmental 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 creates the conditions for growth and supports high quality homebuilding and 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, UK Green Building Council, 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 discussions 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 and local policy objectives including:

— Regenerating left behind 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
— Delivering an industry leading climate action programme (see page 72)
— Delivering industry leading nature recovery projects
— Pioneering precision manufactured modular housing solutions 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, including our Net Biodiversity Gain toolkit and Safer by Design framework, delivering in partnership with RoSPA.

We contribute to the public debate around housing delivery and meet with regulators and policy makers at both a regional and national level 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.

Housing Minister Chris Pincher visiting the Berkeley Modular factory

INVESTORS

Delivering sustainable financial returns

Delivering sustainable returns for our investors over the long-term is a fundamental aspect of the Group's strategy.

This is complemented by the business's 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 these have been held remotely to ensure everyone's safety but also continue to provide investors with the opportunity to receive updates on the operations of the business.
— During the year there are opportunities to hold one-to-one meetings and conference calls with management, as appropriate and where permitted under restrictions.
— When safe and permissible, site visits with the CEO and CFO provide investors with the opportunity to view the operations of the business.
— Throughout the year the Chairman, CEO and CFO, as appropriate, met with shareholders and investors on ad hoc basis. Such meetings are held on site, where safe and permitted under restrictions, and provide investors with the opportunity to view the operations of the business. Other meetings have been held virtually during the year.
— 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 land holdings to ensure sufficient pipeline and value-added development opportunities for the Group. The current gross margin in the land bank is £6.9 billion across 96 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 £1.7 billion at 30 April 2021 (2020: £1.9 billion) under unconditional open market contracts for sale; and
— Balance Sheet strength. The Group is holding net cash of £1.1 billion at 30 April 2021 which will enable the Group to withstand headwinds and continue to invest in sites when the right opportunities arise.

The net asset value per share at 30 April 2021 was £26.12 (2020: £24.72), reflecting the value of shareholders' interests in the net assets of the business.

This has enabled the Group to reaffirm its long-term Shareholder Returns Programme during the year, whereby it is returning £281 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.

Read more online: berkeleygroup.co.uk/about-us/investor-information

9 Millbank, Westminster

ENVIRONMENT

Reducing negative impacts and working towards environmental net gain

We are always mindful that the nature of our business means we utilise a significant volume of natural resources, from the water and energy we use daily across our activities to the materials we use to build new homes.

We believe that all businesses have an obligation to reduce their impacts and play their part in protecting and enhancing the world's precious habitats and resources. Through a real focus on environmental management and a strategy to create more sustainable homes, we aim to reduce the negative impacts we have and work towards having an overall positive impact on the environment by 2030.

How do we engage?

— Site-specific consultation and engagement strategies seek out contributions from a representative mix of local people and stakeholders on environmental issues at both a local level and a global scale.
— Local planning authorities directly consult relevant regulators such as the Environment Agency, Natural England and local water authorities on development proposals.
— We register every site with the Considerate Constructors Scheme and are subject to regular external audits which cover our approach to environmental protection on behalf of our neighbours and the communities in which we work.
— We engage with industry organisations and initiatives focused on improving how companies in the built environment sector impact the natural world. These include being a partner member of the UK Green Building Council and the Supply Chain Sustainability School, together with being an active member of the Construction Leadership Council's Green Construction Board.
— We support and contribute to consultations, research and innovation, for example through the UK Green Building Council's Net Zero Programme and Government consultation on changes to the Building Regulations.
— We engage with materials suppliers and trade contractors purchasing materials on our behalf to understand the environmental credentials of materials and their supply chains.

What do we learn?

— We learn that the construction and broader built environment sector has impacts on the environment that must be managed throughout the whole process, from the design of a scheme to specification and sourcing of materials, throughout the construction process to the use of the buildings and their eventual decommissioning at end of life.
— We get to know what is important to local residents, councillors and MPs, community leaders, civic societies, charities, businesses and a broad range of grassroots organisations.
— We learn the areas where industry must take action and help to drive positive change.
— We get an understanding of the action that our supply chain is taking on environmental matters and the companies that we can preferentially partner with.
— We understand the risks and opportunities relating to environmental matters, from reputational impacts surrounding creating more sustainable homes to an understanding of how global environmental factors such as climate change could impact supply chain resilience and productivity at a site level.

What do we do?

— We incorporate environmental issues within our strategic plan, Our Vision 2030; climate action and nature are two of the 10 priorities we have identified.
— We have set stringent, science-based targets for carbon emissions reduction and are committed to enhancing biodiversity on every site. We aim to achieve an overall environmental net gain on our developments by 2030.
— We include updates on Our Vision 2030 and Sustainability within Main Board reporting and hold bi-monthly Board-level meetings on the topic.
— We set high standards for our project teams, covering all aspects of our operations and the homes and developments we create, with additional focus areas on environmental management and resource use
— We employ dedicated sustainability practitioners within each part of our business to help drive action on every development.
— We audit our activities directly, and are subject to external audits and checks, to ensure we uphold high standards of environmental management.
— We actively engage within our sector with organisations and initiatives focused on reducing environmental impact.
— We monitor and report our impact publicly across a range of environmental indicators, including carbon emissions, water usage, waste generation, environmental incidents and prosecutions.

Read more online: berkeleygroup.co.uk/about-us/sustainability


Edenbrook Village, Fleet

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	— Sustainability Policy — Sustainable Places Policy — Sustainable Business Policy — Climate Change Policy — Sustainable Specification and Procurement Policy	— Our Vision 2030: Climate Action and Nature, pages 40 to 41. — TCFD, pages 70 to 75. — SASB, pages 68 to 69. — Stakeholder Engagement: Environment, page 64 — Environmental, Social and Governance Performance, pages 76 to 77.
Employees	— Employee Policy — Apprenticeships and Skills Development Policy — Equality and Diversity Policy — Health and Safety Policy	— Our Vision 2030: Employee Experience, page 46 — Stakeholder Engagement: Employees, page 60. — Environmental, Social and Governance Performance, pages 76 to 77.
Respect for human rights	— Modern Slavery Statement — Human Rights, Modern Slavery and Child Labour Policy — Equality and Diversity Policy — Whistleblowing Policy — Sustainable Specification and Procurement Policy	— Corporate Governance Report, page 110. — Stakeholder Engagement: Employees and Supply Chain, pages 60 to 61. — Our Vision 2030: Employee Experience, Supply Chain and Climate Action, pages 60, 61 and 64.
Social matters	— Sustainable Places Policy — Apprenticeships and Skills Development Policy — Sustainable Specification and Procurement Policy — Climate Change Policy	— Our Vision 2030: Employee Experience, Supply Chain, Nature and Climate Action, pages 40, 46 and 49. — Berkeley Foundation, pages 51 to 53. — Economic Contribution, page 9. — Stakeholder Engagement: Employees, Environment and Supply Chain, pages 60, 61 and 64.
Anti-bribery and anti-corruption	— Anti-Bribery and Corruption Policy — Business Ethics Policy — Corporate Hospitality and Promotional Expenditure Policy — Whistleblowing Policy — Anti-Facilitation of Tax Evasion Policy	— Corporate governance; Bribery Act and Anti-Money Laundering Regulations, page 120.
How we manage risk		— Our external and internal risks, including climate change, sustainability, and health and safety can be found on pages 78 to 95.
Business model		— Our business model and its links to our strategy and stakeholders can be found on pages 26 to 27.
Non-financial KPIs		— Our non-financial KPIs can be found on page 29. 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 2030 business strategy sections of this report on pages 35 to 50.

A copy of all our policies can be found on our website:
berkeleygroup.co.uk/about-us/sustainability/governance-and-management/policies

Computer Generated Image

HORLICKS QUARTER

SLOUGH

12 acre	1,300	2 acres	12,500 sqft
brownfield industrial site	mixed-tenure homes	public open space	commercial and community space

The regeneration of this landmark site began in 2020 and will see the restoration of the iconic Horlicks Factory, along with its clocktower and 47 metre chimney, to form the historic centrepiece of a new neighbourhood close to Slough town centre.

Walking distance from the coming Crossrail Station, this project will provide up to 1,300 mixed-tenure homes, high quality public open spaces, a new community square, nursery and café.

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 and accounting metrics

Activity metric*	Code	Category	Unit of measure	Data
Number of controlled lots	IF-HB-000.A	Quantitative	Number	63,270
Number of homes delivered	IF-HB-000.B	Quantitative	Number	3,254
Number of active selling communities	IF-HB-000.C	Quantitative	Number	67

* 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) 59,240 (94%) including joint ventures (2) 2,852 (88%) 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) 58,012 (92%) including joint ventures (2) 2,869 (88%) including joint ventures London and large areas of the south of England are identified as an area of High Baseline Water Stress within the World Resources Institute's (WR) Water Risk Atlas Tool. We recognise the need to balance providing new homes in these areas with reducing their impact on existing resources through the incorporation of water efficient fittings and Sustainable Urban Drainage Systems (SuDS).
	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 2030, sets requirements for the design process, from nature to climate change adaptation measures and in support of our Sustainability Strategy we have a range of Standards to guide our project teams through the requirements for development sites, sales and marketing suites and the work undertaken by our contractors. We set requirements during construction, including regular sustainability site assessments and external CCS audits, together with targets for water and energy efficiency and waste recycling.

Topic	Code	Accounting metric	Category	Unit of measure	Data
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: 0.70 (1)(b) AIIR: 1.40 Note: Annual Injury Incidence Rate reported in line with UK Health and Safety Executive (HSE) methodology. Our combined rate is 1.24 which outperforms the homebuilder average of 2.63 (HBF, October 2020) and construction sector average of 3.30 (HSE, October 2020). (2)(a) 0 (2)(b) 0
Design for Resource Efficiency	**IF-HB-410a.1**	(1) Number of homes that obtained a certified HERS® Index Score and (2) average score	Quantitative	Number, Index score	Note that the HERS certification standard is not applicable within the UK. Information on mandatory Energy Performance Certificates is provided as an alternative. (1) 3,254 (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	Quantitative	Percentage (%)	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: 104.5 litres per person per day.
	IF-HB-410a.3	Number of homes delivered certified to a third party multi-attribute green building standard	Quantitative	Number	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	Discussion and Analysis	n/a	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 2030 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	Discussion and Analysis	n/a	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	Quantitative	Number	(1) 47,012 (74%) including joint ventures (2) 2,140 (66%) including joint ventures
	IF-HB-410b.3	(1) Number of homes delivered in compact developments and (2) average density	Quantitative	Number	(1) 2,465 (76%) including joint ventures (2) This data is not currently analysed
Climate Change Adaptation	**IF-HB-420a.1**	Number of lots located in 100 year flood zones	Quantitative	Number	17,531 We undertake flood risk assessments on every site as part of the planning process. Integrating water into our developments is about designing water efficient homes and managing rainwater by storing it and releasing it into well-designed natural features to help manage surface water and reduce the impacts of flooding.

TCFD

We support the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and the forthcoming mandatory requirements. We want to play our part in addressing the global climate emergency and have this year strengthened our strategic approach in this area. Climate action forms a key business priority within Our Vision 2030.

We have science-based targets for emissions reduction by 2030 to set us on the pathway to be a net zero carbon business by 2040. These were validated by the Science-Based Targets initiative (SBTi) in December 2020, putting us in the first 350 companies globally to have approved targets aligned to a 1.5°C scenario. The SBTs provide us with a robust and scientific approach to reducing our impact and monitoring progress against our targets through defined metrics.

We recognise that the potential impacts of climate change pose a risk to our business, from programme delays due to extreme weather events to increasing policy and legislation for the built environment sector. We also recognise that it also offers opportunities from resource efficiency to delivering more sustainable homes and places. We plan to extend our work in this area over the coming year, principally through Climate Scenario Analysis to support our assessment of risks and opportunities.

We support the global effort on climate action outlined within the United Nation's Sustainable Development Goal 13 and have identified this goal as one of four that are most relevant to our business activities and which we have the most material ability to influence. We also participate in the CDP annual climate survey, for which we have received an A rating for corporate action on climate change and transparency and are a signatory of the Business Ambition for 1.5°C.

The following pages aim to give further insight in to how Berkeley currently implements the recommendations of the TCFD. We are committed to evolve our disclosure within our 2022 Annual Report.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CDP A LIST 2020 CLIMATE

BUSINESS AMBITION FOR 1.5°C

TCFD progress roadmap

We have made progress in improving how we manage climate-related risks and opportunities, but we recognise that we can build on these further in the future as we complete further analysis.

	Completed	Planned
GOVERNANCE	The Board has oversight of climate-related risks and opportunities and we have disclosed information on the roles and responsibilities of the Board and management.	Ensure further review and input into climate-related risks by the Board during 2022 following Climate Scenario Analysis.
STRATEGY	We have developed a new strategy for climate action within Our Vision 2030, including the development of science-based targets under a 1.5 °C scenario and five areas of focus.	Refine our strategy following undertaking Climate Scenario Analysis in 2022, to ensure it addresses the key risks and opportunities. Enhance disclosure around the financial impact to our business.
RISK	We have identified key risks (both physical and transition), together with opportunities.	An updated and more detailed identification and assessment of climate-related risks through Climate Scenario Analysis. This will cover how we respond to the risks.
METRICS	We have adopted targets for climate action and disclosed metrics.	Assess whether it would be appropriate following Climate Scenario Analysis to disclose a broader range of metrics, such as financial.


Hartland Village, Fleet

GOVERNANCE

To successfully assess and respond to the risks and opportunities posed by climate change, there must be effective governance and awareness in all levels of our business. The Board undertakes a review of all business risks and opportunities on an annual basis and this includes both sustainability and climate change. In particular, in the past year our Board has taken an active role in reviewing the significance of climate change to the business and incorporating Climate Action as a strategic priority within our business strategy, Our Vision 2030.

The Board has ultimate responsibility for climate-related risks and opportunities. The Chief Executive is accountable for climate action, including the achievement of our science-based targets. In addition, Karl Whiteman, an Executive Director, has responsibility for sustainability and oversees implementation of our actions.

Separate Our Vision and Sustainability Board meetings take place bi-monthly consisting of the two Directors named above, the Chief Financial Officer, the Head of Responsible Business and the Head of Sustainability.

The Head of Responsible Business and Head of Sustainability are responsible for updating the Group risk register and providing updates on changes to the risk level based on a range of factors from forthcoming legislation to customer feedback and extreme weather events. This information is provided to the Main Board and incorporated within our business risk register and this Annual Report.

Divisional management teams have responsibility for climate action and have nominated a management sponsor within their business. Each company maintains a risk register, including sustainability and climate change, for their business and, at a project level, the Project Sustainability Tracker identifies risks and monitors action taken.

The following are also in place to support the Board and management and ensure strong governance at every level throughout the business:

- A Group Sustainability Team focused on implementing our strategy, performance monitoring, risk management and reporting.
- Dedicated sustainability practitioners within each business to support local management and project teams and help drive continual improvement in performance.
- Cross-disciplinary working groups to take action in specific areas, such as embodied carbon.
- A bi-monthly Sustainability Committee, chaired by the Head of Sustainability and consisting of a representative from each of our businesses.

STRATEGY

Climate action is a strategic priority for the business. With the development of Our Vision 2030 during the year we have strengthened the governance and strategic commitments in this area, building upon our previous actions on climate change.

In 2007 we became the first homebuilder to publish a climate change policy and have set and monitored our progress against both emissions reduction and sustainable homes since 2010. A summary of key milestones is provided on page 42.

This year, we have developed science-based targets (SBTs) for carbon emissions reduction, validated by the Science-Based Targets initiative (SBTi) in December 2020. These targets represent an ambitious step forward in our approach to tackling climate change and have been calculated to ensure that we play our part in limiting global warming to 1.5°C above pre-industrial levels.

Our strategy for Climate Action includes five focus areas which will shape our transition to becoming a net zero carbon business by 2040. Across the focus areas we have identified key actions that Berkeley will be undertaking over the short-, medium- and long-term. We will also work to enhance disclosure around the financial impact to our business.

Our strong approach to climate action is fundamental to our long-term vision and maximising value for our stakeholders.

Focus area	Action
Embodied carbon	— Benchmark: assess embodied carbon assessments on 10 sites to identify high impact materials and services. — Supply Chain: work with our supply chain, including architects, to understand and reduce carbon impacts. — Measure and reduce: assess embodied carbon on all sites by 2025 and set reduction targets.
Low carbon homes	— Reduce demand: design homes to be more energy efficient. — Understanding performance: set out a strategy to measure in-use energy performance. — Deliver low carbon homes: ensure all homes are enabled to be low carbon by 2030. — Low carbon lifestyles: continue to prioritise clean energy tariffs and design well-connected, walkable neighbourhoods with local amenities, sustainable transport links and infrastructure.
Low carbon construction sites	— Increase the use of biodiesel. — Early adopter of hybrid and electric machinery. — Set challenging benchmarks and standards for energy management.
Climate change resilience	— Scenario planning: for our business and developments, aligned with the TCFD requirements. — Climate resilient homes; define a climate-resilient home to ensure that they are leading and maximise customer benefits. — Nature based solutions: create biodiverse landscapes that are resilient to extreme weather including flooding and drought. — Design adaptation: implement site specific adaptations such as passive balcony shading, ventilation systems and SuDS. — Climate risk management: develop active climate risk management programmes for all developments and business activities by 2025.
Balancing our impacts	— Carbon neutral: we will continue to be carbon neutral within our operations (covering Scope 1 and Scope 2 emissions) through purchasing 100% renewable energy in the UK (backed by Energy Guarantee of Origins) and then offset our remaining emissions through the support of verified projects. — Innovation: we will investigate the opportunity for innovation and partnerships that would help us to deliver or support clean energy and to explore how carbon offsets can deliver nature-based solutions and support nature's recovery.

RISK MANAGEMENT

The risk management process for climate-related risks is incorporated within broader risk management arrangements for the Group. The Board takes overall responsibility for risk management, and the assessment of risk. 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. Sustainability has been recognised as a risk to the Group for over a decade and more recently climate change has been identified as a separate risk which must be managed.

A climate change adaptation risk identification exercise was initially 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 were around physical, weather-related events for the homes and places we develop and remain relevant, including flooding, overheating and water shortage.

Further work is required to update this study over the next year as we undertake Climate Scenario Analysis, with a broader remit. In preparation, Berkeley has identified the following risks and opportunities:

Risk/ opportunity type	Description	Our response
RISKS		
Physical – extreme weather	— Disruption to construction programmes e.g. through work interrupted due to high winds or extreme temperatures. — Disruption to global supply chain and supplies of materials to site due to extreme weather events across the globe.	— Working with our supply chain to better understand the source of raw materials and location of processing and manufacturing activities. — Increasing use of off-site construction and use of Berkeley Modular to control production activities within a factory environment.
Transition – reputation	— Homes and developments could be adversely affected through overheating, water shortages and flooding. — Failure to improve our strategy, performance and reporting in line with evolving regulations, investor requests and societal expectations would impact Berkeley's reputation.	— Risk assessment undertaken on each development and climate change adaptation measures incorporated into the design, such as shading and ventilation strategies. — Validated science-based targets (SBTs) to support our ambitious strategy in this area. — Increasing disclosure on climate action within corporate reporting, together with external ratings such as CDP.
Transition – policy and legal	— There are increasing standards for homebuilders through forthcoming changes to the Building Regulations. — Many local authorities have declared climate emergencies and expect developers to achieve high standards to help with the collective effort to reduce impact. — Government is to set in law more ambitious climate change targets for the UK; the built environment is a sector that will need to contribute.	— We actively participate in government consultations relating to policy in this area, including the Part L, F and [X] consultation in spring 2021. — We review forthcoming legislation and assess the potential impact on our sites. — We ensure our strategy in this area is ahead of regulation, putting us in a strong position to respond to future changes.

RISK MANAGEMENT CONTINUED

Risk/ opportunity type	Description	Our response
OPPORTUNITIES		
Resource efficiency	— There is an opportunity for energy efficiency in our operations. — Working with our supply chain we can focus on material efficiency and reducing waste. — Increasing use of off-site manufacture and commencing production at the Berkeley Modular facility is expected to increase material efficiency and reduce waste.	— Targeted reduction of emissions across all of our activities through science-based targets (SBTs). — Progressing with our strategy to modernise production, including commencing production at the new Berkeley Modular facility.
Products/ services	— Customers are increasingly seeking more sustainable homes. — New homes are more efficient than the existing housing stock as they have to meet stringent Building Regulations; this may become increasingly important. — Producing more efficient homes can reduce running costs for our customers.	— A focus on creating low carbon homes through building fabric and the incorporation of the right types of low carbon technologies. — Including details on how to operate a home efficiently and live a sustainable lifestyle within customer information.
Markets	— Demonstrating a strong strategy and performance in this area could help to support local planning authorities in addressing the climate emergency within their area. — Local communities and stakeholders are more likely to partner with a developer which has strong sustainability credentials.	— Climate action incorporated within Our Vision 2030, to highlight its strategic importance within our business. — Information contained within planning applications. — Information included within community engagement activity.


Hollyfields, Hawkenbury

METRICS AND TARGETS

We monitor a range of metrics to support our targets in the area of climate action. Detailed GHG emissions information is located in the Directors' Report, including disclosure across Scopes 1, 2 and 3 and the Environmental, Social and Governance table on page 76 to 77.

Our key metrics for climate action are included within our science-based targets and these will be used to reduce emissions against. We also have broader targets with associated metrics as part of our climate action roadmap:

Time period	Targets	Metrics
Short-term (by 2023)	Complete scenario analysis by 2023 to understand how risks from climate change could impact our business and begin to implement measures to manage these risks.	Qualitative assessment.
	Maintain carbon neutral operations across Scope 1 and Scope 2 emissions using REGOs and verified projects.	Net carbon emissions within UK operations (Scope 1 and Scope 2) (tCO_2e).
	Implement measures to manage climate risks for our developments and business.	Developments under construction incorporating climate change adaptation measures (%).
Medium-term (2023-2029)	Undertake embodied carbon assessments and set reduction targets for each development.	tCO_2e/m^2 completed floor area.
Long-term (by 2030)	Reduce absolute scope 1 and 2 GHG emissions 50% by FY2030 from a FY2019 base year.	Carbon emissions from direct activities (tCO_2e) against FY19 baseline.
	Reduce scope 3 purchased goods and services and use of sold products GHG emissions 40% per square foot of legally completed floor area by FY2030 from a FY2019 base year.	Carbon intensity of the homes we build over their lifetime (tCO_2e/m2 completed floor area) against FY19 baseline.
Long-term (by 2040)	We will be a net zero carbon business.	Net carbon emissions across Scopes 1, 2 and 3 (tCO_2e).

Berkeley is committed to helping to achieve the United Nations' (UN) Sustainable Development Goals (SDGs).

We recognise that although all the SDGs and the targets that underpin these are important and interconnected, it is imperative to focus our efforts on those that are most material to our business, where we have the greatest ability to deliver meaningful positive impact. The following four SDGs, and their underlying targets, are those that we have identified as most relevant to our business activities and that we have the greatest opportunity to contribute to the achievement of, particularly through the Our Vision 2030 business strategy.

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

Strategic Report
Corporate Governance
Financial Statements

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

We monitor a range of Environmental, Social and Governance (ESG) indicators across our business activities, and many of these align to the core KPIs of our business strategy, Our Vision 2030.

Indicator	Measure	Unit	2020/21	2019/20	2018/19	Notes
Sustainable homes	Completed homes with an Energy Performance Certificate (EPC) rating of at least a 'B'	%	**96**	94	93	The average EPC score was 84 (B rating).
	Completed homes to be supplied with low carbon or renewable energy	%	**70**	70	72	The proportion of completed homes with low carbon or renewable technology.
	Average water efficiency of completed homes	lppd	**104.5**	102.7	102.6	The average internal water efficiency of legally completed homes in litres per person per day.
	Homes constructed on brownfield land	%	**88**	89	–	The proportion of homes built on previously developed land.
	Completed homes with internal recycling facilities	%	**96**	100	94	The proportion of completed homes provided with recycling facilities.
Sustainable places	New developments committed to deliver net biodiversity gain	#	**7**	10	7	Each site is a new site submitted for planning permission which has committed to delivering a net biodiversity gain.
	Developments regenerating brownfield land	%	**84**	76	85	Proportion of developments under construction on previously developed land.
	Developments with sustainable urban drainage systems	%	**91**	94	98	Proportion of developments under construction with water management practices such as swales and permeable paving.
	Developments with cycle storage	%	**100**	100	100	71,604 cycle spaces were being provided on sites under construction in 2020/21.
	Developments with electric car charging points	%	**84**	76	74	7,440 points were being provided on sites under construction in 2020/21.
Environmentally responsible operations	Environmental prosecutions	#	**0**	0	0	The number of environmental prosecutions in the year.
	Greenhouse gas emissions – Scope 1 and 2 market-based	tCO_2e	**8,598**	9,151	10,054	The location-based emissions resulting from our office, sales and site activities reported for our operational boundary.
	Greenhouse gas emissions – Scope 1 and 2 location-based	tCO_2e	**2,547**	3,375	3,980	The market-based emissions, once procurement of renewable electricity in the UK is taken into account.
	Water consumption	m^3	**240,232**	214,517	224,443	The volume of water consumed across our regional offices, development sites and sales suites.
	Construction waste generated	tonnes	**154,409**	177,560	142,648	Construction waste produced by our development sites. This excludes any demolition and excavation waste.
	Construction waste reused or recycled	%	**96**	95	95	Proportion of construction waste that has been reused or recycled.
	Hazardous waste generation	tonnes	**2,602**	13,689	84,927	Hazardous waste generation is dependent on project activities during the year, including materials contained within any buildings demolished and any contaminated land encountered during groundworks.
	Total waste sent to landfill	tonnes	**9,666**	46,882	53,055	Waste sent to landfill typically relates to hazardous waste arising from demolition and excavation activities that cannot be treated in another way. During 2021 we had fewer sites of this nature.

Indicator	Measure	Unit	2020/21	2019/20	2018/19	Notes
Considerate construction	Average Considerate Constructors Scheme (CCS) score	#/50	**43**	43	43	Based on independent audits by the CCS. Within 2020/21 three visits (3%) were scored beneath 40/50.
Supply chain	Days taken to pay suppliers on average	#	**29**	28	30	In line with the period outlined as part of the Construction Supply Chain Payment Charter.
Employees	Total employees	#	**2,705**	2,844	2,664	The total number of employees at 30 April each year.
	Board of Directors – Male	%	**71%**	75%	75%	
	Board of Directors – Female	%	**29%**	25%	25%	
	Senior management – Male	%	**40%**	43%	50%	
	Senior management – Female	%	**60%**	57%	50%	
	Reporting to senior management – Male	%	**68%**	79%	80%	
	Reporting to senior management – Female	%	**32%**	21%	20%	
	Total employees – Male	%	**64%**	63%	62%	
	Total employees – Female	%	**36%**	37%	38%	
Skills and training	Direct apprentices and training	%	**6.5**	9.3	10.3	Calculated as the average monthly percentage of our direct workforce who are apprentices, graduates or sponsored students.
	Number of directly employed apprentices	#	**135**	100	151	Number of employees on an apprenticeship throughout the year. Apprentices work across many disciplines in our business.
Health and safety	Annual Injury Incidence Rate per 1,000 people	#	**1.24**	1.17	1.14	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	#	**24,843**	34,126	30,792	In 2020/21, some the training was adapted to be delivered virtually.
Charity and the Berkeley Foundation	Employees involved with Give As You Earn	%	**32**	33	32	We maintain a Charities Aid Foundation (CAF) Diamond Award for payroll giving.
	Staff involved with the Foundation	%	**53**	63	65	Based on internal data collection.
Customer experience	Net Promoter Score	#	**77.9**	78.8	73.5	Six-month rolling average to March 2021, compared with a sector average of 42 (HBF, 2021).
	Customers who would recommend us to a friend	%	**98.3**	98.5	97.1	Year to March 2021, compared with an industry average of 91% (HBF, March 2021).
New homes	Completed homes	#	**3,254**	3,158	3,959	The number of homes that legally completed during the year including our joint ventures.
Contribution to society and community	Contribution to GDP	£	**2.5bn**	2.6bn	3.0bn	Berkeley's calculated overall contribution to GDP.
	Tax	£	**595m**	675m	816m	This includes taxes paid directly by Berkeley and the taxes paid by its customers and suppliers as a result of Berkeley activities.
	Affordable housing and wider contributions	£m	**204**	270	525	The contribution we make in affordable housing subsidies and wider community infrastructure benefits delivered or committed to during the year.
Benchmarks and Indices	CDP Climate Change rating	Rating	**A**	A-	A-	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.
	MSCI ESG rating	Rating	**AAA**	AAA	AAA	We have achieved a AAA rating for the past five years.

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. Risk appetite relates to the amount of risk the Company may seek or accept at any given time when pursuing its strategic objectives, in the context of the prevailing operating environment. 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. This can be dependent on where the Board believes we are within any particular cycle.

AUTONOMY AND VALUES

Berkeley has recognised brands and autonomous, talented and experienced teams who embrace Berkeley's values in their approach. Berkeley creates bespoke and innovative solutions for each site which requires experienced, intensive management.

OPERATIONAL COMPLEXITY

The business model also recognises the complexity of the planning and delivery of the sites Berkeley undertakes, alongside their capital intensive nature. It 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 and experienced teams in place.

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.

CULTURE AND PURPOSE

Berkeley's unique culture is the sum of its shared values, vision and overarching sense of purpose. Together, they have a dynamic and energising effect on the way the business operates, shaping our purpose, long-term Our Vision business strategy, brand and day-to-day behaviours. Our culture sets the standards by which we judge our behaviours, products and internal processes.

EMERGING RISKS

Berkeley faces 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.

PRINCIPAL RISKS

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. There are also areas of our existing principal risks that are evolving over time. We have been reporting Climate Change and Sustainability as two of Berkeley's key risks for a number of years, and these risks continue to evolve as the global focus and regulation over climate action increases. COVID-19 has continued to impact all areas of our operations over the last year, from the way in which we work to the way our customers and communities live their lives and use their homes and the places that we create. The Group's risk appetite is reviewed annually and approved by the Board. This review guides the actions we take to implement our strategy.

The principal operating risks and our approach to mitigating them are described in more detail on pages 82 to 95.

The escalation of the COVID-19 pandemic in early 2020 led to a tightening of the Group's risk appetite last year, given the significant uncertainties created across all elements of our business, the UK and wider global economy. This was characterised by the deferral of the return of surplus capital of £455 million, albeit this also was in recognition of the potential opportunity to acquire incremental land in uncertain markets. The last year has seen ongoing uncertainty with the evolution of the COVID-19 pandemic, the UK and other countries moving in and out of lockdowns of differing length and severity, all having a continued impact on both the UK and global economies. However, Berkeley's business and the wider market has proved resilient, in spite of a lack of urgency in London.

The approval of a number of vaccines during the last year, the ongoing successful vaccination rollout, particularly in the UK, and the steady unlocking of the Covid restrictions in line with the road map outlined by the Prime Minister in late February 2021, has led to optimism over a return to more normal conditions in the coming months. There has therefore been a gentle moderation of the Group's risk appetite in the year, albeit risks remain which will continue to evolve over time.

RISK MANAGEMENT FRAMEWORK

Our approach to risk management 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.

OUR TOP-DOWN APPROACH

Board
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.

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.

Audit 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 119 to 120.

Executive Committee
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.

Operational management
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.

All employees
All employees are encouraged to be alert to risks associated with the activities they perform and to report issues and suggest alternative approaches as appropriate.

OUR BOTTOM-UP APPROACH

FINANCIAL RISKS

EXPOSURE TO FINANCIAL RISKS –

The financial risks to which Berkeley is exposed include:

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

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

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.

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.

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 £1.71 billion at 30 April 2021. It also helps mitigate market credit risk by virtue of customers' deposits held from the point of unconditional exchange of contracts with customers.

Low gearing
The Group is currently financing its operations through shareholder equity, supported by £1,128 million of net cash on the Balance Sheet. This in turn has mitigated its current exposure to interest rate risk.

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.

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.

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.

VIABILITY STATEMENT

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the longer term viability of the Group.

The Directors have considered their assessment over a three year period from 1 May 2021 to 30 April 2024. Although the focus of the Group is on long-term regeneration, and the Board's strategic planning reviews cover much longer term forecasts, the Group considers there is sufficient detail within the individual site cash flow forecasts over this period to enable a meaningful assessment given the inherently cyclical nature of the housing market, as well as other emerging risks.

The Director's continue to review the timeframe of the viability assessment on an annual basis, taking into account the principal and emerging risks facing the Group, all of which have been assessed in light of COVID-19 impacts.

The operational focus of the Group is on bringing forward long-term, complex regeneration schemes. We operate a sustainable business model which is unique in its focus on large-scale developments and requires a solid financial position. All schemes go through a rigorous appraisal process before commencement, which includes detailed financial forecasting and a robust risk management assessment, taking into account risks and emerging issues.

A core risk management principal for the Group is to keep financial risk sufficiently low through forward selling where possible, maintaining a sound balance sheet and appropriate headroom within its financing activities. As at 30 April 2021, the Group had net cash of £1,128 million and total liquidity of £1,878 million when this net cash is combined with corporate banking facilities of £750 million which are in place until November 2023. In addition, the Group held cash due on forward sales of £1,712 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 ongoing 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 deferment of new site starts, amongst others.

How the Group mitigates risks is summarised within pages 78 to 95 of the Strategic Report. 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.

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 2021.

Read more on our Going Concern on page 157.

Highcroft, Wallingford

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External risks

	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
COVID-19	**COVID-19 has impacted all areas of our operations, including our employees, purchasers and supply chain.** **The extent of the impact has been influenced by factors including UK and international lockdowns, government interventions, the severity of economic effects and the speed and nature of the recovery.**	The COVID-19 pandemic has been a focus for the Board over the last year. The extensive experience and skill set of the Main Board, senior management and teams, coupled with that of our subcontractor base and the resilience of our business model, has enabled us to weather the impact since its onset. The health and safety of our employees, contractors and customers remains of paramount importance, following Government and public health guidance at all our sites, offices and sales suites.		**High**			This time last year COVID-19 was still in its early stages and the UK had recently entered its first lockdown. The last year has seen the significant spread and evolution in the pandemic with the UK and other countries moving in and out of lockdowns of differing length and severity, having a severe impact on people's lives and the wider economy. Berkeley's sites have remained operational throughout in line with advice and guidance from Government and Public Health England, with approved COVID-19 Site Operational Procedures implemented and regularly monitored to ensure compliance with the requisite standards of safety and compliance. Office based roles largely moved to home working and maintained operational effectiveness utilising existing remote working technology capabilities. All Berkeley offices and sales suites have safe operating procedures in place to ensure the safety of our staff and the public and to facilitate hybrid working practices as lockdowns have eased. The pandemic has impacted the way in which people view the value of their time being fragmented between work and home. This impacts everyone in a unique way depending on their personal circumstances. This evolving dynamic will inevitably impact social trends, including how people use their homes longer term. Read more on pages 18 to 24.
Economic outlook	**As a property developer, Berkeley's business is sensitive to wider economic factors such as changes in interest rates, employment levels and general consumer confidence.** **Some customers are also sensitive to changes in the sterling exchange rate in terms of their buying decisions or ability to meet their obligations under contracts.** **Changes to economic conditions in the UK, Europe and worldwide may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.**	Recognition that Berkeley operates in a cyclical market is central to our strategy and maintaining a strong financial position is fundamental to our business model and protects us against adverse changes in economic conditions. Land investment in all market conditions is carefully targeted and underpinned by demand fundamentals and a solid viability case, respecting the cyclical nature of the property industry. Levels of committed expenditure are carefully monitored against forward sales secured, cash levels and headroom against our available bank facilities, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets. Production programmes are continually assessed, depending upon market conditions. The business is committed to operating at an optimal size, with a strong balance sheet, through autonomous businesses to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.		**High**			The COVID-19 pandemic has had a significant and lasting effect on both the UK and global economies over the last year. The combination of Government spending, low inflation and low interest rates has helped mitigate some of the impact. The UK economy is forecast to return to growth relatively quickly as Covid related restrictions continue to be relaxed, but the exact timing of this remains uncertain. The UK economy has also seen the effects in the last year of the UK leaving the EU. Despite reaching a trade deal in December 2020, the long-term economic impact of this remains uncertain. Inevitably, there are some short-term dislocations in global supply chains which have also been impacted by COVID-19. Read more on pages 18 to 24.

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External risks continued

	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Political outlook	**Significant political events, 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.		High			The political landscape remains dominated by COVID-19, with the continued focus on the easing of restrictions and revitalising the economy. With the UK securing a trade deal with the EU at the end of 2020, avoiding a major disruption to trade, one aspect of uncertainty has been resolved. However, the long-term impacts are yet to fully materialise. Government policy on housing clearly impacts the operating environment for Berkeley and the support shown by Government to the industry in the last 12 months has been welcomed. Read more on pages 18 to 24.
Regulation	**Adverse changes to Government policy on areas such as taxation, housing and the environment could restrict the ability of the Group to deliver its strategy.** **Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.**	Berkeley is 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.		High			The Government announced in February 2021 that it would introduce a new Residential Property Developer Tax as part of its Building Safety Package, and is currently consulting on the design of that tax ahead of its inclusion in the 2021-22 Finance Bill. The Government has continued to reaffirm its commitment to fire safety and the widespread remediation of buildings previously assessed as compliant with building regulations at the time of their construction. This commitment has included the passing of the Fire Safety Act, the introduction of the Building Safety Bill and an increase in the resources of the Building Safety Fund. While we welcome increased clarity from the government, challenges and delays remain due to the scarcity of fire engineers available to review historical buildings. This means the second hand housing market remains constrained. Read more on pages 18 to 24.
Land availability	**An inability to source suitable land to maintain the Group's land holdings at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.**	Understanding the markets in which we operate is central to Berkeley's strategy and, consequently, land acquisition is 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. Berkeley has experienced land teams with strong market knowledge in their areas of focus, which gives us the confidence to buy land without an implementable planning consent and, with an understanding of local stakeholders' needs, positions Berkeley with the best chance of securing a viable planning consent. Berkeley acquires land, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise. Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the greatest chance of securing targeted land. 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.		Medium			The Group continues to focus on enhancing the value of the land bank through a combination of acquiring new sites, enhancing the value of existing sites and bringing sites through the strategic pipeline of long-term options. Investment decisions are affected by the uncertainty in the political and economic outlook, as well as complexities in the planning system, although new opportunities may arise as demand from other use classes evolves. Berkeley has acquired ten new sites in the year, including four in St William. Read more on pages 32 to 33.

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Internal risks

	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Planning process	**Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings.** **This could have a direct impact on the Group's ability to deliver its product and on its profitability.**	The Group's strategic geographical focus and expertise place it in the best position to conceive and deliver the right consents for the land acquired. Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally. The planning status of all sites is reviewed at both monthly divisional Board meetings and Main Board meetings. The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.	Communities, Shared value	**High**	No change	No change	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. Whilst we have secured a number of planning consents in the year, these continue to take 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. Read more on pages 32 to 33.
Retaining people	**An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities.** **Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.**	In February 2021, we launched two new commitments within Our Vision, Berkeley's long-term strategy, to help recruit and retain a high calibre work force. The first is 'Employee Experience' which places a specific focus on areas including employee experience and diversity and inclusion, and the second focuses on 'Future Skills' looking at how we can create tangible long-term change within the industry. Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel. Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive.	Quality, Employee Experience, Future skills	**Medium**	No change	No change	The motivation, retention and progression of our people remains fundamental to the delivery of our strategy. The Group continues to have a stable senior management team and despite the normal pressure of people retention, overall retention rates remained stable during the course of the year as a result of the ongoing focus on talent management, career progression opportunities, training and health, wellbeing initiatives and flexibility on working hours. We have also focused on the safety of our offices and sites as a result of COVID-19, ensuring we provide the right working environment for the business and our people. Read more on page 60.
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.**	The Group has experienced sales teams both in the UK and within our overseas sales offices, supplemented by market-leading agents. Detailed market demand assessments of each site are undertaken before acquisition and regularly during delivery of each scheme to ensure that supply is matched to demand in each location. Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location. The Group has a diverse range of developments with homes available across a broad range of property prices to appeal to a wide market. The Group's ability to forward sell reduces the risk of the development cycle where possible, thereby justifying and underpinning the financial investment in each of the Group's sites. Completed stock levels are reviewed regularly. The Group adapted its sales strategy to the COVID-19 pandemic, increasing the use of digital channels and virtual tours.	Customers, Communities, Quality, Modernised Production	**Medium**	Decrease risk	Decrease risk	Despite the impact of COVID-19, the UK sales market has remained resilient, despite a lack of urgency in London. 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. Berkeley's focus on community, nature, connectivity and overall quality of place will resonate with customers as the country continues to emerge from the pandemic. 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. Read more on page 58.

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Internal risks continued

	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
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.**	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 Group's financial risks and provide the right platform for the business to manage its operating risks. Cash flow management is central to the continued success of Berkeley and has been particularly important as a consequence of the COVID-19 crisis, remaining 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.		Low			The Group has £750 million of committed credit facilities maturing in November 2023. 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 2021, this is £1.85 billion of liquidity. In addition, the St William joint venture has bank facilities of £360 million, maturing in March 2023, with options over two additional years. Berkeley has a strong working partnership with the six banks that provide the facilities which is key to Berkeley's approach to mitigating liquidity risk. Read more on pages 63.
Mortgage availability	**An inability of customers to secure sufficient mortgage finance now or in the future could have a direct impact on the Group's transaction levels.**	Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio. The Group participates in the Government's Help to Buy scheme, which provides deposit assistance to first-time buyers, and has participated in other Government schemes historically. Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.		Medium			An economic environment of continued low interest rates, combined with resilient economic performance, has supported mortgage availability, resulting in a steady risk profile. There has been an improvement in the number of higher loan to value mortgage products available in recent months. Read more on pages 12 to 13 and page 37.

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	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Climate change	**The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials.** **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.** **There is 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.** **Local authorities have declared climate emergencies and set roadmaps to be net zero carbon and customers are also placing an increasing emphasis on homes with reduced impact over their lifetime; failure to improve the efficiency and embodied impacts of the homes we build could reduce the potential for us to gain planning permission or sell the homes we build.** **Carbon pricing is affecting the supply of materials. There has been an increase in the international carbon price which has led to some suppliers which are high carbon producers, such as cement companies, to reduce production as the price for offsetting their impact is too high.**	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). Climate action is a key theme within our business strategy, Our Vision 2030, and we have set ambitious science-based targets (SBTs) to mitigate our impact, alongside continuing to incorporate adaptation measures within our developments to make them more resilient to the expected future impacts of climate change. By taking action under our Scope 1 and 2 carbon emissions reduction targets 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. Our Scope 3 SBT commits us to building more efficient homes and working with our supply chain to reduce the embodied carbon within the materials and services we procure. 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. We continue to enhance our disclosure in this area by publishing information on our impacts and increasing information in response to the Financial Stability Board's TCFD recommendations, ahead of mandatory disclosure from 2022. We are in regular talks with our supply chain to understand and monitor the changes with our key materials. We are undertaking work to understand how we can reduce demand of high carbon materials with our buildings.		High			This year we have set ambitious science-based targets (SBTs) for carbon emissions reduction across Scopes 1, 2 and 3, which have been validated by the Science Based Targets Initiative (SBTi). These commit us to taking action to reduce absolute emissions within our direct activities and to reducing our indirect impact within the materials and services used to create our homes and the emissions from the homes we build over their lifetime. We monitor the actions taken to reduce carbon emissions across our activities and have improved our reporting of greenhouse gas emissions to also cover the two material areas of our indirect emissions under Scope 3. Following our leading approach in 2017/18, we continue to achieve carbon neutral operations on an annual basis, offsetting more emissions than we produce within our construction sites, offices and sales suites. We also regularly review the features incorporated into our homes and places to both mitigate and adapt to climate change. This year, a Government consultation was held on Future Buildings, covering Part L, F and [X] of the Building Regulations, building upon the previous Future Homes Standard and Part L consultations. Berkeley responded to the consultation and awaits future announcements on regulatory changes. These may have implications in terms of additional design time and costs as homes will be required to meet tighter energy, carbon and fabric standards than current legislation requires. In addition, our outer London apartment buildings require more dynamic thermal modelling to demonstrate compliance. Berkeley continues to report qualitatively on the governance, strategy and risk management components of the TCFD recommendations within this report and via our response to the CDP Climate Change Programme. Read more on pages 40 to 42, 64 and 70 to 73.

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Internal risks continued

	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Sustainability	**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.** **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, with access to green spaces and nature.**	The strategic direction for sustainability is set at a Group level within a dedicated Sustainability Strategy and three areas have been identified as being of strategic importance and integrated within our business strategy, Our Vision 2030; communities, climate action and nature. 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. Operational procedures and processes are regularly reviewed to ensure that high standards and legal compliance are maintained. Dedicated sustainability teams are in place within the business and at Group level, providing advice, monitoring performance and driving improvement.		**Medium**			The Group continues to focus on commitments and initiatives that enable the long-term success of our business and developments, and that differentiate Berkeley. This year we launched a new Sustainability Strategy internally, supporting our strategic plan for the business Our Vision 2030. Together, these set out five areas of focus for sustainability: climate action; nature; communities and sustainable living; environmental management; and waste and circular economy. New Standards have been issued to our teams to set out the minimum Berkeley requirements for new developments and the operation of our construction sites, supported by more detailed procedures and monitoring within our Sustainability Management System. We continue to await the Royal Ascent of the Environment Bill, setting out requirements 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. 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. Over the last year there has been an increase emphasis on the need for green open space and parks close to where people live due to the COVID-19 pandemic. We already have a strong track record for delivering parks and nature-rich areas, particularly through our long-term regeneration schemes which benefit our residents and the communities that live close to our developments. Read more on pages 26, 40 to 49, 61 to 62, 64 and 71.
Health and safety	**Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public.** **A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.**	Berkeley considers this to be an area of critical importance. Berkeley's health and safety strategy is set by the Board. Dedicated health and safety teams are in place in each division and at Head Office. Procedures, training and reporting are all regularly reviewed to ensure 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. The Group continues to implement initiatives to improve health and safety standards on site.		**Medium**			High levels of production continued during the majority of the year, despite the effects of COVID-19, with site based headcount averaging over 10,000. Health and safety remains an operational priority for Berkeley and our AIIR was 1.24 at the year end, well below our target of 2.75 and remains one of the best in the industry. In response to COVID-19, the Group 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. Read more on pages 46 to 48 and 60.

Key to strategy

Customers, Quality, Communities, Climate Action, Nature, Employee Experience, Modernised Production, Future skills, Supply Chain, Shared value

Key

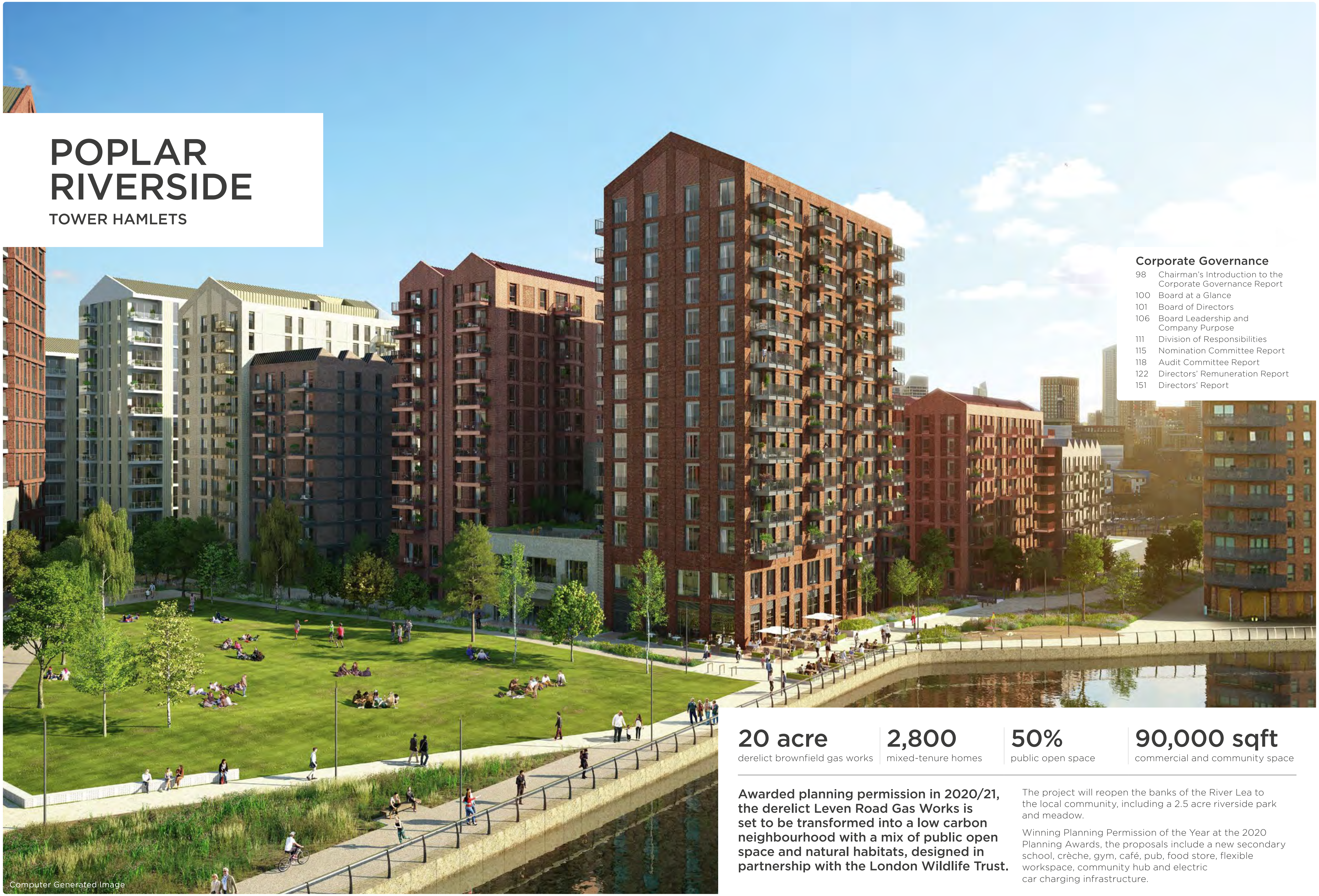
Increase risk
No change
Decrease risk

Internal risks continued

	Risk description and impact	Approach to mitigating risk	Link to strategy	Residual risk rating	Likelihood change	Impact change during year	Commentary and developments if any during the year
Product quality and customers	**Berkeley has a reputation for high standards of quality in its product.** **If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased cost.**	Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that product quality is maintained. 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. Customer satisfaction surveys are undertaken on the handover of our homes, and feedback incorporated into the specification and design of subsequent schemes.	Customers, Quality, Modernised Production, Supply Chain	**Medium**	No change	No change	The Group's continued focus on improving the quality of design and product, with attention to every detail in our homes, remains at the heart of our delivery. We are constantly looking at ways to meet the demands of changing lifestyles, as well as the rapidly changing levels of expectations from our customers. 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 Read more on pages 37 and 58.
Build cost and programme	**Build costs are affected by the availability of skilled labour and the price and availability of materials, suppliers and contractors.** **Declines in the availability of a skilled workforce, and changes to these prices could impact on our build programmes and the profitability of our schemes.**	A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition, whilst a further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction. Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month. The Group monitors its development obligations and recognises any associated liabilities which arise. Our new strategy includes ongoing commitments to training and support across both our employees and our indirect workforce.	Quality, Future skills, Supply Chain, Modernised Production	**Medium**	Increase risk	No change	Build cost increases were relatively stable in 2020 at c. 2% but have increased in during 2021 to c. 4%, reflecting current pressures on materials and the supply chain. Read more on page 61.
Cyber and data risk	**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.** **The Group could suffer significant financial and reputational damage because of the corruption, loss or theft of data, whether inadvertent or via a deliberate, targeted cyber attack.**	Berkeley's systems and control procedures are designed to ensure that confidentiality, availability and integrity are not compromised. Our Information Security Programme focuses primarily on the detection and prevention of security incidents and potential data breaches. Ongoing monitoring and scanning is conducted to detect and respond to vulnerabilities and security events. We also work closely with recognised security service providers to implement and improve security best practices. 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. The Group operates multiple physical data centres supported by cloud based services thereby reducing centralised risk exposure. An IT disaster recovery plan is regularly assessed. The Group has cyber insurance in place to reduce the any potential financial impact.		**High**	No change	No change	The threat from cyber attacks remains high, and the COVID-19 pandemic creates additional opportunities for attacks, particularly with many businesses now operating remotely. Enhanced controls have been implemented on user end points which allow for better detection and automated prevention of many attacks. However methods of attack continue to evolve and are becoming more sophisticated, requiring additional technical controls and awareness training. Email based attacks remain a significant risk. An industry leading email security platform is in place and is constantly reviewed and improved to address new threats. The Cyber Security architecture has been reviewed and new controls implemented in the previous year. This includes greater visibility of threats to the environment and implements automated response for well known attacks. In the year the Group achieved the Government's Cyber Essentials Plus certification for the fifth consecutive year. The Cyber Security team regularly send awareness reminders when threats affecting the Group are detected. Read more on page 107.

POPLAR RIVERSIDE

TOWER HAMLETS



Computer Generated Image

20 acre	2,800	50%	90,000 sqft
derelict brownfield gas works	mixed-tenure homes	public open space	commercial and community space

Awarded planning permission in 2020/21, the derelict Leven Road Gas Works is set to be transformed into a low carbon neighbourhood with a mix of public open space and natural habitats, designed in partnership with the London Wildlife Trust.

The project will reopen the banks of the River Lea to the local community, including a 2.5 acre riverside park and meadow.

Winning Planning Permission of the Year at the 2020 Planning Awards, the proposals include a new secondary school, crèche, gym, café, pub, food store, flexible workspace, community hub and electric car charging infrastructure.

CHAIRMAN'S INTRODUCTION TO THE CORPORATE GOVERNANCE REPORT

Introduction

I am delighted to introduce the Corporate Governance Report for the 2020/21 financial year.

The Board continues to embrace high standards of corporate governance and continues to operate under the principles and provisions of the UK Corporate Governance Code 2018 ('the Code').

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:

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

Stakeholders and Company purpose, culture and values

As the UK's leading placemaker, Berkeley's purpose is to build quality homes, strengthen communities and improve people's lives, transforming underutilised places to return sustainable, social, economic and environmental value. As a business with a uniquely long-term operating model and value-added approach to regeneration, Berkeley recognises the importance of businesses like ours creating enduring, sustainable value for all our stakeholders.

During the year, Berkeley launched Our Vision 2030, our new, ambitious, ten year strategic agenda for the business. The new Our Vision 2030 strategy builds upon the success of the last ten years of our previously established strategy and we are proud of the impact this has had across the past decade. Further detail on Berkeley's strategy and approach to development can be found in Our Vision 2030 on pages 35 to 50 of the Strategic Report and at www.berkeleygroup.co.uk/ourvision. Further detail on our engagement with and impact on our stakeholders is set out on pages 58 to 64 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 set by the Board and permeates all of the autonomous businesses and teams within the Group. Our values are set out on page 109 of this Report, along with information on how the Board assesses and monitors culture. These are truly ingrained in our people whose energy, passion and determination drive the business forward for the benefit of all our stakeholders.

I would like to recognise the substantial contribution of Tony Pidgley CBE, the co-founder and former Chairman of Berkeley, who passed away suddenly last year. Tony's passion and energy defined Berkeley and he instilled this culture and values in Berkeley over the last 40 years.

Board activities

Good governance plays a significant role in a successful business strategy and the Board has undertaken a number of key governance activities during the year. Core amongst these activities has been the Board's focus on succession planning and transitioning Board and Committee composition.

In July 2020, following Tony's sad and untimely passing, I was appointed as Non-Executive Chairman to lead the Board as it undertakes the process of refreshing Berkeley's Board composition. In the years immediately prior to his death, Tony had the wisdom to put in place a strong Executive team, which is now helping to support the seamless transition in Non-Executive Director Board membership as the Board seeks to ensure the appropriate long-term balance of skills, experience and ethnic and gender diversity.

The first stage of the Board refreshment programme saw the appointments, on 5 January 2021, of William Jackson and The Ven. Elizabeth Adekunle, and, on 30 April 2021, of Sarah Sands as new Non-Executive Directors. The Board has additionally announced that Andy Kemp will join the Board as a Non-Executive Director on 1 July 2021. These new appointments add further strength and depth to the Board across a broad and diverse range of skills, contribution and experience including commercial, property, urban regeneration, environmental, sustainability, social and ethical issues, financial, audit, risk, and regulatory matters.

During the year, key roles and responsibilities within the Board have been updated and Committee composition has been further strengthened. Diana Brightmore-Armour was appointed as Senior Independent Director in July 2020. Diana brings considerable leadership skills and experience to her role as a sounding board for the Chairman and trusted intermediary for other Directors and shareholders as she oversees the process to identify and appoint a new long-term Non-Executive Chairman in 2022. Diana, who brings considerable financial experience, has additionally been appointed to the Audit Committee.

Peter Vernon, who was already a member of the Remuneration Committee, was appointed as Chairman of the Remuneration Committee in July 2020.

Having previously served as a member, I was appointed as Chairman of the Nomination Committee. The Nomination Committee has been further strengthened by the addition of: William Jackson, who brings considerable commercial, property and listed company experience, including previously as Senior Independent Director of British Land plc; and Sir John Armitt, whose significant understanding of the Berkeley Group, its culture and values represents an important contribution at this key stage in the Board's development.

After nine years on the Berkeley Board, Baroness Fleet, Veronica Wadley CBE stepped down as a Non-Executive Director on 31 January 2021, and, as previously announced, Adrian Li and Peter Vernon will step down as Non-Executive Directors at the Company's 2021 Annual General Meeting. I would like to take this opportunity to extend my thanks and gratitude to Veronica, Adrian and Peter for their significant contribution and commitment to Berkeley during the course of their tenure and in particular for their support over the last year.

The Board continues to engage with a wide and diverse range of business contacts and professional advisors in developing a strong and diverse candidate base as it continues the process of transition, which, when complete, we anticipate will maintain full compliance with the Parker Review target of at least one Director from an ethnically diverse background, and will bring female representation on the Board in line with the recommendations of the Hampton-Alexander Review. Further details of the Board's programme to refresh the composition of the Board and its Committees by June 2022 will be announced in due course.

Details of Board and Committee roles and responsibilities are set out on page 114 of this report and of each Director's unique contribution to Berkeley is set out in Directors' biographies on pages 103 to 105 of this report.

Other key governance matters that the Board has focused on during the year include:

- **Review of the Group's business strategy** including, as outlined above and in the Strategic Report, the launch of Our Vision 2030, which will focus operations over the next decade to achieve key priorities for the Group and will help Berkeley to be a world-class business, trusted to transform the most challenging sites into exceptional places and to enhance our positive impact on society, the economy and the natural world.
- **Transition to net zero**, taking action on climate change and sustainability, as part of Our Vision 2030, as a key priority at the heart of both our business strategy and the way we design and create new places. Within its strategy, the Board has included and committed to long-term science-based targets for climate change. This aims to ensure that the Group continues to drive positive actions that address climate change to ensure that Berkeley plays its part in mitigating the global impact by supporting the international effort and Paris Climate Agreement to limit global warming to 1.5°C above pre-industrial levels. The Group's integrated climate action programme puts Berkeley on course to achieve its strategic goal of being a net zero carbon business by 2040.
- **Consideration of emerging issues** facing the Company and the ongoing response to challenges imposed by COVID-19, including ensuring the health, safety and wellbeing of our customers, employees, subcontractors and suppliers, with the introduction of industry-leading COVID-19 operating and safe working procedures in collaboration with the Construction Leadership Council. At this challenging time of economic uncertainty, the Board has focused on how best it can support subcontractors and suppliers, including through the delivery of transparent work programmes and prompt payment practices, whilst also safeguarding continuity of production and resilient supply chains.

Whilst these are the key matters arising in the year, the Board agenda covers a vast array of other areas impacting the business. A number of these are set out on pages 106 to 108 of this report, including our progress on the Berkeley Modular factory, employee engagement and our approach to fire safety both in our buildings and leading within the industry, amongst others.

Looking forward to 2021/22, the Board will continue its programme to refresh Board composition, 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 and support during the year.

Glyn Barker
Chairman

BOARD AT A GLANCE

Board attendance

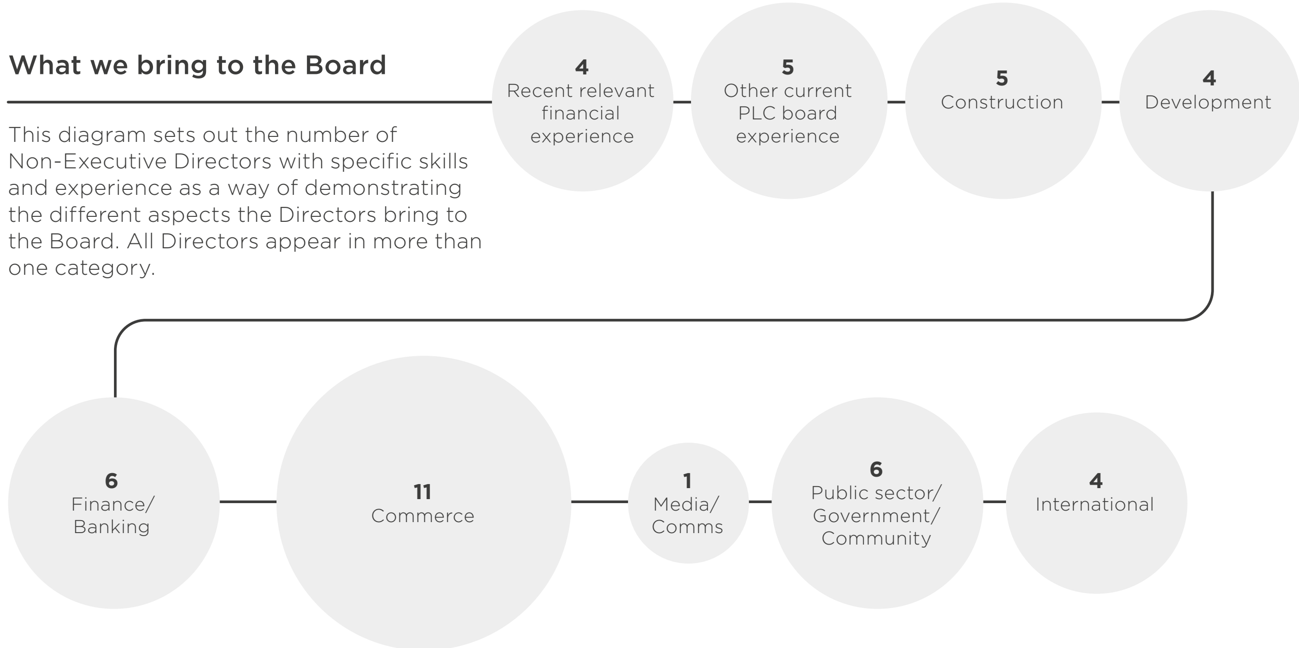
Member		Meetings attended
Glyn Barker[1]	Non-Executive Chairman	4/4
Diana Brightmore-Armour[2]	Senior Independent Director	4/4
Andy Myers	Non-Executive Director	4/4
Peter Vernon[3]	Non-Executive Director	4/4
Rob Perrins	Executive Director	4/4
Richard Stearn	Executive Director	4/4
Sean Ellis	Executive Director	4/4
Karl Whiteman	Executive Director	4/4
Justin Tibaldi	Executive Director	4/4
Paul Vallone	Executive Director	4/4
Sir John Armitt	Non-Executive Director	4/4
Dame Alison Nimmo, DBE	Non-Executive Director	4/4

Member		Meetings attended
Adrian Li	Non-Executive Director	4/4
Rachel Downey	Non-Executive Director	4/4
The Ven. Elizabeth Adekunle[4]	Non-Executive Director	1/1
William Jackson[4]	Non-Executive Director	1/1
Sarah Sands[5]	Non-Executive Director	0/0
Tony Pidgley, CBE[6]	Executive chairman	1/1
Baroness Fleet, Veronica Wadley CBE[7]	Non-Executive Director	3/3

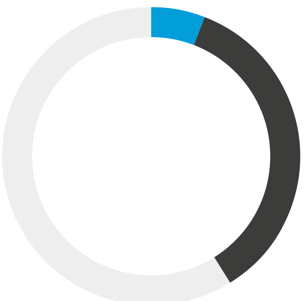
1 Appointed as Chairman on 26 June 2020
2 Appointed as Senior Independent Director on 23 July 2020
3 Appointed as Chairman of the Remuneration Committee on 26 June 2020
4 Appointed as Non-Executive Director on 5 January 2021
5 Appointed as Non-Executive Director on 30 April 2021
6 Served as Executive Chairman until his death on 26 June 2020
7 Stood down as Non-Executive Director on 31 January 2021

What we bring to the Board

This diagram sets out the number of Non-Executive Directors with specific skills and experience as a way of demonstrating the different aspects the Directors bring to the Board. All Directors appear in more than one category.

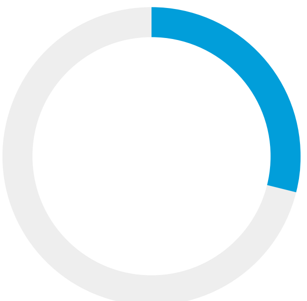


Board composition



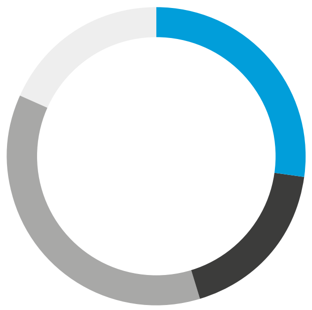
Chairman	1
Executive Director	6
Non-Executive Director	10

Gender split



Female	29%
Male	71%

Non-Executive Director tenure



0–3 years	3
3–6 years	2
7–9 years	4
9+ years	2

BOARD OF DIRECTORS

Key to Committees
A Audit Committee
N Nomination Committee
R Remuneration Committee
● Committee Chair

Glyn Barker BSc (Hons) FCA
Chairman of the Board and of the Nomination Committee

Date of appointment to the Board
Independent on appointment as Non-Executive Chairman and Chairman of the Nomination Committee on 23 July 2020 and as Interim Chairman on 26 June 2020. Appointed to the Board on 3 January 2012 and previously as Senior Independent Director and Deputy Chairman on 18 April 2018

Committee memberships
N R

Skills, experience and contribution
Glyn is a Chartered Accountant and brings extensive experience to the Board 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. He was previously Senior Independent Director of Aviva plc and Deputy Chairman of English National Opera.

Other appointments
Independent Non-Executive Director, Cornerstone FS PLC
Independent Non-Executive Director, Various Eateries Plc
Independent Non-Executive Director, Transocean Ltd
Chairman, Irwin Mitchell Holdings Ltd
Chairman, Tappit Technologies (UK) Ltd
Senior Advisor, Novalpina Capital LLP

Diana Brightmore-Armour FCCA, FCT
Senior Independent Director

Date of appointment to the Board
1 May 2014

Committee memberships
N A

Skills, experience and contribution
Diana is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Association of Corporate Treasurers. In June 2021, she was appointed as CEO of C. Hoare & Co., the UK's oldest privately owned bank. Previously, 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 also 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, International Women's Forum, C200 and the City Women's Network.

Other appointments
CEO, C. Hoare & Co.
Independent Non-Executive Director and Audit Chair of Vocalink, a Mastercard Company
Independent Non-Executive Director and Audit Chair of Mercer, UK, a Marsh & McLennan Company

Andy Myers BEng (Hons) ACA
Independent Non-Executive Director
Chairman of the Audit Committee

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 brings extensive commercial and recent relevant financial experience to the Board. He is Chief Financial Officer and a Member of the Management Board at SUSE S.A., the world's largest independent open source software business, listed on the Frankfurt Stock Exchange. Previously he was Chief Financial Officer at SHL Group and prior to that 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 and Member of the Management Board, SUSE S. A.

Peter Vernon FRICS
Independent Non-Executive Director
Chairman of the Remuneration Committee

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 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. Peter will be stepping down from the Board at the 2021 Annual General Meeting and will not be standing for re-election.

Other appointments
Group Executive Director, Grosvenor
Trustee of Peabody

Key to Committees
Ⓐ Audit Committee
Ⓝ Nomination Committee
Ⓡ Remuneration Committee
● Committee Chair

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. He has been a Main Board member since 2001 and Chief Executive since 2009. Under his management, Berkeley has increasingly focused on transforming large scale brownfield sites which are beyond the scope of conventional homebuilders.

Rob oversees an industry leading sustainability strategy, including innovative climate action, nature recovery and social value programmes. Rob has prioritised investment in digital skills and technologies and modern methods of construction; including the development of Berkeley Modular's precision manufactured housing solution.

Rob launched the Berkeley Foundation in 2011, an independent charity which works in close partnership with the Berkeley Group to maximise its positive social impacts.

He contributes to the Bank of England's Real Estate Forum and to the public debate around housing delivery, brownfield regeneration, sustainability, placemaking and community wellbeing.

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, Marlborough College (since 2021)

Richard Stearn BSc (Hons) FCA
Chief Financial Officer

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 Chief Financial Officer, 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 practised for 12 years as a Chartered Accountant with PricewaterhouseCoopers LLP, auditing and advising a wide range of clients.

Other appointments
None

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 Group Main 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 a portfolio of 23 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 2,400 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 Thames and Berkeley Modular. 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 advanced manufacturing facility in Kent.

Karl oversees the delivery of Our Vision 2030, 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

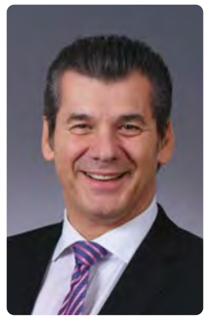
Committee memberships
None

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 M&G, 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, the Customer Service Committee 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 Gas Works and 9 Millbank, both in London, 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-derelict 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

Sir John Armitt CBE FREng FICE
Independent 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
N

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 DBE
Independent Non-Executive Director

Date of appointment to the Board
5 September 2011

Committee memberships
A

Skills, experience and contribution
Dame Alison is a Non-Executive Director of St. Modwen Properties PLC and of MHCLG. Alison is a Chartered Surveyor and Town Planner by training and is the former Chief Executive of The Crown Estate. Alison brings extensive experience in urban regeneration and property to the Board. 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 Royal Institution of Chartered Surveyors, 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
Independent Non-Executive Director, St. Modwen Properties PLC
Non-Executive Director, MHCLG
Member of Imperial College's Property Committee
Commissioner, The Royal Commission for the Exhibition of 1851

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. Adrian is an active, valuable and effective member of the Board who brings a global and diverse perspective to Board discussions, provides valuable insight into the Far East property and finance markets and, throughout his tenure, has demonstrated sustained commitment and availability. Adrian will be stepping down from the Board at the 2021 Annual General Meeting and will not be standing for re-election.

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

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 to the Board. 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 Non-Executive Director of Lancashire County Cricket Club and 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
Non-Executive Director, Lancashire County Cricket Club
Trustee of We Love Manchester Emergency Fund

The Ven. Elizabeth Adekunle
Independent Non-Executive Director

Date of appointment to the Board
5 January 2021

Committee memberships
None

Skills, experience and contribution
Liz has been the Archdeacon of Hackney since 2016 and became a Chaplain to Her Majesty the Queen in April 2017. Liz was awarded the Freedom of the City of London in April 2019.

Liz is a Westminster Abbey Institute Fellow, an Associate at Ridley Hall Theological College and an Honorary Fellow of St Augustine's College of Theology. Liz is on the Board of STRIDE, Metropolitan Police Board, a member of the National Police Chief's Council Op. Talla Independent Ethics Committee and a member of the Metropolitan Police Strategic Faith Group.

Until recently, Liz was Chair of the Monuments and Plaques Committee at St Paul's Cathedral and has chaired several conversations on contentious and complex issues such as Contested Histories. Liz has considerable experience of social, political and ethical matters and brings a valuable perspective on the potential of urban regeneration and good placemaking to improve the lives of those living in the communities within which Berkeley operates.

Other appointments
Archdeacon of Hackney for the Diocese of London
Chaplain to Her Majesty the Queen
Board Member, STRIDE, Metropolitan Police Board
Member, National Police Chief's Council Op. Talla Independent Ethics Committee
Member, Metropolitan Police Strategic Faith Group

William Jackson
Independent Non-Executive Director

Date of appointment to the Board
5 January 2021

Committee memberships
N

Skills, experience and contribution
William is Managing Partner of Bridgepoint, one of Europe's leading private equity groups, which he has led since 2001. William has served on a wide range of UK and international boards during his career and stood down as Senior Independent Director of British Land plc in 2020 and as a Non-Executive Director in March 2021. William is President of the Board of Dorna Sports S.L. and Non-Executive Director of the Royal Marsden NHS Foundation Trust. William brings extensive property, commercial, financial and PLC experience to the Board.

Other appointments
Managing Partner, Bridgepoint Advisers Group Ltd
President of the Board, Dorna Sports S.L.
Non-Executive Director, Royal Marsden NHS Foundation Trust
Chairman of Governors, Wellington College

Sarah Sands
Independent Non-Executive Director

Date of appointment to the Board
30 April 2021

Committee memberships
None

Skills, experience and contribution
Sarah is a journalist by profession and was Editor of the BBC Radio 4 Today programme from 2017 to 2020. Prior to this, Sarah was Editor of The Evening Standard and The Sunday Telegraph and has held Editor in Chief and Consultant Editor roles at Reader's Digest and the Daily Mail. Sarah is a Board Director of Hawthorn Advisors and is Chair of the Gender Equality Advisory Council for G7 for 2021 and of the political think tank Bright Blue. She is a Board Member of London First and Index on Censorship and is a Patron of the National Citizen Service. Sarah brings to the Board a broad insight on economic, political and social matters and a valuable perspective on issues such as the environment, sustainability, community and inclusivity.

Other appointments
Board Director, Hawthorn Advisors
Chair, G7 Gender Equality Advisory Council
Chair, Bright Blue
Non-Executive Director, London First
Trustee, Index on Censorship
Patron, National Citizen Service
Advisory Board Member, The Queen's Platinum Jubilee Pageant

Former Directors who served during the year

Tony Pidgley CBE
Executive Chairman until 26 June 2020. Co-founded Berkeley in 1976 and led the business as Group Managing Director for 33 years. Served as Group Chairman from 9 September 2009 until his sudden and untimely passing on 26 June 2020.

Baroness Fleet, Veronica Wadley CBE
Independent Non-Executive Director from 3 January 2012 until 31 January 2021.

The Board

At the date of this report, the Board comprises 17 Directors: the Non-Executive Chairman, six Executive Directors and 10 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 113 of this report.

Meetings

The Board met formally four times during the year ended 30 April 2021 and there were no absences. There was also one Board call during the year and multiple email exchanges.

In addition to these formal meetings of the Board, the Non-Executive Directors met with the Chairman three times during the year. The Chief Executive and Chief Financial Officer attended part of these meetings in order to provide an update on the business activities of the Group. Thereafter, the Non-Executive Directors met without the Executive Directors being present. 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 announcements.

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 113 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 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.

The Board normally aims to hold some meetings at key sites. Whilst this has not been possible over the last year, it is a practice which will resume when circumstances permit this safely. These site visits are accompanied by a presentation from the local divisional management team on the respective developments setting out the development challenges they have overcome, engagement with the local community and the overall financial performance of the development. These presentations have been undertaken remotely this year to ensure Non-Executive Directors continue to have visibility of the operations of the business and the local management teams.

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

STRATEGY

Monitoring and responding to COVID-19

The Board closely monitored the Group's strategic response to COVID-19 as the situation changed and evolved during the year to ensure the safety and wellbeing of our people, customers, suppliers and local communities and continuity of production and supply-chain resilience. For more details on the response to COVID-19 during the year see page 17.

Shaping Our Vision 2030

The Board reviewed and shaped the Our Vision 2030 strategy as it was being developed, before approving its structure, content and targets. The Board will continue to monitor performance against the strategy's targets and long-term goals.

Planning status of future developments

The Board received updates at each meeting on the planning status of key sites, covering the development plans, community engagement activities and the planning milestones.

Modular factory

The Board received regular updates on the progress of the construction of the Berkeley Modular factory in Kent. The fit out of the factory is now nearing completion with the first prototype modules expected to go into production soon.

Health and safety incidents

The Board reviewed the Company's health and safety approach. The Group currently has an industry leading AIIR of 1.14, compared with the Health and Safety Executive's industry average of 2.63; see page 46 of the Strategic Report.

Fire safety

As a responsible developer, the safety of its customers has always been, and continues to be, of paramount importance to Berkeley. Regulatory developments in this area are reported to the Board as well as updates from the divisional management teams on the ongoing reviews across the business and actions being taken. During the year the Board approved the roll out of an updated set of Build Quality Assurance Standards across the business to reflect the latest Government regulation and guidance and to reinforce best practice.

Progress against climate change commitments and approach to sustainability

In line with the updated Group Strategy, Our Vision 2030, the Board approved the new priorities for nature and climate change, including short, medium and long-term targets to meet ambitious goals in tackling these issues. The Board also received regular updates on sites under development to ensure that the current 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 76 to 77 of the Strategic Report.

Cyber security and data protection

The Board continues to be cognisant of both Cyber Security threats and Data Protection requirements. Whilst the overall strategy to comply with the requirements in relation to Data Protection and provide an appropriate level of Cyber Security is consistent, this area continues to be dynamic and emerging threats and responses are reviewed regularly. A steering group with Board representation meets monthly to monitor the Group's position in these areas and evaluate opportunities for improvement. In the event that specific Cyber Security threats to the Group are identified, then protocols are in place to allow rapid responses.

Company Tax Policy

The Group's tax strategy is ultimately overseen by the Board of Directors. Berkeley seeks to meet all of its statutory and regulatory tax obligations. The Board undertakes an annual review of the Group Tax Policy, or more frequently if there are material changes to the tax environment. The aim is 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.

Modern Slavery Statement

The Board approved the Modern Slavery Statement in compliance with the Modern Slavery Act 2015, which also included commitments to further actions over the forthcoming year to understand the risks of modern slavery and child labour and to their eradication. Read more at https://www.berkeleygroup.co.uk/modernslavery.

FINANCE

Dividends and shareholder returns

During the year the Board reaffirmed its commitment to make £281 million of shareholder returns per annum, either through dividends or share buy-backs, up to September 2025.

In June 2020, the Board announced the deferral, by up to two years, of the previously earmarked £455 million surplus capital which was to be delivered in instalments by March 2021.

In June 2021, Berkeley proposed to return the first half (£228 million) via a shareholder payment by 30 September 2021.

Government COVID-19 support

The Board took the decision during the year not to make use of the Government's financial support schemes offered during the COVID-19 pandemic, including the Government's furlough scheme or its COVID Corporate Financing Facility. This decision was made due to the Group's high liquidity and long-term cash flow visibility.

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 matters were considered by the Board during the year relating to the tenure and independence of members of the Board, pursuant to Provisions 9 and 19 of the Code, the composition and succession planning for the Board and the perceived over-boarding of Adrian Li.

— The Board recognises that the tenures of Sir John Armitt and Dame Alison Nimmo DBE as Independent Non-Executive Directors have exceeded nine years which the Code refers to in the context of the independence of Non-Executive Directors. The Board has considered this matter and concluded that both directors continue to be independent. Both Sir John Armitt and Dame Alison Nimmo DBE continue to maintain and contribute an independent view in all Board deliberations, consistently providing robust challenge and scrutiny. Furthermore, their extensive construction and urban regeneration expertise and experience continue to be of significant value to the Board.

— Following the sudden death of Tony Pidgley in June 2020, the Board decided that in these unexpected circumstances, Glyn Barker should take on the role of Chairman for a period of up to two years as he oversees the transitional programme of refreshing the Board. The appointment of Glyn Barker as Chairman for this period will take his length of service on the Board beyond nine years, which the Code refers to as the suggested maximum period a Non-Executive can serve as an independent member. However, in compliance with the code, which states the Chairman should be independent on appointment, the Board has concluded that it is in the best interests of shareholders that the Chairman should remain in post beyond the nine years in order to facilitate effective succession and the development of a diverse board.

— Following his appointment as Chairman, Glyn Barker stepped down as Chairman of the Remuneration Committee and as a member of the Audit Committee. He remains as member of the Remuneration Committee and has been appointed as Chairman of the Nomination Committee. Diana Brightmore-Armour became Senior Independent Director and a member of the Audit Committee. Peter Vernon became Chairman of the Remuneration Committee and Sir John Armitt became a member of the Nomination Committee. William Jackson was also appointed as a member of the Nomination Committee.

— Following the 2019 AGM the Company noted that there was concern over the re-election of Adrian Li due to the number of directorships he holds. The Company appreciates the support given by shareholders at its AGM held on 4 September 2020, where 78.42% of votes were cast in favour of the re-election of Adrian Li. Nonetheless, as previously advised, Adrian Li will not be standing for re-election as a Non-Executive Director at the Company's 2021 AGM. I would like to take this opportunity to thank Adrian for the substantial contribution he has made during nearly eight years of service since joining the Board in 2013.

During his tenure, Adrian has been a valuable and effective Independent Non-Executive Director, who has consistently demonstrated sustained commitment and availability. Adrian has maintained a perfect attendance record and has contributed strongly during ad hoc periods of increased activity, as has been notably evident during recent times of unprecedented and increased challenge during COVID-19 and following the passing of the Company's Chairman and Co-founder.

— During the year, the Company has appointed three new Non-Executive Directors, The Venerable Elizabeth Adekunle, William Jackson and Sarah Sands, who together bring to the Board a broad and extensive range of experience on property, commercial, environmental and social, and ethical governance. Andy Kemp will be joining the Board as a Non-Executive Director with effect from 1 July 2021, following his retirement as a senior partner at PwC. Most recently at PwC, Andy chaired their Non-Executive Director programme and was previously a member of the Audit and Risk Assurance executive board.

— On 31 January 2021 Baroness Fleet, Veronica Wadley CBE stepped down as a Non-Executive Director. Additionally, following the year end, the Company announced that Peter Vernon will be stepping down as a Non-Executive Director at the Company's 2021 AGM and will not be standing for re-election in order to take a long-planned sabbatical coinciding with his retirement from Grosvenor.

Throughout the year ended 30 April 2021, 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 in respect of provisions 10, 19 and 38 as set out on this page and on page 129 of this Report.

LTIP vesting performance conditions

During the year, the Remuneration Committee approved a change to the performance conditions of the Long Term Incentive Plan, to introduce additional vesting criteria in assessing individual performance, targeted to each individual Executive Director's role and function and to allow a differentiated vesting outcome aligned to individual targets. Further details are set out in the Remuneration Report on pages 122 to 150.

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 one another, our long-term strategies and our brand.

Our value

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

Our Vision

is to be a world-class business, trusted to transform the most challenging sites into exceptional places and to maximise our positive impact on society, the economy and the natural world.

Read more on pages 35 to 50.

Our Purpose

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

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.

- We are passionate about people and communities
- We strive to enhance quality, in every small detail
- We are sustainable, responsible and always think long-term
- We are highly collaborative, flexible and responsive partners
- We put our customers at the heart of everything
- Health and safety always comes first
- We value autonomy, independence and entrepreneurial flair
- We are agile, decisive and trust our instincts
- We lead by example, innovate and break the mould

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 actively to 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 conferences. 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.

Our Vision 2030: Transforming Tomorrow

Our new ten-year business strategy is firmly grounded in the Berkeley culture, building upon our established strengths, and challenges us to do even more to achieve our core purpose.

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, as well as 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 56 to 57 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 agreed risk framework 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 78 to 95 of the Strategic Report.

Shareholder engagement

The Company undertakes active dialogue with its current and prospective institutional shareholders through meetings or calls. During 2020/21 discussions focused around the half year and year-end and covered topics such as COVID-19 response and operations, performance, markets, business strategy and capital allocation, interim and full year results and governance matters. In addition to these meetings, Executive Directors continue to engage with a number of shareholders and proxy advisory agents in order to discuss specific queries raised.

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 on the Investor Information section of the website. The Board is also kept informed of the views of the shareholders through periodic reports from the Company's broker, UBS.

The Chief Executive and Chief Financial Officer 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 Chairman and Senior Independent Director are available to shareholders if they have concerns and 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. This has been especially important in light of the COVID-19 pandemic which has presented challenges to the business and focused priorities. The Board recognises that talented and motivated employees are the Company's strongest resource. The 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 though Our Vision 2030.

In addition to ensuring the safe operation of our sites for the health and wellbeing of our employees and subcontractor workforce, the Board engages with employees in a number of different ways. Subject to COVID-19 restrictions, the Chief Executive and Chief Financial Officer regularly visit the operating companies and developments under construction to engage with employees and oversee the site activities. Members of the Board are present at staff conferences to provide business updates and encourage open group discussions. During the last year, a number of these have still taken place using remote technology.

A People Engagement Forum was set up in 2020 with the aim of ensuring there is a single platform for reviewing employee matters, 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 60

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.

Annual General Meeting

The Company's AGM will take place at 11 a.m. on 3 September 2021. 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.

DIVISION OF RESPONSIBILITIES

The Board has a range of experience and has strong knowledge in areas of property development, construction, media and communications, public sector, Government, communities, inclusivity and social engagement, finance and banking, and commerce and governance, 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 Chairman leads the Board and is responsible for its overall effectiveness, for setting and shaping the culture in the Boardroom and the Company, overseeing high standards of corporate governance, ensuring effective communications between the Board and shareholders and ensuring the Board understands the views of the Company's key stakeholders.

The Chief Executive has day-to-day executive responsibility for the running of the Group's businesses. His role is to lead the Group's strategic direction and propose, develop and deliver the overall strategy and business plans, to enable the Group to meet its objectives, to oversee and maintain relations with investors and other key stakeholders, to ensure the appropriateness of the Group's risk management strategy, and to ensure effective policies and procedures for the management, development and succession planning of the management team and the Company's staff.

The Senior Independent Director's primary role is to work closely with the Chairman, serving as a sounding board, providing support in the delivery of objectives and serving as an intermediary for other Directors and shareholders.

The Non-Executive Directors, led by the Senior Independent Director Diana Brightmore-Armour, 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 106 to 108 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 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 Chief Financial Officer.

Individual areas of responsibility are explained on page 112.

Board responsibilities

Non-Executive Chairman

The Chairman is responsible for:

— leading the Board and ensuring its overall effectiveness, setting the agenda and ensuring accurate, timely and clear information is provided to the Board as required;
— setting, shaping and sustaining the culture in the Boardroom and the Group;
— overseeing the implementation of high standards of corporate governance;
— encouraging constructive Board relations and open debate and ensuring that each Director contributes to effective decision making; and
— ensuring effective communication between the Board and shareholders and ensuring the Board understands the views of the Company's key stakeholders.

Executive Directors

Collectively, the Executive Directors on the Board are responsible for:

— operational aspects of implementing the Group's strategy, including land acquisitions, planning, construction and sales of homes and commercial properties;
— 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.

Chief Executive

The Chief Executive is responsible for:

— day-to-day running of the Group's businesses and operations;
— leading the Group's strategic direction, proposing, developing and delivering the overall strategy and business plans to enable the Group to meet its objectives, having regard to the needs of key stakeholders;
— overseeing and maintaining relationships with investors and other key stakeholders;
— ensuring the appropriateness of the Group's risk management strategy; and
— ensuring effective policies and procedures for the management, development and succession planning of the management team and the Company's staff.

Senior Independent Director

The Senior Independent Director is responsible for:

— working closely with the Chairman, serving as a sounding board and providing support and advice in the delivery of objectives;
— leading the Non-Executive Directors' evaluation of the Chairman's performance; and
— serving as an intermediary for other Directors and shareholders, including meeting with Non-Executive Directors annually, without the Chairman present, and providing feedback to the Chairman and Chief Executive; and
— being available to shareholders and other Non-Executive Directors to address any concerns not otherwise dealt with through usual channels of communication.

Chief Financial Officer

The Chief Financial Officer is responsible for:

— managing the financial affairs of the Group, including tax, treasury, internal audit and investor relations functions;
— managing the relationship with the external auditor;
— strategic risk management of the Group; and
— oversight of the IT and HR functions.

Non-Executive Directors

Collectively, the Non-Executive Directors on the Board are responsible for:

— bringing an external perspective in providing additional advice and expertise to support the Board in setting, developing and monitoring the implementation of the Group strategy;
— providing sound judgment, objectivity and an appropriate level of constructive challenge and scrutiny of 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.

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

Governance structure

Executive Committee

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
— Sustainability
— Estates Management

Board of Directors

Key responsibilities include:

— overall management of the Group, its strategy and long-term objectives including sustainability
— 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 mitigating emerging and principal risks

Remuneration Committee

Key responsibilities include:

— determining and agreeing with the Board the broad policy for the remuneration of the Group Chairman and Executive Directors and reviewing its ongoing appropriateness, consulting with significant shareholders as appropriate. This includes salary, bonuses, benefits in cash or in kind, profit sharing and incentive remuneration arrangements, share options, other share based incentives and pension rights and arrangements
— determining targets for any performance-related incentive schemes and approving total annual payments under such schemes
— determining the design of all share incentive plans for approval by the Board and shareholders, determining each year whether awards will be made, the levels of participation in such plans, the overall amount of such awards and individual awards
— monitoring and assessing performance conditions applicable to long-term incentive awards, ensuring these are aligned to the Company's purpose and values and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value
— considering 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 and Group
— reviewing staff remuneration and related policies and the alignment of incentives and rewards with culture and performance, including overseeing any major changes in remuneration and employee benefit structures

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, experience and diversity on the Board
— leading the process for identifying and nominating candidates for Board vacancies

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 Committee

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 S Ellis, R J Stearn, J Tibaldi, P M Vallone, K Whiteman, P Clanford, H Lewis, E Russell and A J Dowsett.

Nomination Committee

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

During the year Glyn Barker was appointed as Chairman of the Nomination Committee on 23 July 2020, following the passing of Tony Pidgley CBE. Baroness Fleet, Veronica Wadley CBE left the Committee upon stepping down as a Non-Executive Director and Sir John Armitt and William Jackson were appointed as members of the Nomination Committee to bring the Committee membership to four independent Non-Executive Directors.

Full details of membership, meetings and attendance can be found in the table on page 115 of this Report.

Key areas of responsibility of the Nomination Committee can be found on page 115 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 Non-Executive Chairman and the Executive Directors.

During the year Glyn Barker stepped down as Chairman of the Remuneration Committee, as required by the Code, but remained as a member. Peter Vernon was appointed Chairman of the Remuneration Committee, having had over a year of experience on the Group's Remuneration Committee. Details of membership, meetings and attendance can be found in the table on page 122 of this Report.

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

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 122 to 150.

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.

During the year, Glyn Barker stepped down from and Diana Brightmore-Armour was appointed to the Audit Committee. The Audit Committee comprises four independent Non-Executive Directors. A Myers, who chairs the Audit Committee, is considered to have recent and relevant experience as demonstrated by his biography on page 101 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 118 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 118.

Introduction

The Board of Directors presents its Nomination Committee Report for the year ended 30 April 2021.

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	0/0
Glyn Barker (Chairman)**	18 April 2018	2/2
Diana Brightmore-Armour	15 October 2015	2/2
Baroness Fleet, Veronica Wadley CBE†	13 June 2012	1/1
Sir John Armitt	23 July 2020	2/2

* Chairman of the Nomination Committee from 9 September 2009 until his passing on 26 June 2020
** Chairman of the Nomination Committee since 23 July 2020
† Member of the Nomination Committee until her retirement as a Non-Executive Director of the Company on 31 January 2021

In addition to formal meetings of the Nomination Committee, the Committee held a number of calls and meetings with prospective Non-Executive Directors as it oversaw the Board refresh programme.

G Barker
Chairman, Nomination Committee

Meeting Items discussed

Meeting	Item discussed
November 2020	– Board and Committees composition – Skills matrix for Non-Executive Directors – Non-Executive Director succession planning, including the appointment of new Non-Executive Directors – Gender and ethnic diversity
December 2020	– Board and Committees composition – Non-Executive Director succession planning, including the appointment of new Non-Executive Directors, having regard to skills, experience, knowledge, diversity and inclusion
April 2021	– Board and Committees composition – Skills matrix for Non-Executive Directors – Non-Executive Director succession planning, including the further appointment of a new Non-Executive Director – Gender and ethnic diversity

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 Information 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 has increased in the past year to 29%, although this is still just below the target set by the Hampton-Alexander Review. This largely reflects the fact that the Board includes six 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. Nonetheless, as the Board continues its programme to refresh the composition of the Board, it is anticipated that female representation on the Board will have reached at least 33% by June 2022.

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 60% of the next tier of senior management. When taken together with the five female Non-Executive Directors, female representation in the most senior roles within the Group stands at 36%.

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 are key considerations during ongoing Board recruitment processes. 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, subject to evolving health and safety guidance, 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 in which the Group operates. Additionally, during the year, Directors received training on the Market Abuse Regulations and changes to town and country planning legislation, to create safe places of work during the COVID-19 pandemic and the Government's advice and legislation on safer buildings.

Members of the Audit and Remuneration Committees receive briefings from the Group's 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 2020/21

The Code requires that the Board undertakes an annual evaluation of its own performance and that of its committees and directors with an externally facilitated evaluation conducted at least once every three years. Although an external evaluation was conducted in 2019/2020, given the death of Tony Pidgley on 26 June 2020 and the challenges created by COVID-19, it was decided to conduct a further external review in 2020/2021.

The Evaluation was conducted by Claire Howard Consultancies through private one to one discussions with each Director, the Group Solicitor and the Company Secretary. Despite continuing COVID-19 challenges, 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 finalising its findings for submission to the Board for a full Board discussion.

The Board set itself the following goals in 2020/21:
Following the 2019/2020 Board Evaluation, the Board set itself the following goals:

1. To continue ensuring the Group's culture is embedded throughout the Company by establishing one-to one meetings between the divisional directors and Tony Pidgley to explore individual ideas and initiatives;
2. As the tenure of a number of Non-Executive Directors is ending, to encourage a diverse range of candidates to join the Board with not only traditional Board skills but also a wider set of skills fit to meet the next decade's challenges;
3. Each divisional board to conduct an in-depth review of the skill sets in its companies and also in anticipation of the skills needed to take the Company through the next decade.

Progress against these goals:

1. Within days of having approved the Board Evaluation for 2019/2020, Tony Pidgley died unexpectedly. The Board stood resolutely behind Rob Perrins as CEO and Glyn Barker as Chairman to ensure that, at a time that was already difficult because of COVID-19, the Company continued to operate seamlessly. Rob Perrins conducted the interviews on culture that Tony Pidgley had expected to undertake. These conversations also included discussion on modernising the Company in anticipation of the demands of the next decade but within the framework of a company with entrepreneurial flare and a strong balance sheet that was at the basis of Tony Pidgley's vision.
2. Having been appointed as Chairman on Tony Pidgley's death, Glyn Barker has led the identification of the new Non-Executive Directors. Having identified the skills needed to replace those Directors coming to the end of their tenure, Glyn Barker also identified a number of additional and complementary skills needed to take the Company through the next ten years whilst at the same time being mindful of ensuring a diverse Board. This has resulted in the appointment of four new directors: Liz Adekunle, William Jackson, Andy Kemp and Sarah Sands.
3. The divisional heads have engaged in detailed talks with Rob Perrins on the skills gaps in their companies, with particular emphasis on what is needed to take the Company forward through the next phase of its development. These discussions have also informed the Board's work in developing Vision 2030 which is dealt with in more detail in other parts of this Annual Report.

Goals for 2021/22:
The goals for 2020/21 are yet to be finalised but will include:

a) ensuring that the new Directors through meetings with both Rob Perrins and the long-standing Directors acquire a deep understanding of the Company's culture and values;

b) embedding Our Vision 2030 throughout the Company;

c) building on and consolidating the Company's work on staff engagement and diversity;

d) as soon as Government restrictions allow, to resume face to face meetings and less formal engagement between Board members.

All whilst preserving the entrepreneurial nature of the business and retaining its strong Balance Sheet.

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 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, and utilising the services of an independent recruitment specialist, when appropriate. There have been three new appointments during the year ended 30 April 2021, with The Ven. Elizabeth Adekunle, William Jackson and Sarah Sands joining the Board as Non-Executive Directors before 30 April 2021 and a further appointment, Andy Kemp due to take effect from 1 July 2021.

Baroness Fleet, Veronica Wadley CBE retired from the Board in January 2021, following nine years of service. Adrian Li and Peter Vernon will retire from the Board, and will therefore not be standing for re-election, at the 2021 AGM.

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, with the exception of Adrian Li and Peter Vernon as reported above, will be offering themselves for re-election at the AGM to be held on 3 September 2021.

Board and Employee diversity and inclusion

Berkeley strives to be an equal opportunity employer and a Group-wide Equality and Diversity Policy, which applies equally to the Board, is in place, in line with Group strategy, making it clear that Berkeley 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.

G Barker
Chairman, Nomination Committee
23 June 2021

AUDIT COMMITTEE REPORT

Introduction

The Board of Directors presents its Audit Committee Report for the year ended 30 April 2021 which has been prepared and recommended by the Audit Committee.

The report has been prepared in accordance with the requirements of the Code, 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 101 to 105 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	1/1
Dame Alison Nimmo DBE	5 September 2012	3/3
Rachel Downey	18 April 2018	3/3
Diana Brightmore-Amour	23 July 2020	1/2

* Chairman of the Audit Committee since 1 September 2014
** Retired from the Audit Committee on 23 July 2020

Andy Myers
Chairman, Audit Committee

Meeting Items discussed

Meeting	Item discussed
June 2020	— Draft results for the year ended 30 April 2020 — 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 2020 Annual Report
December 2020	— Draft interim results for the 6 months ended 31 October 2020 — KPMG's Report on the Audit Plan and Strategy for the year ending 30 April 2021 — KPMG's Report on the interim review period — Internal audit report — Auditor independence and non-audit fees and services
March 2021	— Annual review of risk management and Internal Control Framework — Internal audit report — Review of the Company's approach to cyber security and data protection — Auditor independence and non-audit fees and services — Financial reporting update including new mandatory reporting requirements

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 in 2020 together with the policy on the independence of the external auditor, 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 Chief Financial Officer presented, and the Committee debated, the financial results, business plan of the Group and any significant financial reporting judgments 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 judgments 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 2020/21 financial year included:

— **Cost of sales recognition**
The Group recognised costs of sales on each unit sold by reference to the overall site margin, determined by the forecast profit percentage for a site that may comprise multiple phases and can be completed over a number of years. The recognition of cost of sales is therefore dependent on an estimate of future selling prices and build costs, including an allowance for risk. Long-term sites contain a higher degree of estimation uncertainty and exposure to cyclical market movements. Management undertook an assessment of these risks and assumptions, and reported the conclusions of these assessments, by exception, to the Committee in a financial overview paper prior to the 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 judgment 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 historical 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.

During the year, the Financial Reporting Council's Corporate Reporting Review Team ("CRR") reviewed our Annual Report and Accounts for the year ended 30 April 2020. Following its review, the CRR entered into correspondence with the Group, seeking clarification on the principal areas below:

— Revenue recognition
— Significant estimates
— Alternative performance measures

All correspondence received and our responses were discussed with the Company's Audit Committee and the Group's external auditors. Following the conclusion of the FRC's review we have agreed to improve certain disclosures in relation to the areas listed above in this year's financial statements. We note that the FRC letters provide no assurance that our Annual Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Risk management and internal control

The 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 2021 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 78 to 95 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 pages 78 to 79 of the Strategic Report. The key features of the system of internal control include:

COVID-19
COVID-19 has presented new challenges for the business over the last year and a key focus for the Committee has been ensuring the Group has continued to implement essential processes and effective controls. The move to remote working across a substantial portion of the business has had a significant impact which, alongside other restrictions such as social distancing on our on-site operations, has presented new challenges in the ongoing implementation of internal controls. Throughout this period the Group has had to ensure that internal controls and processes remain robust. The Group embraced the challenge, with modified processes being swiftly rolled out across the Group to ensure the internal control environment remains resilient.

Strategic Report
Corporate Governance
Financial Statements

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 of these and the actions being taken to mitigate them. 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, and the impact of steps taken to mitigate these risks.

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 106 of the Corporate Governance Report, and covered:

- the assessment of the principal and emerging risks facing the Group, including COVID-19;
- 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 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 81 of this report.

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 include 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 provided to all employees. Training to staff is given where necessary. Policies and procedures have been refreshed and updated during the year to adapt to remote working and updated operating procedures on site implemented as a result of COVID-19 restrictions.

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 considered any internal control recommendations raised by the Group's auditor 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.

External audit
KPMG was appointed as the Company's auditor in the year ended 30 April 2014 by way of a competitive tender. The Company is due to re-tender for the external audit again by 2024, in compliance with the Statutory Auditors and Third Country Auditors Regulations 2016.

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 judgments 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 it 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 aggregate over the previous three financial years. The ratio for the year ended 30 April 2021 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 2021 AGM.

The Committee remains mindful of evolving best practice under the Code and is subject to various legal and regulatory requirements which it will consider when 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 Authority's Audit Order for the financial year under review.

A Myers
Chairman, Audit Committee
23 June 2021

Remuneration Committee membership

Committee member	Date of appointment to Committee	Meeting attendance
Peter Vernon, Chairman*	18 April 2018	3/3
Glyn Barker*	13 June 2012	3/3
Andy Myers	1 May 2014	3/3

* Glyn Barker stepped down as Chairman of the Remuneration Committee and Peter Vernon was appointed as Chairman on 23 July 2020.

Contents of the Directors' Remuneration Report

Peter Vernon
Chairman, Remuneration Committee

Key responsibilities of the Committee

— Determine and agree with the Board the broad policy for the remuneration of the Group Chairman, 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). These were updated in June 2021.

Who supports the Committee?

In determining the Executive Directors' remuneration for the year, the Committee consulted with the Chief Executive, R C Perrins, and the Chief Financial Officer, 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.

Financial highlights of 2020/21

The company has had another strong year reflected in the following components of performance:

— Net cash of £1,128 million (2020: £1,139 million) after making shareholder return payments of £334.1 million (2020: £280.3 million)
— Pre-tax return on shareholders' equity of 16.5% (2020: 16.6%)
— Net asset value per share increased by 5.7% to £26.12 (2020: £24.72)
— Cash due on forward sales of £1.7 billion (2020: £1.9 billion)
— Future anticipated gross margin in the land bank up 7.3% to £6,884 million (2020: £6,417 million)
— Profit before tax of £518.1 million (2020: £503.7 million)

We did this without furloughing any employees or accessing Government funding support. In the course of an exceptional year, we learned a good deal about how to keep our people engaged and safe, as well as how our ways of working can quickly adapt to the circumstances. We will continue to evolve the support provided to our colleagues, customers and local communities.

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:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 Restated	2018/19	2019/20	2020/21	10 year average
Berkeley	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	27.9%	16.6%	16.5%	28.1%
Sector highest	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	34.1%	32.3%	23.1%	28.1%
Sector lowest	(0.4%)	3.4%	3.5%	12.2%	16.0%	15.7%	11.0%	15.9%	15.0%	5.7%	11.8%
Sector average* (excluding Berkeley)	**4.8%**	**8.5%**	**11.4%**	**18.2%**	**22.3%**	**24.2%**	**23.3%**	**24.9%**	**23.8%**	**10.5%**	**17.2%**

*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.

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 2020; following the return to shareholders of £280.2m in respect of 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 was kept apprised of the additional guidance notes issued by the proxy agencies and major shareholders in respect of the impact of COVID-19 on businesses and how these were expected to be reflected in remuneration decisions.
— Reviewed and updated the Committee's Terms of Reference and assessed its effectiveness.

Decisions made during the year

The Committee determined the following during the year:

— Actions in relation to the impact of COVID-19 on Executive Director base salaries and Non-Executive Director fees including reinstatement of salaries and fees following voluntary 20% reduction in 2019/20 and the first half of 2020/21.
— Vesting of the 2011 LTIP tranche in September 2020.
— The treatment of remuneration for the late A W Pidgley and in particular, impact under the 2011 LTIP.

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 160 to 166 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 2021.

2020/21 has been a busy year for the Remuneration Committee and I am very grateful for the support and dedication of the fellow members of the Committee and the wider Berkeley team. The Committee has dealt with the continued consequences of COVID-19 as well as the remuneration consequences of the tragic and untimely death of our founder, the late A W Pidgley. In this letter I have set out further detail on the work of the Committee in these areas.

The COVID-19 pandemic has created a seismic shift in the way that all businesses must operate. At Berkeley we have been committed to ensuring that our customers continue to be able to have access to the purchase of quality homes, while also supporting our people and partners however we can.

We continued to operate our sites throughout the various lockdowns and quickly adapted our methods of working. The pace and credibility of our response was made possible by the experience and expertise of our employees, and in particular our construction teams, supported by our Health and Safety professionals, ensuring that disruption was minimised and efficiency maintained.

Our teams continue to serve our communities and adapt to the ever-changing circumstances and the Board is extremely proud of the work of every one of our employees and their ongoing efforts in relation to the pandemic. Further detail is set out on page 17 and within the Company Chairman's statement.

There were a number of actions taken by the Company in order to support our people during this difficult period. Health, wellbeing and safety remains the top priority for our business and our wellbeing programme is available to all people in providing information to support their mental, physical and social health.

Our colleagues, customers and communities continue to be faced with a set of unique circumstances as a result of COVID-19 whilst the world we live in, the market we operate in, and our business continues to change. Our challenge going forward is to ensure we continue to optimise our business and create a sustainable long-term model that benefits all stakeholders post-crisis. Our remuneration principles, which cascade throughout the business, underpin our Remuneration Policy (the "2019 Policy") and can be found on page 131. The Remuneration Committee is committed to ensuring that remuneration structure and outcomes reflect these principles.

The 2019 Policy is set out on pages 21 to 33 of the 2019 Notice of Annual General Meeting which can be found on the Group's website at www.berkeleygroup.co.uk/about-us/investor-information/corporate-governance.

Impact of COVID-19 on Directors' Remuneration in 2020/21

The following table sets out the Company's remuneration history over this period and the impact of COVID-19. The following factual background should be noted:

- No employees have been furloughed;
- The Company did not receive money under the Coronavirus Job Retention Scheme (CJRS);
- No Government loans were sought by the Company under the Government's Covid Corporate Funding Facility (CCFF);
- The Company has delivered profits for this year and last, in line with guidance at the start of the two-year period;
- The Company sustained production throughout the pandemic, while protecting the health and wellbeing of its people, to deliver on our commitments to our customers and communities;
- The Company maintained its industry leading customer satisfaction standing and NPS score;
- The Company maintained its programme of annual shareholder returns; and
- The Company did not raise any additional funding from shareholders.

Element of Remuneration	Committee Decision	Rationale
FY19/20 Salary rises	Executive Director salary rises were approximately 2.8%.	The general rise for employees was 4.1% and was implemented prior to the COVID-19 pandemic.
Payment of Deferred Bonus from the legacy Bonus Plan in FY 19/20	The Committee determined that the bonus earned in years prior to FY19/20 but deferred, and which was payable in June 2019, should be paid in accordance with the rules of the legacy Bonus Plan.	The following are relevant: — The last financial year in which a bonus contribution was made to the Plan was FY18/19. — Therefore 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.
Payment of Salaries and Fees in FY19/20 & FY20/21	The Executive Directors and other members of the Board took a voluntary reduction in their salaries or fees of 20% for the period of 1 April to 30 September 2020.	This decision was made to demonstrate a general social responsibility given the crisis experienced by the country.
FY19/20 Bonuses	The Executive Directors do not participate in a Bonus Plan. However, all other eligible people received a bonus in line with the various plan rules.	The bonuses related to a financial year largely unaffected by COVID-19 and the retention and operation of the bonus plan for employees was an important part of their incentivisation.
FY20/21 Salary rises	The Committee determined no salary rises would be made to the Executive Directors.	The general rise for employees was 0.2%.
Payment of Deferred Bonus from the legacy Bonus Plan in FY 20/21.	The Committee determined that the bonus earned in years prior to FY20/21 but deferred, and which was payable in June 2020, should be paid in accordance with the rules of the legacy Bonus Plan.	The following are relevant: — The last financial year in which a bonus contribution was made to the Plan was FY18/19. — Therefore 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 FY20/21 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.
30 September 2020 – 2011 LTIP Vesting	The Committee determined that the vesting was in line with the corporate performance of the Company over the long-term and individual and wider considerations did not result in any requirement for adjustment.	The following are relevant: — The performance period for this vesting started in 2011 and therefore was only marginally affected by COVID-19. — The performance conditions were met in full with a cumulative return of £1,115.6 million. — The vesting reflected strong performance over nine years, including the year ended 30 April 2020.
FY20/21 Bonuses	The Executive Directors do not participate in a Bonus Plan. However, all other eligible people may receive a bonus in line with the various plan rules.	The retention and operation of the bonus plan for employees is an important part of their incentivisation and retention at a time when the house building market is picking up.

Treatment of remuneration for A W Pidgley

It was with great sadness that we reported that the co-founder of the Company and our Executive Chairman A W Pidgley, had died suddenly in June 2020. The Company's Remuneration Policy provides for specific treatment where a participant dies, compared to a normal departure. The Committee felt there was no need to depart from this default position given Tony's unmatched contribution to the Company over a very long period.

Vesting of the fifth tranche of the 2011 LTIP (30 September 2020)

This tranche of the LTIP was the first to be subject to the enhanced performance conditions set out on page 112 and 113 of the 2020 Report and Accounts. The following table sets out the standard and enhanced performance conditions both of which have to be met for this tranche of the 2011 LTIP to vest:

30 September 2020 LTIP Vesting

Performance Condition	Detail	Actual Performance
Standard Return Targets	No element of the 2011 LTIP can vest unless the cumulative returns target has been met through the delivery of the targeted returns during the financial year.	
Base Return	Target returns in respect of the twelve months to 30 September 2020: £280 million (approximately) Cumulative return target since 2011: £1,115.6 million	Actual returns made in respect of the 12 months to 30 September 2020: £280 million Actual cumulative return since 2011: £1,115.6 million
Enhanced Return	Enhanced return during financial year: £455 million (approximately) The Enhanced Return performance condition will be satisfied provided that one or more of the following conditions are met at the September 2020 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. 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); 3. A combination of 1 and 2, which represent permitted uses (“Permitted Uses”) of the surplus capital; and 4. The Company has a minimum of £455 million (approximately) 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).	Enhanced returns: £455 million The Company held net cash significantly in excess of £455 million at 30 September 2020, in readiness for making the Enhanced Return by the specified dates
Vesting	50% of the 2011 LTIP tranche will be capable of vesting at the 2020 vesting date and 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 will lapse.	This element of the award vested in full on 30 September 2020.
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.	
Cumulative ROE	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)	Actual cumulative ROE 16.6% Full vesting of the 30% of the tranche subject to this performance condition.
Cumulative Profit before Tax	20% of the tranche is subject the cumulative Profit before Tax; to achieve the target in any one year (1) the Company needs to deliver Profit before Tax of at least £500 million; or (2) The Company must be on track to deliver a cumulative Profit before Tax of £3 billion in the six years ending 30 April 2025.	The Company delivered a Profit before Tax of £504 million for the year ended 30 April 2020 Full vesting of the 20% of the tranche subject to this performance condition.
	Vesting of the 2011 LTIP tranche on 30 September 2020	**100%**

The fifth 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)	5,000,000	13.4%	£1,115.6m of shareholder returns from 1 October 2016 to the 30 September 2020 – 100% achieved	670,000	24,827,319	8,000,000	215,891	16,827,319
R C Perrins	5,000,000			670,000	24,827,319	7,344,800	198,209	17,482,519
R J Stearn	954,328			127,879	4,738,644	2,813,000	75,912	1,925,644
K Whiteman	1,000,000			134,000	4,965,464	2,830,250	76,378	2,135,214
S Ellis	2,250,000			301,500	11,172,294	4,580,250	123,604	6,592,044
J Tibaldi(6)	450,000	33.33%		150,000	5,558,355	1,980,250	53,439	3,578,105
P Vallone(6)	450,000			150,000	5,558,355	1,980,250	53,439	3,578,105

Notes

1. The value of gain on the options at vesting is calculated using the opening share price of £42.45 on 30 September 2020 (the date the options vested and became exercisable) less the exercise price of £5.3943 per share.
2. The Total Remuneration Cap limits the value of the LTIP vesting in the year. The Total Remuneration Cap operated for the 2020/21 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.
3. This is the actual number of options which vested on 30 September 2020 and could be exercised by the participants.
4. This is the value of the options above the Total Remuneration Cap which would have vested had the Cap not operated.
5. A W Pidgley ceased to be a director on his death on 26 June 2020. As set out in the section 430(2B) Companies Act 2006 Statement which was published on the Company's website, all payments in relation to fees and benefits ceased with effect from 26 June 2020. Details in relation to the treatment of the 2011 LTIP were also disclosed in the section 430(2B) Companies Act 2006 Statement and full details in relation to the treatment of remuneration for A W Pidgley are set out on page 147.
6. 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 are eligible to vest in two tranches in 2020 and 2021. Therefore in September 2020, 150,000 shares were capable of vesting (33.33% 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.

ANNUAL STATEMENT OF THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

New Performance Assessment for vesting for 2021 tranche of the 2011 LTIP

Rationale

As part of its annual responsibilities the Committee reviewed the operation of the incentives for the Executive Directors. The Company currently does not operate a Bonus Plan for the Executive Directors. Therefore the only incentive arrangement is the 2011 LTIP. The Committee believes that, with the addition of the financial performance conditions in 2020 which have to be satisfied for 50% of any future LTIP tranche to vest, the amended 2011 LTIP was appropriate for the Company, its strategy and the current environment from an overall corporate performance perspective.

However, the Committee felt that in the current climate, once these corporate performance conditions have been met, there should be a further qualitative review of individual Executive Director performance to determine whether the outcome of the corporate performance conditions was appropriate at the level of individual Executive Director. The Committee therefore asked the CEO of the Company to put in place a mechanism which:

1. Allowed the Committee, based on the input of the CEO, to incentivise the targeted behaviours and performance of the Executive Directors;
2. Allowed the Committee to provide a differentiated outcome from vesting for relative performance, based on the CEO's evaluation of each Executive Directors performance; and
3. Gave the Committee, on recommendation by the CEO, a method by which the absolute values paid to the Executive Directors may be reduced to deal with the future acceptability of the value of the tranches vesting under the 2011 LTIP due to COVID-19.

The Chair of the Company would perform a similar role to that of the CEO when the Committee was evaluating the CEO's performance.

This change was felt important by the Board to reflect that without a Bonus Plan there was no ability to differentiate between each individual Executive Director's performance, as performance under the 2011 LTIP prior to this amendment was based on the satisfaction of corporate performance conditions, which did not differentiate between each Executive Director's respective contributions.

Process

Start of the Financial Year

The CEO of the Company produces, and agrees with the Committee, a set of criteria for each Executive Director which will be used to determine what if any adjustment will be made to the vesting of each Tranche of the 2011 LTIP resulting from the formulaic application of the Group-based performance conditions. The following points are relevant:

The broad groupings of the criteria will be as follows:

- Contribution to Group Performance measured through:
  - Impact on overall Group not just Divisional or Functional performance
- Performance of the Division or Function measured through:
  - Delivery of budget
  - No material failures of risk management
  - No reputational damage
- Personal Objectives:
  - Particular business or functional objectives or goals

The intention is not to provide a strict weighting and scorecard approach for the following reasons:

- Scorecards in general never result in 100% lapse or 100% vesting. It is very difficult to achieve the two extremes in practice; and
- The intention is for the CEO to take a holistic view at the end of the financial year and determine whether based on the criteria there is a reason to recommend that the Committee determine to reduce the level of vesting from the formulaic outcome. There is, therefore, a rebuttable presumption that the tranche will vest. Where the Executive's performance does not justify the potential value paid under the formulaic outcome, an adjustment would be made from the formulaic outturn.

Each Executive Director will be provided with a list of key criteria and the actions expected to deliver the desired result. The Executive Director will have to deliver the criteria in a holistic manner as there are no weightings as opposed to simply focusing on achieving the elements of a scorecard which have the highest weightings.

End of the Financial Year

At the end of the financial year the CEO will provide a report to the Remuneration Committee setting out the following information for each of the Executive Directors:

- The criteria set at the beginning the year;
- A narrative against each of the criteria setting out the CEO's view on whether the Executive Director has met the criteria and the evidence relied upon by the CEO;
- An overarching recommendation from the CEO on whether any adjustment should be made to the formulaic outcome of the 2011 LTIP Tranche vesting; and
- Scope of the adjustment: the CEO can recommend a reduction in the level of vesting resulting from the formulaic outcome of the performance conditions of up to 50%.

Where the Committee accepts the CEO's recommendation the shares representing the reduced level of vesting will lapse.

It should be noted that, for the CEO's assessment, the Chair of the Company will perform the CEO's role in the process.

Compliance with the 2018 UK Corporate Governance Code

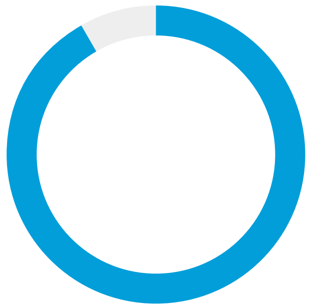
Key remuneration element of the 2018 UK Corporate Governance Code	Alignment with our Remuneration Policy
Five year period between the date of grant and realisation for equity incentives.	The 2011 LTIP exceeds this requirement, with a performance period which is a total of 14 years from grant to final 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. There will be full alignment with this level of pension contribution for the incumbent Executive Directors by 31 December 2022.
Extended malus and clawback.	The current malus and clawback provisions already exceed the best practice suggested in relation to the new Code.

ANNUAL STATEMENT OF THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

Shareholder support

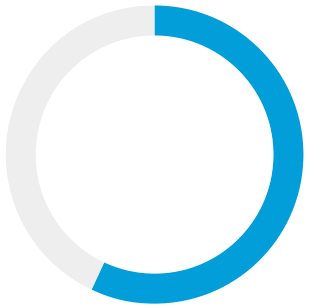
The results of the shareholder votes on the 2019 Remuneration Policy and 2020 Annual Report on Remuneration are set out below.

2020 Annual Report on Remuneration



Votes For	91.8%
Votes Against	8.2%

2019 Remuneration Policy



Votes For	57.0%
Votes Against	43.0%

Looking ahead – 2022 Remuneration Policy review

The Company is required to seek shareholder approval at the 2022 Annual General Meeting for a new Remuneration Policy. The Committee is currently considering the appropriate Remuneration Policy to support the delivery of the Company's strategy over the next period of time. It is the intention of the Committee to consult extensively with shareholders and their representative bodies on the design of the new Remuneration Policy.

In conclusion

We believe that in the wider context of the Company, its stakeholders and the successful implementation of the strategy that the remuneration outcomes for FY20/21 are appropriate. We, therefore, look forward to shareholder support for the resolution on the Annual Report on Remuneration. I will be attending the Annual General Meeting so shareholders can ask questions in person. In accordance with prevailing guidance on Covid restrictions, shareholders are, however, strongly encouraged not to attend the meeting in person. Any questions can therefore be submitted in advance of the Annual General Meeting as set out on page 110. Alternatively, I can be contacted via the Company Secretary, Ann Dibben.

Peter Vernon
Chairman of Remuneration Committee

BERKELEY'S REMUNERATION PHILOSOPHY

Our remuneration philosophy

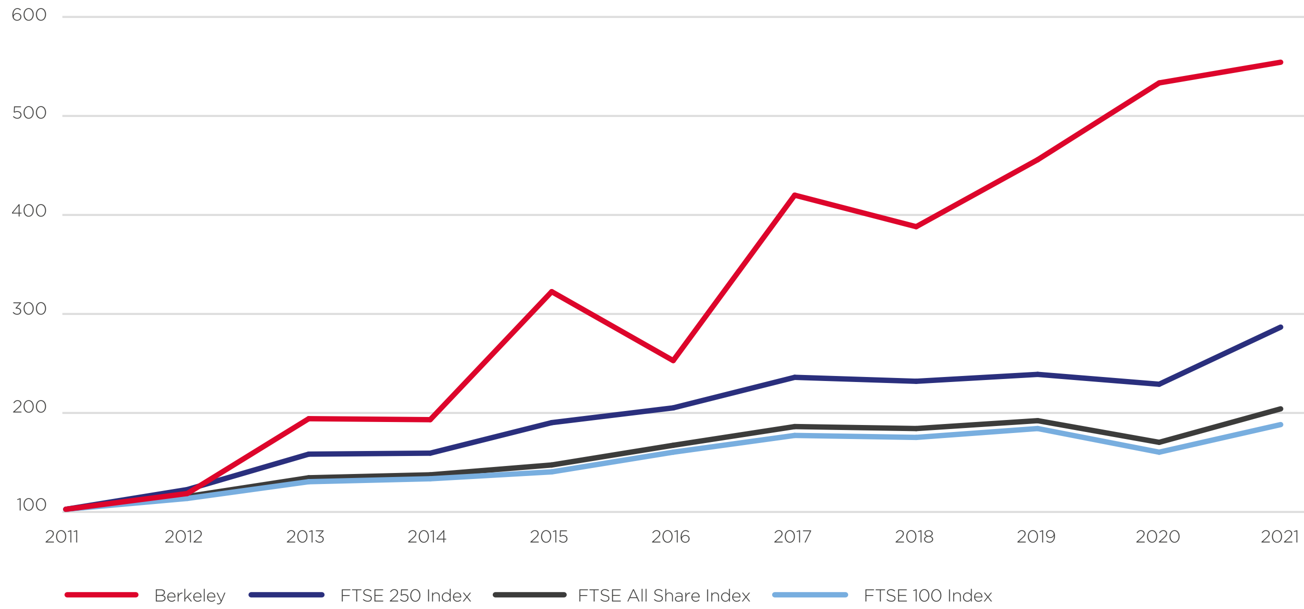
We have developed a clear set of principles which embed our strategy into how we deliver remuneration to our Executive Directors.

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 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.



REMUNERATION AT A GLANCE

What we paid Executive Directors in the year

Executive Director £'000	Salary 2021	Pension 2021[1]	Annual bonus 2021[2]	LTIP[3]	Total Remuneration Cap[4]	Total Remuneration Actual[5]	Benefits 2021[6]	**Total 2021**	Total 2020
A W Pidgley[7]	32	–	–	–	**8,200**	–	1	**33**	8,285
R C Perrins	513	87	–	7,345	**8,000**	7,945	26	**7,971**	8,030
R J Stearn	348	52	–	2,813	**3,250**	3,213	23	**3,236**	3,265
K Whiteman	335	50	–	2,830	**3,250**	3,215	24	**3,239**	3,268
S Ellis	335	50	–	4,580	**5,000**	4,965	19	**4,984**	5,013
J Tibaldi	335	50	–	1,980	**2,400**	2,365	14	**2,379**	2,407
P Vallone	335	50	–	1,980	**2,400**	2,365	14	**2,379**	2,411

Notes

1. S Ellis was a member of a defined contribution scheme for part of the year and received a contribution equal to 15% of salary. For the remainder of the year he received payments in lieu of pension payments from the Company 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 2021, who instead received payments in lieu of a pension contribution from the Company (2020/21: percentages of salary 17%, 15%, 15%, and 15% respectively).
2. 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 145.
3. This represents the fifth tranche of the 2011 LTIP that vested on 30 September 2020 at a share price of £42.45 subject to the operation of the Total Remuneration Cap (see table on page 146 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.
4. 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.
5. The Total Remuneration Cap operated for the 2020/21 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.
6. Benefits, which are not included in calculating the Remuneration Cap, include a fully expensed company car or cash allowance alternative and medical insurance.
7. A W Pidgley ceased to be a director on 26 June 2020. As set out in the section 430(2B) Companies Act 2006 Statement which was published on the Company's website, all payments in relation to fees and benefits ceased with effect from 26 June 2020. Details in relation to the treatment of the 2011 LTIP were also disclosed in the section 430(2B) Companies Act 2006 Statement and full details in relation to the treatment of remuneration for A W Pidgley are set out on pages 147. No payments after 26 June 2020 are included in the single figure in line with the Regulations.

The following table sets out the total fixed pay and total variable pay in 2020/21 and 2019/20:

£'000	Total Fixed **2021**	Total Fixed 2020	Total Variable **2021**	Total Variable 2020
A W Pidgley	33	285	–	8,000
R C Perrins	626	685	7,345	7,345
R J Stearn	423	452	2,813	2,813
K Whiteman	409	438	2,830	2,830
S Ellis	404	433	4,580	4,580
J Tibaldi	399	427	1,980	1,980
P Vallone	399	431	1,980	1,980

Annual Bonus outcome

In line with the Remuneration Policy, the Company does not operate a bonus plan for the Executive Directors of the Company. The accrued deferred balances in participant Bonus Plan accounts under the legacy Bonus Plan will continue to pay-out as normal – see page 145 for details of the payments out of the bank this year. This is the last year of deferred payments from the Bonus Plan and therefore there will be no balance carried forward.

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[1]	400%	34,334%
R C Perrins	400%	8,263%
R J Stearn	200%	2,169%
K Whiteman	200%	3,908%
S Ellis	200%	3,628%
J Tibaldi	200%	837%
P Vallone	200%	939%

1. A W Pidgley ceased to be a director on 26 June 2020 and his shareholding is shown as at that date.

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 2020/21 AND HOW IT WILL BE OPERATED IN 2021/22

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2020/21	How we plan to implement the Remuneration Policy in 2021/22
Base salary Set on appointment and reviewed annually (effective from 1 May each year) or when there is a change in position or responsibility. Determined taking into account a number of external and internal factors.	The salaries for 2020/21 are set out below: (see table below) In reviewing the salaries of the Executive Directors for FY 2020/21, the Committee also took account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 0.2%.	Base salary levels for 2021/22 will be as follows: (see table below) In reviewing the salaries of the Executive Directors for FY 2021/22, the Committee took account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 5.3%.

	£000's (2020/21)	% Increase (2020/21)	£000's (2021/22)	% Increase (2021/22)
R C Perrins	560	0%	579.50	3.5%
R J Stearn	380	0%	393.25	3.5%
K Whiteman	365	0%	377.75	3.5%
S Ellis	365	0%	377.75	3.5%
J Tibaldi	365	0%	377.75	3.5%
P Vallone	365	0%	377.75	3.5%

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2020/21	How we plan to implement the Remuneration Policy in 2021/22
Benefits Benefits include a fully expensed car or car allowance alternative, and medical insurance. Additional benefits may be offered such as relocation allowances on recruitment.	Normal company benefit provision.	Normal company benefit provision.
Pension The Company provides either a contribution to a pension arrangement or a payment in lieu of pension.	The pension contributions for 2020/21 were as follows: (see table below) 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.	The pension contribution levels for 2021/22 will be as follows. (see table below) No change in relation to future appointments which will be in line with the wider workforce level of 6% of salary. The Committee will be aligning the pension contributions of the incumbent Executive Directors with the wider workforce by 31 December 2022.

	% salary (2020/21)	% salary (2021/22)
R C Perrins	17%	17%
R J Stearn	15%	15%
K Whiteman	15%	15%
S Ellis	15%	15%
J Tibaldi	15%	15%
P Vallone	15%	15%

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2020/21	How we plan to implement the Remuneration Policy in 2021/22
Bonus Under the legacy Bonus Plan, awards were earned annually over a six-year plan period, subject to stretching performance targets, which were set at the beginning of the plan year. No bonus contributions have been made under the Bonus Plan since the year ended 30 April 2019. 50% of a participant's plan account will be paid out annually for the first five years with 100% of the balance paid at the end of the sixth plan year. Malus applies up to the date of payment. Clawback applies three years post the date of payment.	No bonus plan was operated in respect of this financial year. Accrued and deferred payments will continue to pay out under the legacy Bonus Plan. FY2020/21 is the sixth plan year and therefore the final balance under the Bonus Plan will be paid.	No bonus plan will be operated in respect of this financial year.
LTIP 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.	The fifth vesting of options under the 2011 LTIP occurred on 30 September 2020. Changes were made to the operation of vesting under the 2011 LTIP and these were effective for the 30 September 2020 vesting and in particular the performance conditions were strengthened. Full details of the performance conditions are set out on pages 112-114 of the 2020 Annual Report. In summary: 1. Return performance conditions: 50% of the 2011 LTIP Tranche capable of vesting at the 2020 vesting date will vest on the satisfaction of the Base and Enhanced Return performance condition (Base return: £280m approximately and Enhanced return: £455m approximately by 31 March 2023) 2. 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 3. 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) 4. 20% of the tranche is subject to delivering an annual pre-tax profit of £500m or 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. These performance conditions were met in full and therefore the maximum level of options vested. Further details on the operation of the 2011 LTIP in the year 2020/21 are set out on page 126 in the Committee Chairman's letter.	Same performance conditions apply for any vesting to occur on 30 September 2021.
Total Remuneration Cap Individual caps will limit the amount of total remuneration that can be paid in respect of the financial year.	The Total Remuneration Caps for 2020/21 were as follows: (see table below)	The Total Remuneration Caps remain unchanged.

	Total cap p.a. £'000
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

HOW THE REMUNERATION POLICY WAS OPERATED IN 2020/21 AND HOW IT WILL BE OPERATED IN 2021/22 CONTINUED

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2020/21	How we plan to implement the Remuneration Policy in 2021/22
Minimum shareholding requirement The Committee operates a system of shareholding guidelines to encourage long-term share ownership by the Executive Directors. This should be achieved within five years of appointment for Executive Directors.	In the case of the 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 requirements.	The minimum shareholding requirement remains unchanged.
Post-cessation shareholding requirement To ensure that Executive Directors continue to be aligned with the shareholders' interests post their cessation of employment with the Group.	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.	The post-cessation shareholding requirement remains unchanged.
NED fee policy 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. Each Non-Executive Director receives a fee which relates to membership of the Board and additional fees are paid for Committee Chairmanship. A minimum shareholding requirement applies for the Non-Executive Directors equal to 100% of net fees.	Non-Executive Director fee levels for 2020/21 were as follows: — Chairman: £350k (represents fees for Glyn Baker); — Deputy Chairman and SID fee: £123.1k (representing the fees for Glyn Barker prior to his appointment as Chairman); — SID fee: £83k (represents fees for Diana Brightmore-Armour); — Basic fee: £68k; — Additional fee for chairmanship of Committee: £13k. There were no fee increases in 2020/21.	Non-Executive Director fee levels for 2021/22 will be increased by 3.5% as follows: — Chairman: £362.25k; — SID fee: £85.9k; — Basic fee: £70.35k; — Additional fee for chairmanship of Committee: £13k. The average employee rise in salaries for 5.3%.

Key elements of Berkeley's Remuneration Policy for 2021/22

Policy elements	Purpose	21/22	22/23	23/24	24/25	25/26
Base salary	To recruit and retain Executive Directors of the appropriate calibre 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					
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.

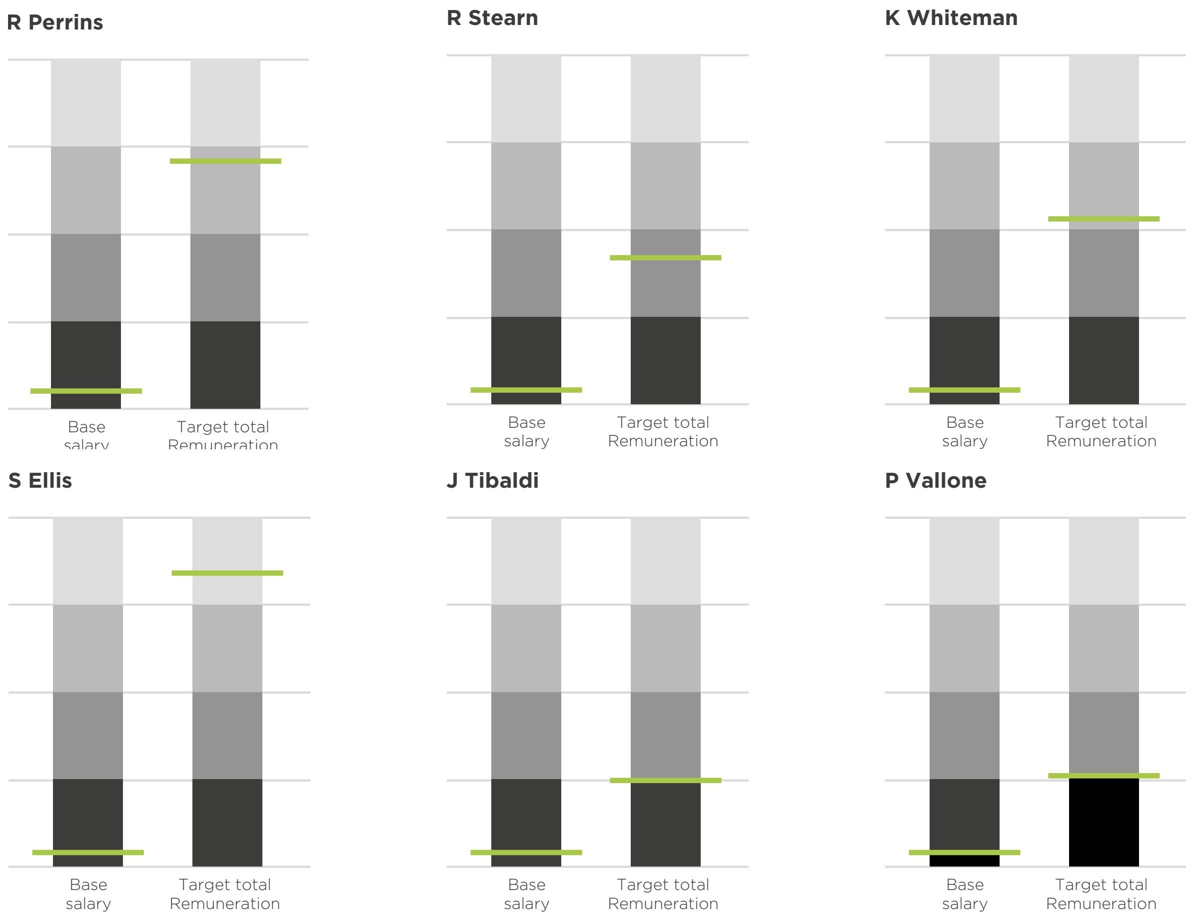
Base salary	Pension	Benefits	Incentives
Experience & role	Lower quartile	Market practice	Upper decile

The comparator group of companies comprised:

- Persimmon
- Taylor Wimpey
- Barratt Developments
- Bellway
- Redrow
- Balfour Beatty
- Countryside Properties
- Vistry Group
- Crest Nicholson Holdings
- Galliford Try

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.



1. The maximum opportunity under the 2011 LTIP is calculated as the Total Remuneration Cap less base salary and pension, as this is the maximum value of options which can vest in a given year under the Policy (noting that the value of benefits paid in the year do not count towards the Total Remuneration Cap).
2. The on-target opportunity under the 2011 LTIP is calculated as 50% of the maximum value of options which can vest in a given year under the Policy calculated in accordance with 1. above.

The above charts show clearly the Remuneration Committee's policy of providing comparatively modest salaries in combination with a leveraged approach to incentivisation.

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The Remuneration Committee's remit

Last year, the Committee 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

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 programmes and ensures individuals receive the support and training that they need. In the section titled 'How we work', on pages 46 to 50, we set out how we are working towards developing highly skilled teams that work together in a safe, healthy and supportive environment and contribute to wider society.

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 oversight review of key remuneration elements, policies and processes by employee group during the 2020/21 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 once again 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 median pay gap for the Group is 34.2%. This has fallen compared to prior years as it includes the effects of temporary COVID-19 salary reductions implemented in April 2020, reducing the pay on a graduated basis with the pay of senior management reduced by 20%. Berkeley's pay gap, like much of our industry, is 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 Berkeley 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 February 2021 we launched two new priorities within Our Vision 2030, Berkeley's long-term strategy, to help achieve this.

Employee experience and diversity and inclusion

The first focus area is 'Employee Experience' which will see us place a specific focus on several areas, including employee experience and 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 creating an engaged and inclusive environment by developing guiding principles and seeking to attract and retain a diverse workforce.

Following the implementation of enhanced maternity and paternity policies, we have also introduced a more agile approach to working to attract and retain a more diverse pool of talent.

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 completed 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. 60% of all hires that come through our internal recruitment team are female filling roles with a range of seniority across multiple disciplines.

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.

New diversity and unconscious bias training has been introduced to provide employees with a better understanding of how biases affect recruitment and progression decisions and help to mitigate against them.

Recruiting females into the business is a key step to addressing the gap but to strengthen the output we have also committed to increasing the level of women in management positions to 33% by 2026 to be more representative of our overall workforce.

DIRECTORS' REMUNERATION REPORT CONTINUED
EMPLOYMENT AT BERKELEY CONTINUED

Future skills and long-term change
Our second commitment focuses on 'Future Skills' looking at how we can create tangible long-term change within the industry.

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 supply chain apprenticeship programmes have excelled in the recruitment of women into the built environment and trade apprenticeships in the last four years.

We have a number of affiliations with companies that promote women to work in the built environment. Most recently, we have enhanced a long standing relationship with Women into Construction by becoming a Platinum Member.

Pay comparisons
In 2019, the Committee chose to adopt early the CEO pay ratio disclosure requirements which would have otherwise come into effect in last year's Directors' Remuneration Report.

Since then, the Committee determined that it would be appropriate to use Option B, which involves using the 2020/21 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
2020/21[(1)]	Option B	189.1	119.1	85:1
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 2021

The median pay ratio for 2020/21 is 119.1. The Company considers that the median pay ratio for 2020/21 is consistent with the pay, reward and progression policies for the Company's UK employees as a whole.

Under Option B of The Companies (Miscellaneous Reporting) Regulations 2018, the latest available gender pay gap data (i.e. from April 2021) 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 relevant 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.

The Committee is satisfied that the individuals identified within each relevant percentile appropriately reflects the employee pay profiles at those quartiles, and each was remunerated in line with Berkeley's remuneration policies.

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	40,000	55,200	73,250
Total pay and benefits	42,176	67,254	93,490

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 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	3.4:1
P Vallone	3.4:1

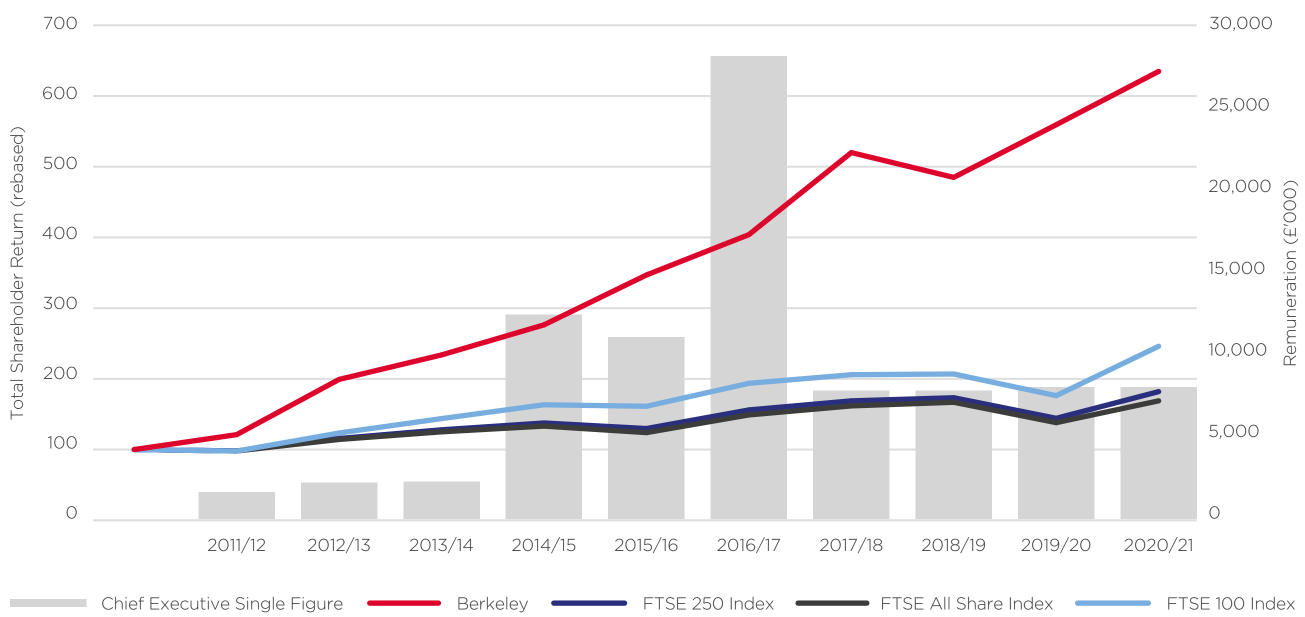
Shareholders expect the Chief Executive to have a significant proportion of his pay based on performance and paid in shares. It is this element of his package which will provide any observed volatility in his remuneration when comparing on a year-to-year basis to the wider employee population. The Committee 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 potential 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 – 15:1
  - To employee at the 50th percentile – 9:1
  - To employee at the 75th percentile – 7:1

External pay comparisons
On page 137 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.



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Chief Executive pay in the last 10 years

The table below shows the remuneration of the Chief Executive for each of the financial years shown in the graph above.

	Single total figure of remuneration (£'000)[1] R C Perrins Chief Executive	Annual bonus pay-out (as % maximum opportunity)[2]	Multi-year incentive vesting awards (as % maximum opportunity)
2020/21	7,971	–	100%/See Note 10
2019/20	8,030	–	100%/See Note 9
2018/19	7,809	100%	100%/See Note 8
2017/18	7,806	100%	100%/See Note 7
2016/17	27,963	100%	100%/See Note 6
2015/16	10,993	100%	100%/See Note 5
2014/15	12,357	100%	100%/See Note 4
2013/14	2,271	100%	See Note 3
2012/13	2,198	100%	
2011/12	1,692	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 and deferred awards that were released during the year under the Bonus Plan.
10. 2020/21 Multi-year vesting represents the 2011 LTIP fifth tranche that vested during the year (see table on page 146 for details) and deferred awards that were released during the year under the Bonus Plan (see table on page 145 for details).

Percentage change in Directors' remuneration

The following table compares Directors' pay (including salary, taxable benefits and annual bonus) between 2019/20 and 2020/21 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:

	2019/20 to 2020/21 year on year change (%)		
Director	Base salary/fees	Taxable benefits	Annual Bonus
Executive Directors[1]			
A W Pidgley	0% (Note 3)	n/a	n/a
R C Perrins	0%	-37%	n/a
R J Stearn	0%	1%	n/a
K Whiteman	0%	-2%	n/a
S Ellis	0%	-9%	n/a
J Tibaldi	0%	0%	n/a
P Vallone	0%	-23%	n/a
Non-Executive Directors[2]			
J Armitt	0%	n/a	n/a
A Nimmo	0%	n/a	n/a
G Barker	Note 4	n/a	n/a
V Wadley	0% (Note 5)	n/a	n/a
A Li	0%	n/a	n/a
A Myers	0%	n/a	n/a
D Brightmore-Armour	Note 6	n/a	n/a
P Vernon	Note 7	n/a	n/a
R Downey	0%	n/a	n/a
E Adekunle[8]	n/a	n/a	n/a
W Jackson[8]	n/a	n/a	n/a
S Sands[8]	n/a	n/a	n/a
Average percentage increase for employees[9] [10]	0.2%	4%	7%

Notes

1. Executive Director salaries were reduced by 20% between 1 April and 30 September 2020. This equated to a 7% year on year reduction in salary received.
2. Non-Executive Director fees were reduced by 20% between 1 April and 30 September 2020. This equated to a 7% year on year reduction in fees received.
3. A W Pidgley ceased to be a director on 26 June 2020 and the figure is based on FTE fees.
4. On appointment as Group Chairman G Barker's salary increased from £123.1k to £350k per annum.
5. V Wadley retired from the Board on 31 January 2020 and figure is based on FTE fees.
6. On appointment as Senior Independent Director D Brightmore-Armour's salary increased from £68k to £83k per annum.
7. On appointment as Chairman of the Remuneration Committee P Vernon also received an additional fee of £13k per annum.
8. Non-Executive Directors who were appointed during the year.
9. The listed parent company does not employ any staff. The data in respect of employees is therefore in relation to the whole Group (excluding the Main Board).
10. Employee salaries were reduced between 1 April and 31 July 2020 on a sliding scale dependent on salary levels. This equated to a 1.3% year on year reduction in salary received.

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.

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 2021. An advisory resolution to approve this report (including the Chair's Annual Statement) will be put to shareholders at the AGM in September 2021.

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 2020/21 financial year. The components of the single figure for 2020/21 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. Note that Executive Director salaries were reduced by 20% between 1 April and 30 September 2020 and this is reflected in the tables below.

Executive Director £'000	Salary 2021	Pension 2021	Annual bonus 2021[1]	LTIP[2]	Total Remuneration Cap[3]	Total Remuneration Actual[4]	Benefits 2021[5]	Total fixed 2021	Total variable 2021	**Total 2021**
A W Pidgley[6]	32	–	–	–	8,200	–	1	33	–	**33**
R C Perrins	513	87	–	7,345	8,000	7,945	26	626	7,345	**7,971**
R J Stearn	348	52	–	2,813	3,250	3,213	23	423	2,813	**3,236**
K Whiteman	335	50	–	2,830	3,250	3,215	24	409	2,830	**3,239**
S Ellis	335	50	–	4,580	5,000	4,965	19	404	4,580	**4,984**
J Tibaldi	335	50	–	1,980	2,400	2,365	14	399	1,980	**2,379**
P Vallone	335	50	–	1,980	2,400	2,365	14	399	1,980	**2,379**

Notes

1. 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 145.
2. This represents the fifth tranche of the 2011 LTIP that vested on 30 September 2020 at a share price of £42.45 subject to the operation of the Total Remuneration Cap (see table on page 146 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.
3. 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.
4. The Total Remuneration Cap operated for the 2020/21 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.
5. Benefits, which are not included in calculating the Remuneration Cap, include a fully expensed company car or cash allowance alternative and medical insurance.
6. A W Pidgley ceased to be a director on 26 June 2020. As set out in the section 430(2B) Companies Act 2006 Statement which was published on the Company's website, all payments in relation to fees and benefits ceased with effect from 26 June 2020. Details in relation to the treatment of the 2011 LTIP were also disclosed in the section 430(2B) Companies Act 2006 Statement and full details in relation to the treatment of remuneration for A W Pidgley are set out on pages 147. No payments after 26 June 2020 are included in the single figure in line with the Regulations.

Comparative figures for 2019/20, as disclosed in last year's Directors' Remuneration Report, are set out in the table below.

Executive Director £'000	Salary 2020	Pension 2020	Annual bonus 2020[1]	LTIP[2]	Total Remuneration Cap[3]	Total Remuneration Actual[4]	Benefits 2020[5]	Total fixed 2020	Total variable 2020	**Total 2020**
A W Pidgley	197	–	–	8,000	8,200	8,197	88	285	8,000	**8,285**
R C Perrins	551	93	–	7,345	8,000	7,989	41	685	7,345	**8,030**
R J Stearn	374	56	–	2,813	3,250	3,243	22	452	2,813	**3,265**
K Whiteman	359	54	–	2,830	3,250	3,243	25	438	2,830	**3,268**
S Ellis	359	54	–	4,580	5,000	4,993	20	433	4,580	**5,013**
J Tibaldi	359	54	–	1,980	2,400	2,393	14	427	1,980	**2,407**
P Vallone	359	54	–	1,980	2,400	2,393	18	431	1,980	**2,411**

Notes

1. There are no further contributions which will be made into the Bonus Plan. Any accrued deferred balance will continue to pay-out for participants.
2. 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. 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.
3. 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.
4. 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.
5. Benefits, which are not included in calculating the remuneration cap, include a fully expensed company car or cash allowance alternative and medical insurance.

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.

Note that Non-Executive Director fees were reduced by 20% between 1 April and 30 September 2020 and this is reflected in the table below.

	Basic fees		Additional fees[1]		Total fees	
Non-Executive Director (£'000)	**2021**	2020	**2021**	2020	**2021**	2020
J Armitt[2]	**75.5**	81.0	**–**	–	**75.5**	81.0
A Nimmo	**62.3**	66.9	**–**	–	**62.3**	66.9
G Barker[4]	**290.6**	121.0	**–**	–	**290.6**	121.0
V Wadley[3]	**45.3**	66.9	**–**	–	**45.3**	66.9
A Li	**62.3**	66.9	**–**	–	**62.3**	66.9
A Myers	**62.3**	66.9	**12.0**	12.8	**74.3**	79.7
D Brightmore-Armour[4]	**74.1**	66.9	**–**	–	**74.1**	66.9
P Vernon[4]	**62.3**	66.9	**10.2**	–	**72.5**	66.9
R Downey	**62.3**	66.9	**–**	–	**62.3**	66.9
E Adekunle[5]	**22.1**	–	**–**	–	**22.1**	–
W Jackson[5]	**22.1**	–	**–**	–	**22.1**	–
S Sands[5]	**0.3**	–	**–**	–	**0.3**	–

Notes

1. Additional fees represent fees paid for the role of Committee Chairmanship.
2. 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.
3. V Wadley retired from the Board on 31 January 2021.
4. Changes to fees reflect changes to roles during the year for these individuals. G Barker was appointed as Chairman; D Brightmore-Armour as Senior Independent Director and P Vernon as Remuneration Committee Chair.
5. E Adekunle and W Jackson were appointed to the Board on 5 January 2021; S Sands was appointed to the Board on 30 April 2021.

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. FY2020/21 is the sixth plan year and therefore the final balance under the Bonus Plan will be paid.

Executive Director	a. Plan account brought forward	b. Plan account brought forward[1]	c. Contribution into plan accounting for the financial year 2020/21[2]	d. Plan account balance following contribution for financial year 2020/21	e. Amount paid following contribution for financial year 2020/21 (100% of column d)	f. Plan account carried forward	g. Plan account carried forward
	Shares	£'000	£'000	£'000	£'000	£'000	Shares
A W Pidgley[3]	8,376	397	–	397	(397)	–	–
R C Perrins	21,485	1,019	–	1,019	(1,019)	–	–
R J Stearn	9,726	461	–	461	(461)	–	–
K Whiteman	9,328	442	–	442	(442)	–	–
S Ellis	10,261	487	–	487	(487)	–	–
J Tibaldi	7,127	338	–	338	(338)	–	–
P Vallone	7,127	338	–	338	(338)	–	–
Total	**73,430**	**3,482**	**–**	**3,482**	**(3,482)**	**–**	**–**

Notes

1. Converted at a share price of £46.27 at 30 April 2021 plus £1.07 dividend paid on 11 September 2020 and £0.0913 dividend paid on 19 March 2021.
2. No contributions made into the plan account for the year as disclosed in the single figure table for 2020/21.
3. A W Pidgley ceased to be a director on 26 June 2020. As set out in the section 430(2B) Companies Act 2006 Statement which was published on the website, A W Pidgley's estate will be entitled to receive the deferred balance of shares of the Company in his legacy Bonus Plan account in line with the rules of the Plan and the Directors' Remuneration Policy.
4. All amounts are rounded to the nearest £'000.

Long-term incentives (Audited)

The fifth vesting of options under the 2011 LTIP occurred on 30 September 2020. The maximum level of options capable of vesting was 13.4% (33.3% for Tibaldi and Vallone) of the total grant provided that £1,115.6 million of shareholder returns had been made from 1 October 2016 to 30 September 2020, 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[7]	5,000,000	13.4%	£1,115.6m of shareholder returns from 1 October 2016 to the 30 September 2020 – 100% achieved	670,000	24,827,319	8,000,000	215,891	16,827,319	454,109	1,674,560
R C Perrins	5,000,000			670,000	24,827,319	7,344,800	198,209	17,482,519	471,791	1,885,508
R J Stearn	954,328			127,879	4,738,644	2,813,000	75,912	1,925,644	51,967	214,655
K Whiteman	1,000,000			134,000	4,965,464	2,830,250	76,378	2,135,214	57,622	238,172
S Ellis	2,250,000			301,500	11,172,294	4,580,250	123,604	6,592,044	177,896	688,232
J Tibaldi[8]	450,000	33.33%		150,000	5,558,355	1,980,250	53,439	3,578,105	96,561	149,029
P Vallone[8]	450,000			150,000	5,558,355	1,980,250	53,439	3,578,105	96,561	149,029

Notes

1. The value of gain on the options at vesting is calculated using the opening share price of £42.45 on 30 September 2020 (the date the options vested and became exercisable) less the exercise price of £5.3943 per share.
2. The Total Remuneration Cap limits the value of the LTIP vesting in the year. The Total Remuneration Cap operated for the 2020/21 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.
3. This is the actual number of options which vested on 30 September 2020 and could be exercised by the participants.
4. This is the value of the options above the Cap which would have vested had the Cap not operated.
5. This is the number of options representing the value above the Cap, which are banked and capable of vesting at a future vesting date.
6. This is the cumulative banked options including options banked in prior years.
7. A W Pidgley ceased to be a director on 26 June 2020. As set out in the section 430(2B) Companies Act 2006 Statement which was published on the Company's website, all payments in relation to fees and benefits ceased with effect from 26 June 2020. Details in relation to the treatment of the 2011 LTIP were also disclosed in the section 430(2B) Companies Act 2006 Statement and full details in relation to the treatment of remuneration for A W Pidgley are set out on pages 147.
8. 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 are eligible to vest in two tranches in 2020 and 2021. Therefore in September 2020, 150,000 shares were capable of vesting (33.33% of the total options granted). However, vesting will be restricted by the existing Total Remuneration Cap in both cases.
9. Each Executive Director exercised all the options that vested on 30 September 2020. 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.

Payments for loss of office (Audited)

The information in this section relates to A W Pidgley and summarises the treatment of his remuneration following his sad and untimely passing. A W Pidgley ceased to be a director on 26 June 2020 and the information set out below reflects the information disclosed in the section 430(2B) Companies Act 2006 Statement which was published on the Company's website.

Fixed remuneration

A W Pidgley's service contract came to an end on 26 June 2020 and all payments thereunder ceased with effect from that date. His fees and benefits for the 2020/21 up to 26 June 2020 were £33,245.

Variable remuneration

The following arrangements were applied in respect of A W Pidgley's remuneration under the Company's legacy Bonus Plan and the Company's 2011 LTIP:

1. A W Pidgley was treated as a "Good Leaver" under the rules of the Company's legacy Bonus Plan and the 2011 Long-term Incentive Plan (2011 LTIP).
2. A W Pidgley's estate was entitled to receive the deferred balance of shares of the Company in his legacy Bonus Plan account in line with the rules of the Plan and the Company's Directors' Remuneration Policy.
3. A W Pidgley's estate was entitled to exercise his option over shares of the Company under the 2011 LTIP in line with the rules of the 2011 LTIP and the Company's Directors' Remuneration Policy.
4. There were no other payments that were made to A W Pidgley's estate.
5. There were no payments for loss of office.

The following table provides the maximum number of shares under (2) and (3) above:

Plan	Number of shares
Legacy Bonus Plan	8,586[1]
2011 LTIP 30 September 2020 vested	215,891
2011 LTIP 30 September 2021 vesting estimate	215,891[2]
2011 LTIP Award to A W Pidgley estimated to lapse (based on the above vestings)	2,128,669

Notes:

1. FY 2020/21 was the sixth plan year for the legacy Bonus Plan and therefore, the final balance under the Bonus Plan will be paid.
2. The number of option shares which will become exercisable will be calculated by dividing the Total Remuneration Cap (excluding fees) set out in the Remuneration Policy of £8 million by the gain per option share (the share price on the date of vesting less the exercise price). This table assumes that the number of option shares vesting at 30 September 2021 is the same as the number that vested on 30 September 2020. The actual number of option shares vesting will be dependent on the share price on 30 September 2021 and the exercise price at that time. Therefore, this figure is purely illustrative.

A W Pidgley's options became exercisable under the 2011 LTIP on 30 September 2020 and will become exercisable 30 September 2021 to the extent that the Total Remuneration Cap is not breached. A W Pidgley held a total of 1,890,451 banked and exercisable option shares on which the performance conditions had been met as at 30 September 2020.

The actual number of options that vest and become exercisable is determined with reference to the share price and exercise price at the respective vesting dates with all remaining option shares lapsing in full.

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 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 £46.27 on 30 April 2021, compliance with these requirements was as follows:

	Obligation (% base salary)	Actual Shareholding as % base salary at 30 April 2021	Achievement at 30 April 2021
Executive Director[1]			
A W Pidgley[2]	400%	34,334%	✓
R C Perrins	400%	8,263%	✓
R J Stearn	200%	2,169%	✓
K Whiteman	200%	3,908%	✓
S Ellis	200%	3,628%	✓
J Tibaldi	200%	837%	✓
P Vallone	200%	939%	✓
Non-Executive Director[3]	**(% NED net fees)**	**% net fees**	**% net fees**
J Armitt	100%	704%	✓
A Nimmo	100%	257%	✓
G Barker	100%	226%	✓
V Wadley[4]	100%	224%	✓
A Li	100%	2,568%	✓
A Myers	100%	323%	✓
D Brightmore-Armour	100%	101%	✓
P Vernon	100%	216%	✓
R Downey	100%	166%	✓
E Adekunle[5]	100%	–	×
W Jackson[5]	100%	128%	✓
S Sands[5]	100%	–	×

Notes
1. To be achieved within five years of appointment.
2. A W Pidgley ceased to be a director on 26 June 2020 and his shareholding is shown as at that date.
3. To be achieved within three years of appointment.
4. V Wadley retired from the Board on 31 January 2021 and her shareholding is shown as at that date.
5. E Adekunle and W Jackson were appointed to the Board on 5 January 2021; S Sands was appointed to the Board on 30 April 2021.

	Beneficially owned shares[1]	2011 LTIP Option interests subject to conditions[2]	Banked LTIP options[3]	Total interests held
Executive Director				
A W Pidgley[4]	1,672,800	670,000	1,674,560	4,017,360
R C Perrins	1,000,000	670,000	1,885,508	3,555,508
R J Stearn	178,159	127,883	214,655	520,697
K Whiteman	308,247	134,000	238,172	680,419
S Ellis	286,160	301,500	688,232	1,275,892
J Tibaldi	65,994	150,000	149,029	365,023
P Vallone	74,088	150,000	149,029	373,117
Non-Executive Director				
J Armitt	6,891	–	–	6,891
A Nimmo	2,000	–	–	2,000
G Barker	9,411	–	–	9,411
V Wadley[5]	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
E Adekunle[6]	–	–	–	–
W Jackson[6]	1,000	–	–	1,000
S Sands[6]	–	–	–	–

Notes
1. Beneficial interests include shares held directly or indirectly by connected persons.
2. The fifth tranche of the 2011 LTIP awards vested and were exercised during the year by the Executive Director participants (see page 148 for details).
3. 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.
4. A W Pidgley ceased to be a Director on 26 June 2020 and his beneficially owned shares are shown as at that date.
5. V Wadley retired from the Board on 31 January 2021 and her share interests are shown as at that date.
6. E Adekunle and W Jackson were appointed to the Board on 5 January 2021; S Sands was appointed to the Board on 30 April 2021.

Summary table

The following table sets out where in the Remuneration Committee Report the following information can be found:

	Relevant in Year	Page
Taxable benefits (Audited)	Yes	134
Total pension entitlements (Audited)	Yes	134
Payments to past Directors (Audited)	No payments	–
Payments for loss of office (Audited)	Yes	147
Directors' shareholding and share interests (Audited)	Yes	148–149
Statement of the Implementation of the new Remuneration Policy for 2020/21	Yes	134–136

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2019/20 and 2020/21 financial years compared with distributions to shareholders.

	2020/21 (£m)	2019/20 (£m)	% change
Remuneration of Group employees (including Directors)	196	216	(10%)
Distributions to shareholders by way of dividends and share buy-backs	334	280	19%

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			
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
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
E Adekunle	5 January 2021	Renewal annually on 1 May	n/a
W Jackson	5 January 2021	Renewal annually on 1 May	n/a
S Sands	30 April 2021	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 2021.

For the purpose of Disclosure Guidance and Transparency Rule (DTR) 4.1.8R, the Directors' Report is also the Management Report for the year ended 30 April 2021.

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 Listing Rule (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	153
Unaudited financial information	–	N/A
Long-term incentive schemes	Remuneration Report	122 to 150
Waiver of Directors' emoluments	Remuneration Report	122 to 150
Allotments of equity securities	–	N/A
Contracts of significance	Directors' Report	156
Controlling shareholders	–	N/A
Dividend waivers	Directors' Report	152 (i.e. EBT)

The Corporate Governance section on pages 98 to 150 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 98 and 108 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 4.18R, is set out on pages 18 to 24 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 78 to 95 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 107 pence per share was paid to shareholders on 13 September 2020 and a further interim dividend of 9.13 pence per share was paid to shareholders on 18 March 2021. The Directors are not proposing to make any dividend payments during the year to 30 April 2022. Details of the proposed shareholder payment is set out in the Chief Executive's Review on pages 18 to 24.

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 2030. Details of this can be found in the Strategic Report on pages 44 and 47.

Share capital

The Company had 132,236,668 ordinary shares of 5 pence each in issue at 30 April 2021 (2020: 136,648,882), which are fully paid. During the year to 30 April 2021 and in accordance with the authority provided by shareholders at the 2019 and 2020 AGMs, the Company has purchased through the market for cancellation 4,412,214 ordinary shares with a nominal value of £220,610.70 which equated to 3.51% of the called-up share capital of the Company at the beginning of the year, excluding treasury shares. The aggregate consideration paid for these shares was £188.6 million. As at 30 April 2021 the Company held 10,615,895 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 2020 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.

At the Company's 2020 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 £2,095,116.35 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 £314,267.45. These authorities will apply until the conclusion of the 2021 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 122 to 150.

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 the Committees of which they are members are detailed on pages 101 to 105 and are incorporated into this report by reference. All of these Directors served throughout the year under review, other than Tony Pidgley CBE who died on 26 June 2020 and Baroness Fleet, Veronica Wadley CBE who served until 31 January 2021.

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 AGM 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, with the exception of Adrian Li who will not be standing for re-election, will offer themselves for re-election at the forthcoming AGM to be held on 3 September 2021.

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 116 to 117.

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 2021 each of the Executive Directors was deemed to have a non-beneficial interest in 55,247 (2020: 213,802) 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 2.25 to the Consolidated Financial Statements, the contracts of employment of the Executive Directors, which are terminable within one year, and the appointment terms of the Non-Executive Directors, which are renewable annually and terminable on one month's notice.

Directors' indemnities

The Company 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 for 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 2021 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 2021 are as follows:

	Number of ordinary shares held(i)	% of voting rights(i)
BlackRock Inc	11,698,607	8.72
First Eagle Investment Management LLC	10,071,368	7.81
JP Morgan Chase & Co.(ii)	6,755,034	5.55

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

(ii) On 10 June 2021, the Company was notified of a change in substantial interest by JP Morgan Chase & Co., such that the total number of ordinary shares held decreased to 5,373,855, being 5.24% of voting rights.

Other than as discussed above, between 30 April 2021 and 22 June 2021 the Company was not notified of any changes to substantial interests pursuant to Rule 5 of the DGTR.

Political donations

The Group made no political donations (2020: £nil) during the year.

Capitalised interest

No interest has been capitalised by the Group (2020: £nil) during the period under review.

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 46 to 48 and page 60 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 56 to 57 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 2030. 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 2030 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 Chief Financial Officer, 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.

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Scope 1 and 2 greenhouse gas emissions and energy consumption

Emissions are reported in line with the operational boundary of the Group and include 100% of emissions resulting from offices, sales and development site activities undertaken as a result of our joint ventures.

		2021			2020 (restated)		
	Unit	**Total**	**UK**	**Global (excluding UK)**	Total	UK	Global (excluding UK)
Scope 1 emissions	tCO_2e	**2,351** [A]	2,351	–	3,215	3,215	–
Scope 2 location-based emissions	tCO_2e	**6,247** [A]	6,130	117	5,936	5,818	118
Scope 2 market-based emissions	tCO_2e	**196** [A]	79	117	160	42	118
Scope 1 and scope 2 location-based emissions	tCO_2e	**8,598** [A]	8,481	117	9,151	9,033	118
Scope 1 and scope 2 location-based emissions intensity	tCO_2e/ sq ft	**0.0030**	–	–	0.0031	–	–
Scope 1 and scope 2 market-based emissions	tCO_2e	**2,547** [A]	2,430	117	3,375	3,257	118
Scope 1 and scope 2 market-based emissions intensity	tCO_2e/ sq ft	**0.0009**	–	–	0.0012	–	–
Energy consumption associated with Scope 1 emissions	MWh	**11,319** [A]	11,319	–	13,741	13,741	–
Energy consumption associated with Scope 2 emissions	MWh	**26,617** [A]	26,415	202	23,050	22,854	196
Energy consumption associated with Scope 1 and Scope 2 emissions	MWh	**37,936** [A]	37,734	202	36,792	36,596	196

[A] 2021 information has been separately subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided in 2021 and prior years, see the independent assurance reports found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies. The intensity metrics (tCO_2e/sq ft) and restated information for 2020 have not been subject to assurance.

Greenhouse gas emissions and energy consumption from joint ventures

Emissions in the table above include 100% of emissions from our joint ventures (St Edward and St William). The total emissions for our joint ventures are provided below.

	Unit	**St Edward**	**St William**	**Total**
Scope 1 emissions	tCO_2e	188	53	241
Scope 2 location-based emissions	tCO_2e	610	497	1,107
Scope 2 market-based emissions	tCO_2e	2	–	2
Energy consumption associated with scope 1 emissions	MWh	965	260	1,225
Energy consumption associated with scope 2 emissions	MWh	2,620	2,133	4,753
Energy consumption associated with scope 1 and scope 2 emissions	MWh	3,585	2,393	5,978

Progress against our science-based targets

Target		Unit	**2021**	2020	2019
Reduce absolute Scope 1 and 2 GHG emissions 50% by FY2030 from a FY2019 base	Market-based emissions	tCO_2e	2,547	3,375	3,980
	Change from baseline year	%	-36	-15	–
Reduce Scope 3 purchased goods and services and use of sold products GHG emissions 40% per square foot of legally completed floor area by FY2030 from a FY2019 base	Scope 3 emissions	tCO_2e	792,452	793,545	870,117
	Emissions intensity	tCO_2e/sq ft	0.28	0.27	0.24
	Change from baseline year	%	17	15	–

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 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies Act 2006 (Strategic Report and Directors' Report) 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 from natural gas consumed for office, sales and development site activities; gas oil, biodiesel, diesel, petrol and liquefied petroleum gas (LPG) purchased directly for development site activities; and travel (business and other travel where expensed) in company owned and company leased 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 and company leased vehicles. The Group has voluntarily purchased and retired Deep Green Renewable Energy Guarantee of Origins (REGOs) for all UK electricity consumption (accounted for within the Scope 2 market-based emissions figures presented in the above table).

Scope 3 – other indirect emissions within the two categories deemed to be of material significance: Category 1: Goods and Services – impact within our supply chain, from the procurement of services and labour, including materials used to construct the homes and the use of gas oil and other fuels procured by our contractors for use on our construction sites; Category 11: Use of Sold Products – impact of the homes that were legally completed during the financial year over their lifetime.

Based on detailed calculations used to develop our science-based targets in 2020 we estimate that these two categories account for 95% of our Scope 3 impact in 2020/21. The remaining 5% occurs within a range of categories, including 13 – Downstream Leased Assets, 2 – Capital Goods and 5 – Waste Generated in Operations.

Emission intensity – the emissions intensity ratios have been calculated using the floor area of legally completed homes and commercial space during the year (in square feet), including our joint ventures. The intensity factor has been amended from the number of Berkeley employees and the number of contractors working on our sites used in previous years. The change has been made to align the metrics with the intensity metric used within our Scope 3 science-based target.

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 megawatt-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.

Data for 2020 has been restated based on the following:

- Updated data made available within the period; this adjustment accounts for less than +1.5% of the total Scope 1 and 2 location-based emissions reported in 2020.
- Reporting data according to our operational boundary rather than the financial boundary that has been reported in previous years, including 50% of our joint ventures. Reporting 100% of our joint ventures results in a +9% change in reported emissions.

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-andcase-studies.

Progress against our science-based targets

Our Scope 1 and 2 science-based target is based on market-based emissions; this excludes our procurement of 100% renewable electricity which was already in place and continues for all UK consumption. Consequently, approximately two thirds of emissions in this area occur as a result of directly purchased gas oil for use on construction sites which is heavily dependent on the nature of construction activities occurring. Berkeley's focus on brownfield regeneration can involve significant demolition, remediation and infrastructure provision, which typically utilises more gas oil within heavy plant and machinery. During the year the reduction in emissions reflects changes in the stage of development activities.

Our Scope 3 target is reported through a spend-based method, meaning it is subject to market-based changes to material and labour costs. Work has commenced on detailed whole lifecycle carbon assessments on a range of our developments and we plan to adopt a more representative, hybrid form of reporting in future years, as we gain more specific information from our supply chain.

Energy efficiency action

During 2020/21 our energy efficiency standards were reviewed and updated for site office compounds, offices and sales and marketing suites. We have implemented a range of energy efficiency measures on our sites in the last year, such as the retrofitting of welfare facilities at Hartland Village with new LED lighting and the use of solar hybrid generators to power the welfare cabins at the Green Quarter. Within St Edward, we have trialled software to raise awareness of machinery usage and help to reduce machinery idling times. Recognising that taking action to reduce non-renewable fuel consumption is a key challenge, we are now trialling the use biodiesel within generators in place of traditional gas oil; in the year, this was used at three of our sites (Green Park Village, Trent Park and Twelvetrees Park).

COVID-19 impact

The COVID-19 pandemic impacted our carbon emissions and energy consumption in the early part of the reporting year. Whilst Berkeley's construction sites remained open, its sales suites were closed, business travel was restricted and office-based staff largely transitioned to home working.

Significant 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.

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 3 September 2021. 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 Accounting Standards in conformity with the requirements of the Companies Act 2006 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'. In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 judgments and estimates that are reasonable, relevant, reliable and prudent;
— for the Group Financial Statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
— 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.

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 30 to 33.

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 2021, the Group has net cash of £1,128.2 million and total liquidity of £1,878.2 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 £1,712 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 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

23 June 2021

Directors' responsibility statement

Each of the Directors confirms that, to the best of each person's knowledge:

— the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
— the Company financial statements,which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and results of the Company; and
— 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.

For an on behalf of the Board

R Perrins
Chief Executive

R J Stearn
Chief Financial Officer

23 June 2021

GREEN QUARTER

EALING

"We are going to create one of the UK's finest examples of urban regeneration that puts biodiversity and nature at its heart."

David Mooney, London Wildlife Trust

Financial Statements

88 acre	3,750	48%	500,000 sqft
disused brownfield gas works	mixed-tenure homes	public open space	commercial and community space

The first 319 homes went on sale at the Green Quarter during 2020/21, following on from the completion of the first 304 affordable homes.

The former Southall Gas Works is being transformed into a nature-rich neighbourhood, designed in partnership with the London Wildlife Trust to deliver a 93% net biodiversity gain. Sustainably located close to the coming Ealing Crossrail station, almost half of the site will be public open space, including biodiverse parks, meadows, wetlands, public squares, an amphitheatre, play spaces, canal-side walks and 2,500 new trees.

The neighbourhood will bring new public amenities to Southall, include a health centre, primary school, community centre and a mix of shops, cafés and commercial spaces.

Computer Generated Image

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 Group") for the year ended 30 April 2021 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 2021 and of the Group's profit for the year then ended;

— the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;

— 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 to the extent applicable.

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 eight financial years ended 30 April 2021. 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: group financial statements as a whole	£25.0 million (2020: £21.0 million) 4.8% (2020: 4.2%) of Group profit before tax	
Coverage	94% (2020: 90%) of Group profit before tax	
Key audit matters		**vs 2020**
Recurring risks	Cost of sales 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 judgment, 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.

	The risk	Our response
Cost of sales recognition *(£1,566.9 million; 2020: £1,283.0 million)* *Refer to page 119 (Audit Committee Report), and note 2.12 on page 186 (accounting policy) and financial disclosures).*	**Subjective estimate:** The Group recognises cost of sales by allocating a portion of site wide costs to each unit when it is legally completed. Cost allocation is determined by the overall forecast site wide profit percentage for each site as a proxy for cost per unit because specific costs per unit are not readily identifiable. Each site may comprise multiple phases and can be completed over a number of years. Cost of sales is subject to estimation uncertainty as it is dependent on the Group's estimate of future sales prices and land and build costs, including an allowance for risk. Further estimation uncertainty and exposure to market cyclicality exists within longer term sites. Forecasts are dependent on market conditions, which can be difficult to predict and can be influenced by political and economic factors including, but not limited to, the future market uncertainties surrounding the longer-term impacts of COVID-19. The effect of this matter is that, as part of our risk assessment, we determined that cost of sales of £1,566.9 million 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. Therefore, auditor judgment is required to assess whether the directors' estimates for forecast site wide margin fall within an acceptable range. The financial statements (note 2.12) disclose the sensitivity estimated by the Group in respect of the approach taken for cost of sales and margin recognition.	Our procedures included: — **Methodology choice:** We critically assessed whether the cost allocation methodology used by the Group to recognise cost of sales, including any changes in methodology made in the year, is in accordance with the Group's accounting policies; — **Control operation:** 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; For a sample of sites that we considered at higher risk of misstatement, due to either their size and/or complexity, we inspected whole site forecasts and challenged management's inputs and assumptions by performing the following procedures: — **Historical comparisons and benchmarking assumptions:** Compared forecast sales prices against recent prices achieved in the local market, historical sales prices, third party forecasts for the housing market and considered economic factors, including COVID-19, that may impact the achievable price on forecast future sales; — **Test of detail:** 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 invoices and/or payments; — **Benchmarking assumptions:** Assessed, based on the risks highlighted by the Group's build cost review meetings and industry costs indices, the appropriateness of allowances made for cost increases in longer-term developments as well as contingencies held for specific sites; — **Our sector experience:** Utilised the audit team's experience, supported as appropriate by our own 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, used to allocate costs, and considered whether this indicated an alternative basis of cost of sales 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 judgment, estimation uncertainty and sensitivity to key assumptions involved in arriving at the forecast site margins and resultant cost of sales recognised. **Our results** We found the amount of cost of sales recognised in the year to be acceptable (2020: acceptable).

	The risk	Our response
Post completion development provisions *(£124.7 million; 2020: £109.8 million)* *Refer to page 119 (Audit Committee Report), and note 2.16 on page 188 (accounting policy and financial disclosures).*	**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 subsequent to the completion of certain developments. The identification and estimation of amounts to be recognised in relation to post completion development provisions is judgmental by its nature and there is a risk that the estimate is incorrect, and the provision is materially misstated. The effect of these matters is that, as part of our risk assessment, we determined that post completion development provisions of £124.7 million 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. The financial statements (Note 2.16) discloses the sensitivity estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: — **Personnel interviews:** We enquired of Group and divisional directors and inspected board minutes to identify potential claims to be 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 and/or settled issues 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 in-house 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 judgment, estimation uncertainty, and sensitivity to key assumptions involved in arriving at the recorded post completion development provisions. **Our results** We found the level of post completion development provisions to be acceptable (2020: acceptable).
Recoverability of the parent Company's investment in and amounts due from, its subsidiaries *Investment carrying value £1,433.9 million (2020: £1,430.5 million), and amounts due from subsidiaries £593.8 million (2020: £685.5 million)* *Refer to note C2.4 on page 207 (accounting policy and financial disclosures)*	**Low risk, high value:** The carrying amount of the parent Company's investments and amounts due from its subsidiaries represents 70.2% and 29.1% (2020: 66.9% and 32.0%) of the Company's total assets, respectively. Their recoverability is not a high risk of significant misstatement or subject to significant judgment. 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.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: — **Tests of detail:** Comparing the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheets 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 sheets, 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. **Our results** We found the Company's conclusion that there is no impairment of its investments in subsidiaries and amounts due from its subsidiaries to be acceptable (2020: 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 £25.0 million (2020: £21.0 million), determined with reference to a benchmark of group profit before tax of £518.1 million, of which it represents 4.8% (2020: group profit before tax of £503.7 million, of which it represents 4.2%).

Materiality for the parent Company financial statements as a whole was set at £21.0 million (2020: £12.0 million), determined with reference to a benchmark of Company total assets of £2,041.2 million (2020: £2,139.6 million), of which it represents 1.0% (2020: 0.6%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £18.75 million (2020: £15.75 million) for the group and £15.75 million (2020: £9.0 million) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.25 million (2020: £1.05 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

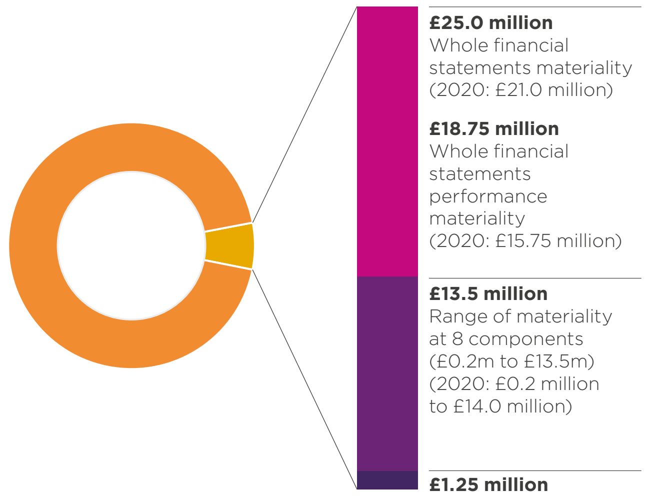
Scoping and coverage:
Of the group's 17 (2020: 17) reporting components, we subjected 8 (2020: 11) to full scope audits for group purposes and 5 (2020: 6) to specified risk-focused audit procedures, all performed by the group team. The latter were not individually financially significant enough to require a full scope audit for group purposes but did present specific individual risks that needed to be addressed. For 5 components, the specified audit procedures were performed over cost of sales and post completion development provisions. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The components within the scope of our work accounted for the percentages illustrated opposite.

The component materialities ranged from £0.2 million to £13.5 million (2020: £0.2 million to £14.0 million), having regard to the mix of size and risk profile of the Group across the components.

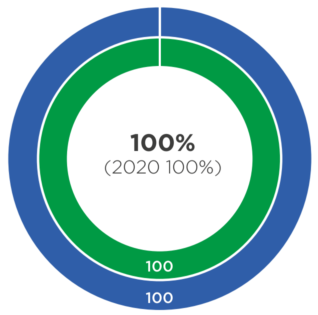
Profit before taxation
£518.1 million
(2020: £503.7 million)

Group materiality
£25.0 million
(2020: £21.0 million)

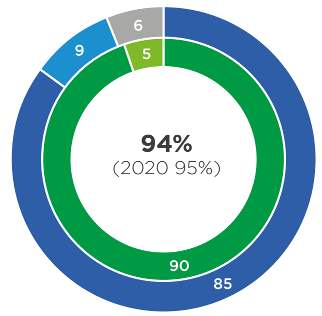


- Group profit before taxation
- Group materiality

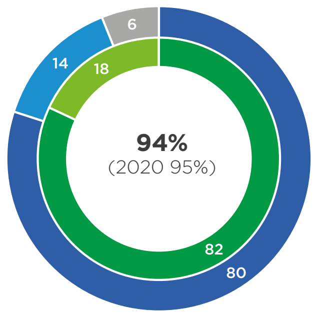
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2021
- Specified risk-focused audit procedures 2021
- Full scope for group audit purposes 2020
- Specified risk-focused audit procedures 2020
- Residual components

Strategic Report
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4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that the Group's and the parent Company'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').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and parent Company's available financial resources over this period was a possible reduction in sales volumes as a consequence of changes in the economic environment, including the impact of COVID-19, leading to a sustained medium-term decline in revenue and profits.

We also considered less predictable but realistic second order impacts, such as cost inflation due to a reduction in productivity, increases in post completion development costs and disruption to the Group's supply chain.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included:

- critically assessing assumptions in the base case and downside scenarios, particularly in relation to forecast liquidity, by confirming the completeness and accuracy of forward secured sales;
- assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of the Group;
- inspecting confirmation from banks of the level of cash and cash equivalents held at year end;
- considering whether the going concern disclosure in notes 1 and C1.2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks; and
- assessing the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing 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 the going concern period, and we found the going concern disclosure in note 1 and C1.2 to be acceptable; and
- the related statement under the Listing Rules set out on page 123 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors, the audit committee, internal audit, internal legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board and all relevant committee minutes;
- considering remuneration incentive schemes (primarily the 2011 LTIP) and performance targets for management and directors, including any revenue and trading margin targets for management remuneration; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgments such as cost of sale recognition and post completion development provisioning.

On this audit we do not believe there is a fraud risk related to revenue recognition as the accounting for the Group's revenue is non-complex and only recognised on the legal completion of the sale, being the point at which the balance of the sale is paid for and title of the unit transfers to the customer. There are therefore limited levels of judgment with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- identifying journal entries and other adjustments to test for all full scope components based on specific risk-based criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to unusual accounts, and those with missing user identification;
- evaluating the business purpose of significant unusual transactions; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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 from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 license to operate. We identified the following areas as those most likely to have such an effect: UK planning permission and building regulations, health and safety, anti-bribery, anti-money laundering and sanctions checking, employment laws, data protection laws and environmental laws. 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. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. 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

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 81 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 Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, 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.

We are also required to review the Viability Statement, set out on page 81 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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 judgments 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 parent Company's longer-term viability.

Corporate governance disclosures
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. 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.

8. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 156, 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 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 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.

9. 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
23 June 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	2021 £m	2020 £m
Revenue	2.1	**2,202.2**	1,920.4
Cost of sales		**(1,566.9)**	(1,283.0)
Gross profit		**635.3**	637.4
Net operating expenses		**(133.0)**	(167.7)
Operating profit		**502.3**	469.7
Finance income	2.3	**3.0**	12.4
Finance costs	2.3	**(9.6)**	(11.7)
Share of results of joint ventures using the equity method	2.11	**22.4**	33.3
Profit before taxation for the year		**518.1**	503.7
Income tax expense	2.6	**(95.4)**	(93.6)
Profit after taxation for the year		**422.7**	410.1
Earnings per share (pence):			
— Basic	2.7	**339.4**	324.9
— Diluted	2.7	**332.5**	313.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April	Notes	2021 £m	2020 £m
Profit after taxation for the year		**422.7**	410.1
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) recognised in the pension scheme	2.5	**2.7**	(1.7)
Total items that will not be reclassified to profit or loss		**2.7**	(1.7)
Other comprehensive income/(expense) for the year		**2.7**	(1.7)
Total comprehensive income for the year		**425.4**	408.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Intangible assets	2.8	**17.2**	17.2
Property, plant and equipment	2.9	**46.0**	48.5
Right-of-use assets	2.10	**3.2**	2.5
Investments in joint ventures	2.11	**281.7**	261.8
Deferred tax assets	2.17	**40.1**	53.6
		388.2	383.6
Current assets			
Inventories	2.12	**3,652.5**	3,554.9
Trade and other receivables	2.13	**75.4**	68.3
Current tax assets		**7.9**	5.1
Cash and cash equivalents	2.14	**1,428.2**	1,638.9
		5,164.0	5,267.2
Total assets		**5,552.2**	5,650.8
Liabilities			
Non-current liabilities			
Borrowings	2.23	**(300.0)**	(300.0)
Trade and other payables	2.15	**(330.8)**	(263.7)
Lease liabilities	2.10	**(1.7)**	(1.3)
Provisions for other liabilities and charges	2.16	**(62.3)**	(60.0)
		(694.8)	(625.0)
Current liabilities			
Borrowings	2.23	**–**	(200.0)
Trade and other payables	2.15	**(1,614.7)**	(1,668.1)
Lease liabilities	2.10	**(1.5)**	(1.2)
Provisions for other liabilities and charges	2.16	**(65.8)**	(54.9)
		(1,682.0)	(1,924.2)
Total liabilities		**(2,376.8)**	(2,549.2)
Total net assets		**3,175.4**	3,101.6
Equity			
Shareholders' equity			
Share capital	2.18	**6.6**	6.8
Share premium	2.18	**49.8**	49.8
Capital redemption reserve	2.19	**24.9**	24.7
Other reserve	2.19	**(961.3)**	(961.3)
Retained earnings	2.19	**4,055.4**	3,981.6
Total equity		**3,175.4**	3,101.6

The financial statements on pages 167 to 202 were approved by the Board of Directors on 23 June 2021 and were signed on its behalf by:

R J Stearn
Chief Financial Officer

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 2020		**6.8**	**49.8**	**24.7**	**(961.3)**	**3,981.6**	**3,101.6**
Profit after taxation for the year		**–**	**–**	**–**	**–**	**422.7**	**422.7**
Other comprehensive income for the year		**–**	**–**	**–**	**–**	**2.7**	**2.7**
Purchase of own shares	2.18	**(0.2)**	**–**	**0.2**	**–**	**(188.6)**	**(188.6)**
Transactions with shareholders:							
– Charge in respect of employee share schemes	2.5	**–**	**–**	**–**	**–**	**(11.9)**	**(11.9)**
– Deferred tax in respect of employee share schemes	2.17	**–**	**–**	**–**	**–**	**(5.6)**	**(5.6)**
– Dividends to equity holders of the Company	2.20	**–**	**–**	**–**	**–**	**(145.5)**	**(145.5)**
At 30 April 2021		**6.6**	**49.8**	**24.9**	**(961.3)**	**4,055.4**	**3,175.4**
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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Cash generated from operations	2.22	**419.4**	395.4
Interest received		**3.0**	12.4
Interest paid		**(8.1)**	(9.1)
Income tax paid		**(90.1)**	(89.8)
Net cash flow from operating activities		**324.2**	308.9
Cash flows from investing activities			
Purchase of property, plant and equipment	2.9	**(2.4)**	(9.7)
Proceeds on disposal of property, plant and equipment		**0.8**	0.6
Dividends from joint ventures	2.11	**7.5**	177.7
Increase in loans with joint ventures	2.11	**(5.0)**	(31.5)
Net cash flow from investing activities		**0.9**	137.1
Cash flows from financing activities			
Lease capital repayments		**(1.8)**	(2.0)
Proceeds from issue of shares		**0.1**	0.2
Purchase of own shares	2.19	**(188.6)**	(130.5)
(Decrease)/increase in borrowings	2.23	**(200.0)**	200.0
Dividends paid to Company's shareholders	2.20	**(145.5)**	(149.8)
Net cash flow from financing activities		**(535.8)**	(82.1)
Net (decrease)/increase in cash and cash equivalents		**(210.7)**	363.9
Cash and cash equivalents at the start of the financial year		**1,638.9**	1,275.0
Cash and cash equivalents at the end of the financial year	2.22	**1,428.2**	1,638.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

1.1 Introduction

These Consolidated Financial Statements have been prepared in accordance with International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation, to the extent applicable.

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 judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Group's accounting policies.

Management have not made any individual critical accounting judgments that are material to the Group in the year. The key areas involving estimation uncertainty, which are significant to the Consolidated Financial Statements, are disclosed within the relevant notes on pages 171 to 202.

Group accounting policies

The significant Group accounting policies are included within the relevant notes to the Consolidated Financial Statements on pages 171 to 202.

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 2021, the Group had net cash of £1,128.2 million and total liquidity of £1,878.2 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 £1,712 million, a significant proportion of which covers delivery for the next 18 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 not less than 12 months from the date of approval of these Consolidated 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 2.26.

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.

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 2020:

— Amendments to References in the Conceptual Framework in IFRS Standards issued by the IASB, which contains amendments to a number of IAS and IFRIC standards.

— Amendments to the definition of a business in IFRS 3 'Business Combinations' to clarify what is considered to be a business, narrow the definitions of a business and provide guidance and illustrative examples.

— Amendments to the definition of 'material' in IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' to clarify the definition and align the definition used in the Conceptual Framework and the standards.

— Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' which clarify hedge accounting requirements as a result of interest rate benchmark reform.

None of the above amendments have had a significant impact on the 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 IFRSs which will be applicable to the Group for the financial year beginning 1 May 2021. 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 in the United Kingdom.

Revenue represents the amounts receivable from the sale of properties, comprising private and affordable residential homes and commercial properties, ground rent assets and other income directly associated with property development.

Properties are treated as sold and profits and revenues are recognised when all performance obligations under the contract have been satisfied, following which control of the unit is passed to the customer. For all residential and commercial properties sold in the year this 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.

An analysis of the Group's continuing revenue is as follows:

	2021 £m	2020 £m
Residential revenue	**2,200.3**	1,883.7
Commercial revenue	**1.9**	36.7
	2,202.2	1,920.4

Included within revenue is £279.6 million (2020: £322.8 million) of customer deposits for units that legally completed in the year.

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 to private customers or affordable housing providers, 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)/income

	2021 £m	2020 £m
Finance income	**3.0**	12.4
Finance costs		
Interest payable on bank loans and non-utilisation fees	**(7.7)**	(9.1)
Amortisation of facility fees	**(0.9)**	(1.8)
Other finance costs	**(1.0)**	(0.8)
	(9.6)	(11.7)
Net finance (costs)/income	**(6.6)**	0.7

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.

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 judgments around cost recognition.

Profit before taxation is stated after charging the following amounts:

	2021 £m	2020 £m
Staff costs (note 2.5)	**227.1**	276.3
Depreciation on property, plant and equipment (note 2.9)	**4.1**	2.9
Depreciation on right-of-use assets (note 2.10)	**1.8**	1.8
Loss on sale of property, plant and equipment	**–**	0.2
Fees paid and payable to the Company's auditor for the audit of the Group and parent Company	**0.7**	0.6
Fees paid and payable to the Company's auditor for other services:		
— Audit of the Company's subsidiaries and Joint Ventures	**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 £1,482.2 million (2020: £1,184.3 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 (2020: £10,000).

2.5 Directors and employees
Profit before taxation is stated after charging the following amounts:

	2021 £m	2020 £m
Staff costs:		
Wages and salaries	**195.6**	216.4
Social security costs	**21.4**	36.8
Share based payments – equity settled	**(1.8)**	10.0
Share based payments – cash settled	**3.7**	4.5
Pension costs	**8.2**	8.6
	227.1	276.3

The average monthly number of persons employed by the Group during the year was 2,627 (2020: 2,709).

2.5 Directors and employees continued

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:

	2021 £m	2020 £m
Directors' remuneration	2.4	2.8
Amount (credited)/charged under long-term incentive schemes	(1.2)	12.2
Company contributions to the defined contribution pension schemes	0.1	0.1
	1.3	15.1

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 (2020: £29.5 million) in aggregate.

The number of Directors accruing benefits under defined contribution pension schemes in the year was two (2020: two).

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 (2020: one) equity settled share based payment scheme. The credit 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 ('2011 LTIP') was £1.8 million (2020: charge of £10.0 million). The credit to the Income Statement attributable to key management is £1.9 million (2020: charge of £10.3 million).

The charge to the reserves during the year in respect of employee share schemes was £11.9 million (2020: £3.9 million), resulting from the non-cash IFRS 2 charge for the year.

There were nil exercisable share options at the end of the year (2020: nil). During the year 836,466 options vested under the 2011 LTIP (2020: 926,265).

2011 Long-term Incentive Plan

The 2011 LTIP was approved by shareholders at the 2011 AGM. The 2011 LTIP is designed to incentivise management to both deliver long-term shareholder returns and create value in the ongoing business. Under the plan eligible employees are granted options which will only vest if certain performance conditions are satisfied. Participation in the plan is at the discretion of the Board.

The current term of the plan runs for 14 years, with the final options due to vest in September 2025. The original scheme was due to run until September 2021, but at the 2019 AGM the scheme was extended, for eligible employees, by four years to September 2025.

The amount of options that will vest is dependent on the shareholder returns and, for the Executive members, the remuneration caps in place. In total £2.3 billion must be returned to shareholders by September 2021 through either dividend payments and/or share buybacks. This equates to a minimum of £2 per annum and must be paid by the milestone date of 30 September each year.

Total remuneration caps are in place for Executive Directors. Each year options can vest up to the value of their remuneration cap. Any options prevented from vesting due to the caps are banked, and will vest in equal tranches from 2022 to 2025. Additional returns of £2 per annum must be returned to shareholders from 2022 to 2025 in order for the banked options to vest.

Options granted under the plan are for nil consideration and carry no dividend or voting rights. The original option price was £16.34, which equated to the £2.3 billion of shareholder return that needed to be returned to shareholders over the original term of the LTIP to 2021. The option price for each tranche is reduced by the value of dividend paid each year, but fixed at 30 September 2021 for subsequent tranches expected to vest in 2022 to 2025.

The key features of the plan are as follows:

When exercised, each option is converted into one ordinary share on the vesting date. The exercise price of the option is based on the opening price at which the Company's shares are traded on the London Stock Exchange on the date of vesting.

Sale restrictions are in place which provide a maximum of 10% of the cumulative balance of the shares earned to be sold each year.

The table below summarises the movement in options under the 2011 LTIP during the year:

	2021		2020	
	Option price per share £	Number of options No.	Option price per share £	Number of options No.
As at 1 May	–	8,131,720	–	8,808,235
Granted during the year	–	–	4.39	300,000
Exercised during the year	5.39	(836,466)	7.46	(926,265)
Lapsed during the year	–	–	5.42	(50,250)
As at 30 April	–	7,295,254	–	8,131,720

2.5 Directors and employees continued

The historic options vested, options banked and the option price is shown in the table below:

	2021		
Vesting date	**Option price £**	**Share options vested No.**	**Banked options at 30 April 2021 No.**
30 September 2016	10.00	5,719,166	–
30 September 2017	8.63	892,487	1,163,737
30 September 2018	7.73	990,955	1,231,409
30 September 2019	7.46	926,265	1,202,514
30 September 2020	5.39	836,466	1,417,163
Total		9,365,339	5,014,823

Fair value of options granted

The assessed fair value of the original options granted, determined using the current market pricing model, was £3.17. The inputs into the current market pricing model were:

	Inputs
Grant date	5 September 2011
Final vesting date	30 September 2021
Share price at date of grant (p)	1,236
Exercise price	Nil
Discount rate	6.3%

Modifications to the 2011 LTIP, approved at the 2019 AGM, were considered to be non-beneficial due to the extended service period and requirement for additional shareholder returns. Therefore there was no impact on the fair value of the options or accounting treatment applied.

The discount rate was determined by calculating the Group's expected cost of capital over the original vesting period at the grant date.

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 145, no new awards have been made under the annual Bonus Plan during the financial year. The plan was originally a five year plan, with the balance being paid out in the sixth year. During the year the plan was paid out in full and no further amounts are due under the plan. The charge for the year of £0.8 million (2020: £2.0 million) relates to prior year awards, all of which relate to key management.

The total carrying amount of liabilities for the Bonus Banking Plan at the end of the year was £3.3 million (2020: £5.9 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 2021 was £0.4 million (2020: £2.5 million).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £9.6 million (2020: £13.0 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 £7.0 million (2020: £7.4 million) were paid into the defined contribution schemes during the year.

Defined benefit plan

As at 30 April 2021, 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 (2020: £0.6 million).

Following the High Court ruling on 26 October 2018, regarding the equalisation of Guaranteed Minimum Pension ('GMP') benefit, the Plan was required to adjust benefits to remove the inequalities between the GMP benefits awarded to males and females.

On 20 November 2020, the High Court issued a supplementary ruling in the respect of GMP equalisation with regard to members that transferred out of the scheme prior to the ruling. As at 30 April 2021, the Group has estimated that the additional obligation required to equalise benefits for transfers out of the scheme prior to the original ruling is £0.7 million. The additional obligation is considered a past service cost and has been recognised through the Income Statement in accordance with IAS 19.

On 25 November 2020, the Government and UK Statistics Authority's joint consultation response on RPI reform was published. This confirmed their intention to amend the RPI calculation methodology to be aligned to that already in use for the calculation of the CPI with effect from 2030. The markets have adjusted since the announcement and it is reasonable to conclude that the Bank of England curve for periods after 2030 reflects CPIH expectations, whilst for earlier periods it reflects the current RPI methodology. There has been no change to the derivation of the RPI assumption compared to last year.

For the purpose of IAS 19, the 2019 valuation was updated for 30 April 2021.

The most significant risks to which the plan exposes the Group are:

— Inflation risk: A rise in inflation rates will lead to higher plan liabilities as a large proportion of the defined benefit obligation is indexed in line with price inflation. This effect will be limited due to caps on inflationary increases to protect the plan against extreme inflation.

— Interest rate risk: A decrease in corporate bond yields would result in an increase to plan liabilities although this effect would be partially offset by an increase in the value of the plan's bond holdings.

— Mortality risk: An increase in life expectancy would result in an increase to plan liabilities as a significant proportion of the pension schemes' obligations are to provide benefits for the life of the member.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2021 £m	2020 £m
Present value of defined benefit obligations	**(23.2)**	(22.4)
Fair value of plan assets	**26.4**	23.0
Net surplus recognised in the Statement of Financial Position	**3.2**	0.6

2.5 Directors and employees continued

	Defined benefit obligations		Fair value plan assets		Net defined benefit asset	
	2021 £m	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Balance at 1 May	**(22.4)**	(20.9)	**23.0**	22.5	**0.6**	1.6
Included in Income Statement						
Past service costs	**(0.7)**	–	**–**	–	**(0.7)**	–
Net interest	**(0.4)**	(0.5)	**0.4**	0.6	**–**	0.1
Included in Other Comprehensive Income						
Remeasurements:						
Actuarial gain/(loss) arising from:						
— Demographic assumptions	**–**	0.1	**–**	–	**–**	0.1
— Scheme experience	**0.3**	(0.4)	**–**	–	**0.3**	(0.4)
— Financial assumptions	**(1.1)**	(1.2)	**–**	–	**(1.1)**	(1.2)
Return on plan assets	**–**	–	**3.5**	(0.2)	**3.5**	(0.2)
Other						
Contributions by the employer	**–**	–	**0.6**	0.6	**0.6**	0.6
Benefits paid out	**1.1**	0.5	**(1.1)**	(0.5)	**–**	–
Balance at 30 April	**(23.2)**	(22.4)	**26.4**	23.0	**3.2**	0.6

Cumulative actuarial gains and losses recognised in equity:

	2021 £m	2020 £m
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 1 May	**(7.5)**	(5.8)
Net actuarial gain/(loss) recognised in the year	**2.7**	(1.7)
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 30 April	**(4.8)**	(7.5)

The fair value of the assets were as follows:

	30 April 2021 Long-term value £m	30 April 2020 Long-term value £m
UK equities	**1.1**	0.9
Global equities	**7.9**	5.9
Emerging market equities	**2.5**	1.8
High yield bonds	**2.0**	1.6
Diversified growth fund	**5.3**	6.9
Government bonds (over 15 years)	**1.3**	1.5
Index linked gilts (over 5 years)	**2.5**	2.6
Absolute return bonds	**2.0**	–
Corporate bonds	**1.7**	1.7
Cash	**0.1**	0.1
Fair value of plan assets	**26.4**	23.0

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 2021 £m	30 April 2020 £m	30 April 2019 £m	30 April 2018 £m	30 April 2017 £m
Fair value of plan assets	**26.4**	23.0	22.5	21.5	21.0
Present value of defined benefit obligations	**(23.2)**	(22.4)	(20.9)	(19.4)	(20.5)
Net surplus in the plan	**3.2**	0.6	1.6	2.1	0.5

Actuarial assumptions

The major assumptions used by the actuary for the 30 April 2021 valuation were:

	30 April 2021	30 April 2020
Discount rate	**1.90%**	1.70%
Inflation assumption (RPI)	**3.50%**	2.80%
Inflation assumption (CPI)	**3.00%**	2.30%
Rate of increase in pensions in payment post-97 (Pre-97 receive 3% p.a. increases)	**3.75%**	3.00%

The mortality assumptions are the standard S3PMA/S3PFA_M CMI_2020_X (1.25%) (2020: S3PMA/S3PFA_M CMI_2019_X (1.25%)) 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 (2020: 21.9 and 23.6 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 (2020: aged 45, 23.2 and 25.1 years respectively).

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.**	£(0.9)m
Rate of inflation	**+0.25% p.a.**	£0.4m
Rate of mortality	**+1 year**	£1.2m

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 2022, 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:

	2021 £m	2020 £m
Current tax		
UK corporation tax payable	**(93.1)**	(93.3)
Adjustments in respect of previous years	**1.9**	2.8
	(91.2)	(90.5)
Deferred tax		
Deferred tax movements	**(5.4)**	(0.9)
Adjustments in respect of previous years	**1.2**	(2.2)
	(4.2)	(3.1)
	(95.4)	(93.6)

2.6 Taxation continued

Tax on items recognised directly in equity is as follows:

	2021 £m	2020 £m
Deferred tax in respect of employee share schemes (note 2.17)	**(5.6)**	14.3
Current tax in respect of employee share schemes (note 2.17)	**(3.7)**	(3.4)
	(9.3)	10.9

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £m	2020 £m
Profit before tax	**518.1**	503.7
Tax on profit at standard UK corporation tax rate	**98.4**	95.7
Effects of:		
Expenses not deductible for tax purposes	**0.6**	1.0
Tax effect of share of results of joint ventures	**(0.1)**	–
Adjustments in respect of previous years	**(3.1)**	(0.6)
Effect of change in rate of tax (note 2.17)	**–**	(2.1)
Other	**(0.4)**	(0.4)
Tax charge	**95.4**	93.6

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 2020.

At the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This change was not substantially enacted until May 2021 and as such has not been reflected in the measurement of deferred tax assets at the balance sheet date. HM Treasury have also issued a consultation in connection with the proposed Residential Property Developer Tax which will be introduced next year.
This announcement does not impact results for the year.

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	2021	2020
Profit attributable to shareholders (£m)	**422.7**	410.1
Weighted average no. of shares (million)	**124.6**	126.2
Basic EPS (pence)	**339.4**	324.9

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 2021 the Group had two (2020: two) categories of potentially dilutive ordinary shares: 2.3 million (2020: 4.4 million) share options under the 2011 LTIP and 30,912 (2020: 30,788) 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.

For the year ended 30 April	2021	2020
Profit used to determine diluted EPS (million)	**422.7**	410.1
Weighted average number of shares (million)	**124.6**	126.2
Adjustments for:		
— Share options – 2011 LTIP	**2.5**	4.6
Shares used to determine diluted EPS (million)	**127.1**	130.8
Diluted EPS (pence)	**332.5**	313.4

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 2020 and 30 April 2021	**17.2**
Accumulated impairment:	
At 1 May 2020 and 30 April 2021	**–**
Net book value:	
At 1 May 2020 and 30 April 2021	**17.2**
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

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 8.88% (2020: 8.21%) 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 2020	**33.3**	**19.7**	**2.5**	**55.5**
Additions	**0.2**	**2.1**	**0.1**	**2.4**
Disposals	**–**	**(0.7)**	**(0.5)**	**(1.2)**
At 30 April 2021	**33.5**	**21.1**	**2.1**	**56.7**
Accumulated depreciation:				
At 1 May 2020	**2.5**	**3.4**	**1.1**	**7.0**
Charge for the year	**0.8**	**3.0**	**0.3**	**4.1**
Disposals	**–**	**(0.1)**	**(0.3)**	**(0.4)**
At 30 April 2021	**3.3**	**6.3**	**1.1**	**10.7**
Net book value:				
At 1 May 2020	**30.8**	**16.3**	**1.4**	**48.5**
At 30 April 2021	**30.2**	**14.8**	**1.0**	**46.0**

	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

2.10 Right-of-use assets and lease liabilities

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 Consolidated Statement of Financial Position and lease liabilities are shown separately on the Consolidated Statement of Financial Position in current liabilities and non-current liabilities depending on the length of the lease term.

	Leasehold property £m	**Motor vehicles £m**	**Total £m**
Cost:			
At 1 May 2020	**5.2**	**0.7**	**5.9**
Additions	**3.3**	**0.1**	**3.4**
Disposals	**(2.3)**	**(0.1)**	**(2.4)**
At 30 April 2021	**6.2**	**0.7**	**6.9**
Accumulated depreciation:			
At 1 May 2020	**3.1**	**0.3**	**3.4**
Charge for the year	**1.6**	**0.2**	**1.8**
Disposals	**(1.4)**	**(0.1)**	**(1.5)**
At 30 April 2021	**3.3**	**0.4**	**3.7**
Net book value:			
At 1 May 2020	**2.1**	**0.4**	**2.5**
At 30 April 2021	**2.9**	**0.3**	**3.2**

Lease liabilities included in the Consolidated Statement of Financial Position:

	2021 £m	2020 £m
Current	**1.5**	1.2
Non-current	**1.7**	1.3
Total	**3.2**	2.5

Amounts recognised in the Consolidated Income Statement:

	2021 £m	2020 £m
Depreciation charged on right-of-use assets – Office buildings	**1.6**	1.6
Depreciation charged on right-of-use assets – Motor vehicles	**0.2**	0.2
Interest on lease liabilities	**0.1**	0.1
Total	**1.9**	1.9

The total cash outflow for leases in 2021 was £1.8 million (2020: £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 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.

	2021 £m	2020 £m
Loans	182.2	177.2
Share of post acquisition reserves	99.5	84.7
Elimination of profit on transfer of inventory to joint ventures	–	(0.1)
	281.7	261.8

Details of the joint ventures are provided in notes 2.25 and 2.26.

	2021 £m	2020 £m
At 1 May	261.8	374.7
Group's share of profit after taxation for the year	22.4	33.3
Increase in loans to joint ventures	5.0	31.5
Dividends from joint ventures	(7.5)	(177.7)
At 30 April	281.7	261.8

The Group's share of joint ventures' net assets, income and expenses is comprised as follows:

2021	St Edward £m	St William £m	Total £m
Cash and cash equivalents	284.4	17.8	302.2
Other current assets	524.3	878.5	1,402.8
Current assets	808.7	896.3	1,705.0
Current liabilities	(401.1)	(240.9)	(642.0)
Non-current financial liabilities*	(172.2)	(691.8)	(864.0)
Net assets/(liabilities) (at 100%)	235.4	(36.4)	199.0
Group share of net assets/(liabilities) (50%)	117.7	(18.2)	99.5
Loans to joint ventures	22.6	159.6	182.2
Total interest in joint ventures	140.3	141.4	281.7
Revenue	133.9	165.9	299.8
Costs	(94.3)	(147.8)	(242.1)
Operating profit	39.6	18.1	57.7
Net finance costs	(0.5)	(12.0)	(12.5)
Profit before taxation for the year	39.1	6.1	45.2
Tax charge	(0.4)	–	(0.4)
Profit after taxation and total comprehensive income (100%)	38.7	6.1	44.8
Group share of post tax profit of joint ventures (50%)	19.4	3.0	22.4

2020	St Edward £m	St William £m	Total £m
Cash and cash equivalents	314.0	9.4	323.4
Other current assets	388.8	744.8	1,133.6
Current assets	702.8	754.2	1,457.0
Current liabilities	(251.2)	(236.0)	(487.2)
Non-current financial liabilities*	(240.0)	(560.6)	(800.6)
Net assets/(liabilities) (at 100%)	211.6	(42.4)	169.2
Group share of net assets/(liabilities) (50%)	105.8	(21.2)	84.6
Loans to joint ventures	22.6	154.6	177.2
Total interest in joint ventures	128.4	133.4	261.8
Revenue	61.2	265.4	326.6
Costs	(40.4)	(215.0)	(255.4)
Operating profit	20.8	50.4	71.2
Net finance income/(costs)	5.2	(9.4)	(4.2)
Profit before taxation for the year	26.0	41.0	67.0
Tax charge	(0.4)	–	(0.4)
Profit after taxation and total comprehensive income (100%)	25.6	41.0	66.6
Group share of post tax profit of joint ventures (50%)	12.8	20.5	33.3

* Non-current liabilities includes amounts owed to joint venture partners.

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.

2.12 Inventories continued

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.

A 1% increase or decrease to estimated costs recognised in the year would lead to a change in cost of sales and inventory of £14.8 million in the current financial year. This sensitivity is based on a reasonably possible scenario and is provided in the absence of a change to any other factor affecting future gross margins on the Group's developments, such as a change in future sales prices.

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 2021 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 6% (2020: 9%) of the future estimated revenue for the specific sites. As with all judgments involving estimation over a long-term horizon, the outcome of future events may affect the eventual accounting outcome.

	2021 £m	2020 £m
Land not under development	**331.4**	519.7
Work in progress: Land cost	**1,134.7**	907.9
Total land	**1,466.1**	1,427.6
Work in progress: Build cost	**2,081.0**	1,987.8
Completed units	**105.4**	139.5
Total inventories	**3,652.5**	3,554.9

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.

	2021 £m	2020 £m
Trade receivables	**44.1**	26.2
Other receivables	**23.9**	27.4
Prepayments and accrued income	**7.4**	14.7
	75.4	68.3

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.

	2021 £m	2020 £m
Cash and cash equivalents	**1,428.2**	1,638.9

2.15 Trade and other payables

New property deposits and on account contract receipts are held within current trade and other payables. Deposits and on account contract receipts are non-refundable and are recorded as a liability on receipt. They are released to the income statement, as revenue, upon legal completion.

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.

	2021 £m	2020 £m
Current		
Trade payables	**(509.2)**	(586.0)
Deposits and on account contract receipts	**(790.6)**	(783.5)
Other taxes and social security	**(28.6)**	(40.6)
Accruals and deferred income	**(286.3)**	(258.0)
	(1,614.7)	(1,668.1)
Non-current		
Trade payables	**(330.8)**	(263.7)
Total trade and other payables	**(1,945.5)**	(1,931.8)

All amounts included above are unsecured. The total of £28.6 million (2020: £40.6 million) for other taxes and social security includes £11.6 million (2020: £17.6 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.

Provisions include 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 Group continually reviews the identified risks that it is aware of for the Group's portfolio of developments to ensure that the amount of the provision remains appropriate. 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 ten (2020: five) years following completion.

If costs estimated in the post-completion development provision are overstated or understated by 10%, this would lead to a change in cost of sales and provision of £12.8 million in the current financial year.

	Post completion development provisions £m	**Other provisions £m**	**Total £m**
At 1 May 2020	**(109.8)**	**(5.1)**	**(114.9)**
Utilised	**25.7**	**0.6**	**26.3**
Released	**4.4**	**1.4**	**5.8**
Charged to the Income Statement	**(45.0)**	**(0.3)**	**(45.3)**
At 30 April 2021	**(124.7)**	**(3.4)**	**(128.1)**

	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)

	2021 £m	2020 £m
Non-current	**(62.3)**	(60.0)
Current	**(65.8)**	(54.9)
Total	**(128.1)**	(114.9)

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 2020	**(2.1)**	**–**	**55.7**	**53.6**
Adjustments in respect of previous years	**(1.0)**	**–**	**2.2**	**1.2**
Charged to income statement in the year	**0.2**	**–**	**(5.6)**	**(5.4)**
Charged to equity at 19%	**–**	**–**	**(5.6)**	**(5.6)**
Realisation of deferred tax asset on vesting of employee share scheme	**–**	**–**	**(3.7)**	**(3.7)**
Charged to equity in year (note 2.6)	**–**	**–**	**(9.3)**	**(9.3)**
At 30 April 2021	**(2.9)**	**–**	**43.0**	**40.1**

	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

Short-term timing differences primarily relates to deferred tax assets held in relation to long-term incentive schemes and bonuses.

2.17 Deferred tax continued

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 (2020: 19%). There is no unprovided deferred tax (2020: £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 2021 is £40.1 million (2020: £53.6 million).

Deferred tax assets of £29.7 million (2020: £41.5 million) are expected to be recovered after more than one year.

The deferred tax credited/(charged) to equity during the year was as follows:

	2021 £m	2020 £m
Deferred tax movement in the year in respect of employee share schemes (note 2.6)	(9.3)	10.9
Cumulative deferred tax credited to equity at 1 May	31.6	20.7
Cumulative deferred tax credited to equity at 30 April	22.3	31.6

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	
	2021 No '000	2020 No '000	2021 £m	2020 £m	2021 £m	2020 £m
Issued						
At start of year	136,649	140,157	6.8	7.0	49.8	49.8
Shares cancelled	(4,412)	(3,508)	(0.2)	(0.2)	–	–
At end of year	132,237	136,649	6.6	6.8	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 29 September 2020, 0.3 million ordinary shares (2020: 0.2 million) were allotted and issued to the Employee Benefit Trust.

On 30 September 2020, 0.4 million ordinary shares (2020: 0.4 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2021 there were 0.1 million shares held in trust (2020: 0.2 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2021 was £2.6 million (2020: £8.9 million).

During the 2021 financial year, 4.4 million shares were repurchased (2020: 3.5 million) for a total consideration of £188.6 million, excluding transaction costs (2020: £130.5 million). These shares were subsequently cancelled (2020: 3.5 million).

At 30 April 2021 there were 10.6 million (2020: 10.9 million) treasury shares held by the Group. The market value of the shares at 30 April 2021 was £491.2 million (2020: £457.7 million).

2.19 Reserves

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 169.

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 4.4 million (2020: 3.5 million) shares were repurchased to the value of £188.6 million (2020: £130.5 million). These shares were subsequently cancelled (2020: 3.5 million) 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 (2020: 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 29 September 2020 the Company issued and transferred to the Employee Benefit Trust 0.3 million ordinary shares (2020: 0.2 million ordinary shares). On 30 September 2020 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 (2020: 0.4 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.

	2021		2020	
	Dividend per share pence	£m	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2019	–	–	20.08	25.2
March 2020	–	–	99.32	124.6
September 2020	107.00	134.3	–	–
March 2021	9.13	11.2	–	–
Total dividends		145.5		149.8

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 £27.1 million which are guaranteed by third parties (2020: £22.6 million). The Group considers that the likelihood of an outflow of cash under these agreements is low and that no provision is required.

2.22 Notes to the Consolidated Cash Flow Statement
Reconciliation of profit after taxation for the year to cash generated from operations:

	2021 £m	2020 £m
Profit for the financial year	**422.7**	410.1
Adjustments for:		
— Taxation	**95.4**	93.6
— Depreciation	**5.9**	4.7
— Loss on sale of property, plant and equipment	**–**	0.2
— Finance income	**(3.0)**	(12.4)
— Finance costs	**9.6**	11.7
— Share of results of joint ventures after tax	**(22.4)**	(33.3)
— Non-cash charge in respect of pension scheme	**0.7**	–
— Non-cash charge in respect of share awards	**(12.3)**	(4.1)
Changes in working capital:		
Increase in inventories	**(97.6)**	(440.2)
Increase in trade and other receivables	**(5.1)**	(3.8)
Increase in trade and other payables	**25.5**	369.9
Net change in employee benefit obligations	**–**	(1.0)
Cash generated from operations	**419.4**	395.4

Reconciliation of net cash flow to net cash:

	2021 £m	2020 £m
Net (decrease)/increase in cash and cash equivalents, including bank overdraft	**(210.7)**	363.9
Decrease/(increase) in borrowings	**200.0**	(200.0)
Movement in net cash in the financial year	**(10.7)**	163.9
Opening net cash	**1,138.9**	975.0
Closing net cash	**1,128.2**	1,138.9
Net cash as at 30 April:		
Cash and cash equivalents	**1,428.2**	1,638.9
Current borrowings	**–**	(200.0)
Non-current borrowings	**(300.0)**	(300.0)
Total borrowings	**(300.0)**	(500.0)
Net cash*	**1,128.2**	1,138.9

* 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 page 8, 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 2021 was £2,047.2 million (2020: £1,962.7 million). The increase in capital employed in the year of £84.5 million reflects an increase in net assets during the year (2020: decrease of £25.6 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 its contractual obligations resulting in a loss to the Group.

Financial instruments: financial assets
The Group's financial assets can be summarised as follows:

	2021 £m	2020 £m
Current:		
Trade receivables	**44.1**	26.2
Cash and cash equivalents	**1,428.2**	1,638.9
Total financial assets	**1,472.3**	1,665.1

Trade receivables are non-interest bearing. Of the current trade receivables balance of £44.1 million (2020: £26.2 million) none of the balance was overdue by more than 30 days (2020: £nil).

Cash and cash equivalents are short-term deposits held at either floating rates linked to LIBOR or fixed rates. There are currently no Group's assets that are measured at fair value.

Financial instruments: financial liabilities
The Group's financial liabilities can be summarised as follows:

	2021 £m	2020 £m
Current		
Trade payables	**(509.2)**	(586.0)
Deposits and on account contract receipts	**(790.6)**	(783.5)
Lease liabilities	**(1.5)**	(1.2)
Accruals and deferred income	**(286.3)**	(258.0)
Borrowings	**–**	(200.0)
	(1,587.6)	(1,828.7)
Non-current		
Trade payables	**(330.8)**	(263.7)
Lease liabilities	**(1.7)**	(1.3)
Borrowings	**(300.0)**	(300.0)
	(632.5)	(565.0)
Total trade and other payables	**(2,220.1)**	(2,393.7)

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:

	2021 £m	2020 £m
Amounts due:		
In more than one year but not more than two years	**(55.3)**	(26.6)
In more than two years but not more than five years	**(511.5)**	(445.4)
In more than five years	**(65.7)**	(93.0)
	(632.5)	(565.0)

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair value.

2.23 Capital management, financial instruments and financial risk management continued

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 Group's credit risk, which is considered to be aligned to a nominal, low-risk 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:

	2021 £m	2020 £m
Amounts due:		
In less than one year	**(797.2)**	(1,045.4)
In more than one year but not more than two years	**(55.5)**	(26.8)
In more than two years but not more than five years	**(512.5)**	(446.4)
In more than five years	**(66.1)**	(93.5)
	(1,431.3)	(1,612.1)

Deposits and on account contract receipts are not included in the table above as they represent deferred revenue and therefore do not have a payment maturity date.

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 2021, profit after tax for the year would have been £4.8 million higher (2020: £4.3 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 2021.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade receivables and cash and cash equivalents. The Group has assessed expected credit losses and the loss allowance for trade and other receivables as immaterial.

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 (2020: £nil), nor are there any material provisions held against trade receivables (2020: £nil), and £nil trade receivables are past their due date (2020: £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.

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:

	2021				2020			
	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**	**–**	**450**	**Nov–23**	450	(200)	250	Nov–23
	750	**(300)**	**450**		750	(500)	250	

The Group's committed banking facilities currently total £750 million and expire in November 2023.

At 30 April 2021 the total drawn down balance of the facilities was £300.0 million (2020: £500.0 million) after the Group repaid £200 million (2020: drew down £200 million) on the revolving credit facility during the year. In addition, at 30 April 2021 there were bank bonds in issue of £18.8 million (2020: £28.1 million), of which £9.4 million is due within one year (2020: £9.3 million). This amount reflects deferred land payments and is therefore included within trade payables on the Group's Balance Sheet. The bank bonds are issued under the Group's revolving credit facility.

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 Alternative performance measures

Berkeley uses a number of alternative performance measures (APMs) which are not defined by IFRS. The Directors consider these measures useful to assess the underlying performance of the Group alongside the relevant IFRS financial information. They are referred to as Financial KPIs throughout the year end results. The information below provides a definition of APMs and reconciliation to the relevant IFRS information, where required:

Net cash

Net cash is defined as cash and cash equivalents, less total borrowings. This is reconciled in note 2.22.

Net assets per share attributable to shareholders (NAVPS)

This is defined as 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.

	2021	2020
Net assets (£m)	**3,175.4**	3,101.6
Total shares in issue (million)	**132.2**	136.6
Less:		
Treasury shares held (million)	**(10.5)**	(10.9)
Employee Benefit Trust shares held (million)	**(0.1)**	(0.2)
Net shares used to determine NAVPS (million)	**121.6**	125.5
Net asset per share attributable to shareholders (pence)	**2,612.1**	2,471.5

2.24 Alternative performance measures continued

Return on capital employed (ROCE)

This measures the profitability and efficiency of capital 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.

	2021 £m	2020 £m
Operating profit	**502.3**	469.7
Share of joint ventures using equity method	**22.4**	33.3
Profit used to determine ROCE	**524.7**	503.0
Opening capital employed:		
Net assets	**3,101.6**	2,963.3
Net cash	**(1,138.9)**	(975.0)
Opening capital employed	**1,962.7**	1,988.3
Closing capital employed:		
Net assets	**3,175.4**	3,101.6
Net cash	**(1,128.2)**	(1,138.9)
Closing capital employed	**2,047.2**	1,962.7
Average capital employed	**2,005.0**	1,975.5
Return on capital employed (%)	**26.2%**	25.5%

Return on equity (ROE) before tax

This measures the efficiency of returns generated from shareholder equity before taxation and is calculated as profit before taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

	2021 £m	2020 £m
Opening shareholders' equity	**3,101.6**	2,963.3
Closing shareholders' equity	**3,175.4**	3,101.6
Average shareholders' equity	**3,138.5**	3,032.5
Profit before tax	**518.1**	503.7
Return on equity before tax (%)	**16.5%**	16.6%

Cash due on forward sales

This measures cash still due from customers, with a risk adjustment, at the relevant Balance Sheet date during the next three years under unconditional contracts for sale. It excludes forward sales of affordable housing and commercial properties and forward sales within the Group's joint ventures.

Future gross margin in land holdings

This represents management's risk-adjusted assessment of the potential gross profit for each of the Group's sites, including the proportionate share of its joint ventures, taking account of a wide range of factors, including: current sales and input prices; the economic and political backdrop; the planning regime; and other market factors; all of which could have a significant effect on the eventual outcome.

2.25 Related party transactions

The Group has entered into the following related party transactions:

Transactions with Directors

During the year, Mr A W Pidgley paid £23,072 (2020: £65,598), Mr R C Perrins paid £255,980 (2020: £120,601), Mr S Ellis paid £26,978 (2020: £208,046) and Mr P Vallone paid £nil (2020: £811,191) 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 former Group's Chairman, under which Langham Homes will be paid a fee for a land introduction on an arm's length basis. No fees have been paid under this agreement in the year (2020: £300,000), there were no outstanding balances at the year end (2020: £nil) and there are no contingent fees outstanding. Langham Homes has not introduced any new land to the Group in the year.

Transactions with joint ventures

During the financial year the joint ventures paid management fees and other recharges to the Group of £38.6 million (2020: £39.8 million). Other transactions in the year include the movements in loans of £5 million (2020: £31.5 million) and the receipt of dividends of £7.5 million (2020: £177.7 million).

The outstanding loan balances with joint ventures at 30 April 2021 total £182.2 million (30 April 2020: £177.2 million).

2.26 Subsidiaries and joint ventures

(a) Subsidiaries

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, joint ventures and joint arrangements, the country of incorporation, the registered address and the effective percentage of equity owned, as at 30 April 2021 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	Ely Business Park Limited
Agents of Berkeley Homes (Central London) Limited	Chelsea Bridge Wharf (Block A) Limited
	Chelsea Bridge Wharf (Block B) Limited
	Chelsea Bridge Wharf (Block P) Limited
	Chelsea Bridge Wharf (C North) Limited
	Chelsea Bridge Wharf (C South) Limited
Agents of Berkeley Homes (Hampshire) Limited	Berkeley Homes (South Western House No.1) Limited
Agents of Berkeley Homes plc	Berkeley (Canalside) Limited
	Berkeley Build Limited
	Berkeley Fifty-Five Limited
	Berkeley Forty-Five Limited[1]
	Berkeley Forty-Four plc
	Berkeley Gateway Limited
	Berkeley Homes (Barn Elms) Limited
	Berkeley Homes (Capital) plc
	Berkeley Homes (Central & West London) plc
	Berkeley Homes (Central London) Limited
	Berkeley Homes (Chiltern) Limited
	Berkeley Homes (East Anglia) Limited
	Berkeley Homes (East Kent) Limited
	Berkeley Homes (East Thames) Limited
	Berkeley Homes (Eastern Counties) Limited
	Berkeley Homes (Eastern) Limited
	Berkeley Homes (Festival Waterfront Company) Limited
	Berkeley Homes (Hampshire) Limited
	Berkeley Homes (Home Counties) plc
	Berkeley Homes (North East London) Limited
	Berkeley Homes (Oxford & Chiltern) Limited
	Berkeley Homes (South East London) Limited
	Berkeley Homes (South London) Limited
	Berkeley Homes (Southern) Limited
	Berkeley Homes (Surrey) Limited
	Berkeley Homes (Thames Gateway) Limited
	Berkeley Homes (Thames Valley) Limited
	Berkeley Homes (Three Valleys) Limited
	Berkeley Homes (Urban Developments) Limited
	Berkeley Homes (Urban Living) Limited
	Berkeley Homes (Urban Renaissance) Limited
	Berkeley Homes (Western) Limited
	Berkeley Homes (West London) Limited
	Berkeley Homes (West Thames) Limited
	Berkeley Modular Limited
	Berkeley Ninety-One Limited
	Berkeley Partnership Homes Limited
	Berkeley Seven Limited
	Berkeley STE Limited
	Berkeley SW Management Limited
	Berkeley Urban Renaissance Limited
	Clare Homes Limited
	Lisa Estates (St Albans) Limited
	PEL Investments Limited
	St John Homes Limited
	St Joseph Homes Limited
	Stanmore Relocations Limited
	Tabard Square (Building C) Limited
Agents of Berkeley Twenty Limited	Thirlstone Homes (Western) Limited
	Thirlstone Homes Limited

2.26 Subsidiaries and joint ventures continued
(a) Subsidiaries continued

Agents of St George Central London Limited	Castle Court Putney Wharf Limited
	Imperial Wharf (Block C) Limited
	Imperial Wharf (Block J) Limited
	Imperial Wharf (Riverside Tower) Residential Limited
Agents of St George plc	St George Central London Limited
	St George City Limited
	St George Developments Limited
	St George Kings Cross Limited
	St George North London Limited
	St George South and Central London Limited
	St George South London Limited(vii)
	St George West London Limited(ii)
Agents of St George South London Limited	Battersea Reach Estate Company Limited
	Kensington Westside No. 2 Limited
	Putney Wharf Estate Limited
	Riverside West (Block C) Commercial Limited
	Riverside West (Block C) Residential Limited
	Riverside West (Block D) Commercial Limited
	Riverside West (Block D) Residential Limited
	Riverside West Car Park Limited
	St George Wharf (Block B) Limited
	St George Wharf (Block C) Limited
	St. George Wharf (Block D) Commercial Limited
	St George Wharf Car Park Limited
Agents of St John Homes Limited	Berkeley Sixty-Six Limited
Non-Agency Companies(v)	Ancestral Homes Limited
	Berkeley (Inner-City Partnerships) Limited
	Berkeley (SQP) Limited
	Berkeley (Virginia Water) Limited(i)
	Berkeley Affordable Homes Limited
	Berkeley Asset MSA Limited
	Berkeley College Homes Limited
	Berkeley Commercial Developments Limited
	Berkeley Commercial Investments Limited
	Berkeley Commercial Limited
	Berkeley Community Villages Limited
	Berkeley Construction Limited
	Berkeley Developments Limited(i)
	Berkeley Eighteen Limited
	Berkeley Eighty Limited
	Berkeley Eighty-One Limited
	Berkeley Eighty-Three Limited
	Berkeley Eighty-Two Limited
	Berkeley Enterprises Limited
	Berkeley Festival Development Limited
	Berkeley Festival Hotels Limited
	Berkeley Festival Investments Limited
	Berkeley Festival Limited
	Berkeley Fifty Limited
	Berkeley Fifty-Eight Limited
	Berkeley Fifty-Four Limited
	Berkeley Fifty-Nine Limited
	Berkeley Fifty-One Limited
	Berkeley Fifty-Seven Limited
	Berkeley Fifty-Three Limited
	Berkeley Fifty-Two Limited
	Berkeley First Limited
	Berkeley Five Limited
	Berkeley Forty Limited
	Berkeley Forty-Eight Limited
	Berkeley Forty-Nine Limited
	Berkeley Forty-Seven Limited
	Berkeley Forty-Six Limited
	Berkeley Forty-Three Limited
	Berkeley Forty-Two Limited
	Berkeley Fourteen Limited
	Berkeley Group Pension Trustees Limited
	Berkeley Group Services Limited
	Berkeley Group SIP Trustee Limited
	Berkeley Guarantee One Limited†
	Berkeley Homes (Carmelite) Limited
	Berkeley Homes (Chertsey) Limited
	Berkeley Homes (City & East London) Limited
	Berkeley Homes (City) Limited
	Berkeley Homes (Dorset) Limited
	Berkeley Homes (East London) Limited
	Berkeley Homes (Essex) Limited
	Berkeley Homes (Fleet) Limited(i)
	Berkeley Homes (Greater London) Limited
	Berkeley Homes Group Limited
	Berkeley Homes (Hertfordshire & Cambridgeshire) Limited
	Berkeley Homes (Kent) Limited
	Berkeley Homes (North Western) Limited(i)
	Berkeley Homes (PCL) Limited
	Berkeley Homes Public Limited Company(iii)
	Berkeley Homes (South) Limited
	Berkeley Homes (Southall) Limited
	Berkeley Homes (Stanmore) Limited
	Berkeley London Residential Limited
	Berkeley Manhattan Limited
	Berkeley Ninety-Eight Limited
	Berkeley Ninety-Five Limited
	Berkeley Ninety-Nine Limited
	Berkeley Ninety-Seven Limited
	Berkeley Ninety-Six Limited
	Berkeley Number Four Limited
	Berkeley Number Seven Limited
	Berkeley Number Six Limited
	Berkeley One Hundred and Eight Limited
	Berkeley One Hundred and Eighteen Limited
	Berkeley One Hundred and Eighty-Eight Limited
	Berkeley One Hundred and Eighty-Five Limited
	Berkeley One Hundred and Eighty Limited
	Berkeley One Hundred and Eighty-Nine Limited
	Berkeley One Hundred and Eighty-One Limited
	Berkeley One Hundred and Eighty-Seven Limited
	Berkeley One Hundred and Eighty-Two Limited
	Berkeley One Hundred and Fifteen Limited

Non-Agency Companies(v) continued	Berkeley One Hundred and Fifty-Eight Limited
	Berkeley One Hundred and Fifty-Five Limited
	Berkeley One Hundred and Fifty-Four Limited
	Berkeley One Hundred and Fifty Limited
	Berkeley One Hundred and Fifty-Nine Limited
	Berkeley One Hundred and Fifty-One Limited
	Berkeley One Hundred and Fifty-Seven Limited
	Berkeley One Hundred and Fifty-Six Limited
	Berkeley One Hundred and Fifty-Three Limited
	Berkeley One Hundred and Fifty-Two Limited
	Berkeley One Hundred and Five Limited
	Berkeley One Hundred and Forty-Eight Limited
	Berkeley One Hundred and Forty-Five Limited
	Berkeley One Hundred and Forty-Four Limited
	Berkeley One Hundred and Forty Limited
	Berkeley One Hundred and Forty-Nine Limited
	Berkeley One Hundred and Forty-One Limited
	Berkeley One Hundred and Forty-Seven Limited
	Berkeley One Hundred and Forty-Six Limited
	Berkeley One Hundred and Four Limited
	Berkeley One Hundred and Nine Limited
	Berkeley One Hundred and Ninety-Eight Limited
	Berkeley One Hundred and Ninety-Five Limited
	Berkeley One Hundred and Ninety-Four Limited
	Berkeley One Hundred and Ninety Limited
	Berkeley One Hundred and Ninety-Nine Limited
	Berkeley One Hundred and Ninety-Seven Limited
	Berkeley One Hundred and Ninety-Six Limited
	Berkeley One Hundred and Ninety-Three Limited
	Berkeley One Hundred and Ninety-Two Limited
	Berkeley One Hundred and One Limited
	Berkeley One Hundred and Seven Limited
	Berkeley One Hundred and Seventeen Limited
	Berkeley One Hundred and Seventy-Eight Limited
	Berkeley One Hundred and Seventy-Five Limited
	Berkeley One Hundred and Seventy-Four Limited
	Berkeley One Hundred and Seventy-Nine Limited
	Berkeley One Hundred and Seventy-One Limited
	Berkeley One Hundred and Seventy-Seven Limited
	Berkeley One Hundred and Seventy-Six Limited
	Berkeley One Hundred and Seventy-Three Limited
	Berkeley One Hundred and Seventy-Two Limited
	Berkeley One Hundred and Six Limited
	Berkeley One Hundred and Sixteen Limited
	Berkeley One Hundred and Sixty-Five Limited
	Berkeley One Hundred and Sixty-Four Limited
	Berkeley One Hundred and Sixty-One Limited
	Berkeley One Hundred and Sixty-Six Limited
	Berkeley One Hundred and Sixty-Three Limited
	Berkeley One Hundred and Thirteen Limited
	Berkeley One Hundred and Thirty-Eight Limited
	Berkeley One Hundred and Thirty-Five Limited
	Berkeley One Hundred and Thirty-Four Limited
	Berkeley One Hundred and Thirty Limited
	Berkeley One Hundred and Thirty-Nine Limited
	Berkeley One Hundred and Thirty-One Limited
	Berkeley One Hundred and Thirty-Seven Limited
	Berkeley One Hundred and Thirty-Six Limited
	Berkeley One Hundred and Thirty-Three Limited
	Berkeley One Hundred and Thirty-Two Limited
	Berkeley One Hundred and Three Limited
	Berkeley One Hundred and Twenty-Eight Limited
	Berkeley One Hundred and Twenty-Five Limited
	Berkeley One Hundred and Twenty-Four Limited
	Berkeley One Hundred and Twenty Limited
	Berkeley One Hundred and Twenty-Nine Limited
	Berkeley One Hundred and Twenty-One Limited
	Berkeley One Hundred and Twenty-Seven Limited
	Berkeley One Hundred and Twenty-Six Limited
	Berkeley One Hundred and Twenty-Three Limited
	Berkeley One Hundred and Twenty-Two Limited
	Berkeley One Hundred and Two Limited
	Berkeley Portsmouth Harbour Limited
	Berkeley Portsmouth Waterfront Limited
	Berkeley Properties Limited(i)
	Berkeley Real Estate Consulting (Beijing) Co., Ltd
	Berkeley Residential Limited(i)
	Berkeley Ryewood Limited(ii)
	Berkeley Seventy Limited
	Berkeley Seventy-Four Limited
	Berkeley Seventy-Nine Limited
	Berkeley Seventy-One PLC(vii)
	Berkeley Seventy-Seven Limited
	Berkeley Seventy-Six Limited
	Berkeley Seventy-Three Limited

2.26 Subsidiaries and joint ventures continued
(a) Subsidiaries continued

Non-Agency Companies[v] continued

- Berkeley Seventy-Two Limited
- Berkeley Sixty Limited
- Berkeley Sixty-Eight Limited
- Berkeley Sixty-Five Limited
- Berkeley Sixty-Four Limited
- Berkeley Sixty-Nine Limited
- Berkeley Sixty-One Limited
- Berkeley Special Projects Limited
- Berkeley Strategic Land Limited[vii]
- Berkeley Sustainable Communities Limited
- Berkeley Thirty-Eight Limited
- Berkeley Thirty-Nine Limited
- Berkeley Thirty-Three Limited
- Berkeley Three Limited
- Berkeley Twenty Limited
- Berkeley Twenty-Eight Limited
- Berkeley Twenty-Four Limited
- Berkeley Twenty-Nine Limited
- Berkeley Twenty-Seven Limited
- Berkeley Twenty-Three Limited
- Berkeley Twenty-Two Limited
- Berkeley Two Hundred and Eight Limited
- Berkeley Two Hundred and Eighteen Limited
- Berkeley Two Hundred and Eleven Limited
- Berkeley Two Hundred and Five Limited
- Berkeley Two Hundred and Fourteen Limited
- Berkeley Two Hundred and Nine Limited
- Berkeley Two Hundred and Nineteen Limited
- Berkeley Two Hundred and One Limited[i]
- Berkeley Two Hundred and Seven Limited
- Berkeley Two Hundred and Seventeen Limited
- Berkeley Two Hundred and Thirteen Limited
- Berkeley Two Hundred and Thirty Limited
- Berkeley Two Hundred and Three Limited
- Berkeley Two Hundred and Twelve Limited
- Berkeley Two Hundred and Twenty Limited
- Berkeley Two Hundred and Twenty-Eight Limited
- Berkeley Two Hundred and Twenty-Five Limited
- Berkeley Two Hundred and Twenty-Four Limited
- Berkeley Two Hundred and Twenty-Nine Limited
- Berkeley Two Hundred and Twenty-One Limited
- Berkeley Two Hundred and Twenty-Seven Limited
- Berkeley Two Hundred and Twenty-Six Limited
- Berkeley Two Hundred and Twenty-Three Limited
- Berkeley Two Hundred and Twenty-Two Limited
- Berkeley Two Hundred and Two Limited
- Berkeley Two Hundred Limited
- Berkeley Ventures Limited
- BH (City Forum) Limited
- Boardcable Limited
- Bromyard House (Car Park) Limited
- Bromyard House (Freehold) Limited
- Bromyard House (North) Limited
- Bromyard House Limited
- BWW Management Limited
- Charco 143 Limited[i]
- Chelsea Bridge Wharf (Management Company) Limited
- Chelsea Bridge Wharf Car Park Limited
- Community Housing Action Limited
- Community Villages Limited
- CPWGCO 1 Limited
- Drummond Road (Number 1) Limited
- Drummond Road (Number 2) Limited
- Exchange Place No 2 Limited
- Fishguard Bridge Limited
- Fishguard Tunnel Limited
- Great Woodcote Park Management Limited
- Hertfordshire Homes Limited
- Historic Homes Limited
- Kentdean Limited
- One Tower Bridge Limited
- Oval Works Limited
- Quod Erat Demonstrandum Properties Limited
- Retirement Homes Limited
- Royal Clarence Yard (Marina) Limited
- Royal Clarence Yard (Phase A) Limited
- Royal Clarence Yard (Phase B) Limited
- Royal Clarence Yard (Phase C) Limited
- Royal Clarence Yard (Phase E) Limited
- Royal Clarence Yard (Phase G) Management Company Limited
- Royal Clarence Yard (Phase H) Limited
- Royal Clarence Yard (Phase I) Limited
- Royal Clarence Yard (Phase K) Management Company Limited
- Royal Clarence Yard Estate Limited
- Sandgates Developments Limited[i]
- Sitesecure Limited
- SJC (Highgate) Limited
- South Quay Plaza Management Limited (62.5%)[vi]†
- St Edward Limited
- St George (Crawford Street) Limited
- St George (Queenstown Place) Limited
- St George Blackfriars Limited
- St George Commercial Limited
- St George Ealing Limited
- St. George Eastern Limited
- St. George Inner Cities Limited
- St. George Investments Limited
- St. George London Limited
- St George Northfields Limited
- St. George Partnerships Limited
- St George plc[iv]
- St George Project Management Limited
- St. George Properties Limited
- St George Real Estate Limited
- St George Regeneration Limited
- St. George Southern Limited
- St. George Western Limited
- St George Wharf Hotel Limited

Non-Agency Companies[v] continued

- St. George's Hill Property Company Limited
- St James Group Limited
- St James Homes (Grosvenor Dock) Limited
- St James Homes Limited
- Tabard Square (Building A) Limited
- Tabard Square (Building B) Limited
- Tabard Square (Car Park) Limited
- TBG (1) 2009 Limited
- TBG (3) 2009 Limited
- TBG (4) Limited
- TBG (5) LLP†
- The Berkeley Festival Waterfront Company Limited
- The Berkeley Group plc
- The Millennium Festival Leisure Company Limited
- The Oxford Gateway Development Company Limited
- The Tower, One St George Wharf Limited[i]
- Thirlstone (JLP) Limited
- Thirlstone Commercial Limited
- Thirlstone plc[ii]
- Woodside Road Limited

(i) A ordinary and B ordinary shares
(ii) Ordinary and preference shares
(iii) Ordinary and deferred shares
(iv) Ordinary, deferred and preference shares
(v) List contains companies that are a principal to agency agreements but are not agents themselves
(vi) Registered office is 83 The Avenue, Sunbury-On-Thames, Middlesex, TW16 5HZ
(vii) Ordinary and redeemable preference shares
† Partnership with no share capital

The subsidiary companies listed below are incorporated outside of England and Wales. Their country of incorporation and registered offices are listed below. Their principal activities continues to be that of 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.

	Country of incorporation	Registered office
Aragon Investments Limited[ii]	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	77 Robinson Road, #13-00 Robinson 77, Singapore 068896
Berkeley Whitehart Investments Limited	Jersey	28 Esplanade, Jersey, JE2 3QA
Comiston Properties Limited	Bahamas	Ocean Centre, Montagu Foreshore, East Bay Street, Nassau, New Providence, The 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

2.26 Subsidiaries and joint ventures continued

(b) Joint ventures

At 30 April 2021 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 Holdings Limited*
Berkeley Sutton Limited(ii)	St William Homes LLP(i)*
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 Eight Limited*	St William Twenty-Two Limited*
St William Eighteen Limited*	St William Two Limited*
St William Eleven Limited*	The St Edward Homes Partnership (unregistered partnership)(i)
St William Fifteen Limited*	The St Edward (Strand) Partnership (unregistered partnership)(i)
St William Five Limited*	U B Developments Limited(iv)
St William Four Limited*	
St William Fourteen Limited*	

(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

** 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	2021 £m	2020 £m
Fixed assets			
Investments	C2.4	**1,433.9**	1,430.5
		1,433.9	1,430.5
Current assets			
Debtors	C2.5	**606.4**	708.2
Cash at bank and in hand		**0.9**	0.9
		607.3	709.1
Current liabilities			
Creditors (amounts falling due within one year)	C2.6	**(828.7)**	(804.8)
Net current liabilities		**(221.4)**	(95.7)
Total assets less current liabilities and net assets		**1,212.5**	1,334.8
Capital and reserves			
Called-up share capital	C2.7	**6.6**	6.8
Share premium account	C2.7	**49.8**	49.8
Capital redemption reserve		**24.9**	24.7
Profit and loss account		**1,131.2**	1,253.5
Total shareholders' funds		**1,212.5**	1,334.8

As permitted by Section 408 of the Companies Act 2006, The Berkeley Group Holdings plc has not presented its own Income Statement. The profit after taxation of the Company for the financial year was £223.2 million (2020: £709.6 million).

The financial statements on pages 203 to 209 were approved by the Board of Directors on 23 June 2021 and were signed on its behalf by:

R J Stearn
Chief Financial Officer

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 2020	**6.8**	**49.8**	**24.7**	**1,253.5**	**1,334.8**
Profit after taxation for the year	**–**	**–**	**–**	**223.2**	**223.2**
Purchase of ordinary shares	**(0.2)**	**–**	**0.2**	**(188.6)**	**(188.6)**
Charge in respect of employee share schemes	**–**	**–**	**–**	**(6.2)**	**(6.2)**
Deferred tax in respect of employee share schemes	**–**	**–**	**–**	**(5.2)**	**(5.2)**
Dividends to equity holders of the Company	**–**	**–**	**–**	**(145.5)**	**(145.5)**
At 30 April 2021	**6.6**	**49.8**	**24.9**	**1,131.2**	**1,212.5**
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

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 accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with the Companies Act 2006 and, has 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 171 to 202.

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.

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 30 to 33.

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 £221.4 million (2020: £95.7 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:

	2021 £m	2020 £m
Auditor's remuneration	**0.1**	0.1

There were no non-audit services provided by the Company's current auditor during the year (2020: £nil).

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.

	2021 £m	2020 £m
Staff costs:		
Wages and salaries	**1.6**	2.4
Social security (credit)/costs	**(3.9)**	6.0
Share based payments – equity settled	**(5.1)**	1.4
Share based payments – cash settled	**0.4**	1.0
	(7.0)	10.8

The average monthly number of persons employed by the Company during the year was 12, all of whom are Directors (2020: 12).

Directors
Details of Directors' emoluments are set out in the Remuneration Report on pages 122 to 150.

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 (2020: £nil) were paid into the defined contribution scheme during the year.

Share based payments
The credit 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 £5.1 million (2020: charge of £1.4 million). The charge to the profit and loss account in respect of cash settled share based payments under the Bonus Banking Plan was £0.4 million (2020: £1.0 million). The charge to the reserves during the year in respect of employee share schemes was £6.2 million (2020: £2.2 million credit) which includes the corresponding entry to the cost of investment of £3.4 million (2020: £8.8 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 122 to 150 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 £223.2 million (2020: £709.6 million).

C2.4 Investments

Investments in subsidiary undertakings are included in the Balance Sheet at cost less provision for any impairment.

	2021 £m	2020 £m
Investments at cost:		
Investments in shares of subsidiary undertaking at 1 May	**1,430.5**	1,421.7
Additions	**3.4**	8.8
Investments in shares of subsidiary undertaking at 1 April	**1,433.9**	1,430.5

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 2.26 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.

	2021 £m	2020 £m
Current		
Amounts owed from subsidiary undertakings	**593.8**	685.5
Deferred tax	**12.6**	22.7
	606.4	708.2

All amounts owed from subsidiary undertakings are unsecured, bear no interest and are payable on demand. The Company has assessed expected credit losses as immaterial on amounts owed from subsidiary undertakings.

The movements on the deferred tax asset are as follows:

	2021 £m	2020 £m
At 1 May	**22.7**	16.1
Deferred tax in respect of employee share schemes credited to reserves	**(7.5)**	8.7
Realisation of deferred tax asset on vesting of employee share scheme	**(2.6)**	(2.1)
At 30 April	**12.6**	22.7

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 (2020: 19%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2020: £nil) at the Balance Sheet date.

The deferred tax asset of £12.6 million relates to short-term timing differences (2020: £22.7 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.

	2021 £m	2020 £m
Current		
Amounts owed to subsidiary undertakings	**(821.9)**	(790.9)
Other taxation and social security	**(5.9)**	(11.6)
Accruals and deferred income	**(0.9)**	(2.3)
	(828.7)	(804.8)

All amounts included above are unsecured. The interest rate on £821.9 million (2020: £790.9 million) of the balance owed to subsidiary undertakings is 4.0% (2020: 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	
	2021 No '000	2020 No '000	2021 No '000	2020 No '000	2021 No '000	2020 No '000
Issued						
At start of year	**136,649**	140,157	**6.8**	7.0	**49.8**	49.8
Shares cancelled	**(4,412)**	(3,508)	**(0.2)**	(0.2)	**–**	–
At end of year	**132,237**	136,649	**6.6**	6.8	**49.8**	49.8

During the year 4.4 million (2020: 3.5 million) shares were repurchased to the value of £188.6 million (2020: £130.5 million). These shares were subsequently cancelled (2020: 3.5 million). On cancellation of the share capital the capital redemption reserve was credited with the nominal value of shares.

On 29 September 2020, 0.3 million ordinary shares (2020: 0.2 million) were allotted and issued to the Employee Benefit Trust.

On 30 September 2020, 0.4 million ordinary shares (2020: 0.4 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2021 there were 0.1 million shares held in trust (2020: 0.2 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2021 was £2.6 million (2020: £8.9 million).

At 30 April 2021 there were 10.6 million (2020: 10.9 million) treasury shares held by the Group. The market value of the shares at 30 April 2021 was £491.2 million (2020: £457.7 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 pay out 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.

	2021		2020	
	Dividend per share pence	£m	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2019	**–**	**–**	20.08	25.2
March 2020	**–**	**–**	99.32	124.6
September 2020	**107.00**	**134.3**	–	–
March 2021	**9.13**	**11.2**	–	–
Total dividends		**145.5**		149.8

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

	2021 £m	2020 £m	2019 £m	2018 (*Restated) £m	2017 (*Restated) £m
Income statement					
Revenue from operations	**2,202.2**	1,920.4	2,957.4	2,840.9	2,626.8
Operating profit	**502.3**	469.7	768.4	817.0	737.1
Share of results of joint ventures	**22.4**	33.3	8.8	162.7	63.0
Net finance (costs)/income	**(6.6)**	0.7	(2.0)	(2.7)	(7.6)
Profit before taxation	**518.1**	503.7	775.2	977.0	792.5
Basic earnings per share	**339.4p**	324.9p	481.1p	587.4p	456.2p
Statement of financial position					
Capital employed	**2,047.2**	1,962.7	1,988.3	1,903.9	1,789.2
Net cash	**1,128.2**	1,138.9	975.0	687.3	285.5
Net assets	**3,175.4**	3,101.6	2,963.3	2,591.2	2,074.7
Net assets per share attributable to shareholders(1)	**2,612p**	2,472p	2,305p	1,938p	1,511p
Ratios and statistics					
Return on capital employed(2)	**26.2%**	25.5%	39.9%	53.1%	46.4%
Return on equity after tax(3)	**13.5%**	13.5%	22.6%	34.1%	32.8%
Return on equity before tax(4)	**16.5%**	16.6%	27.9%	41.9%	41.3%
Units sold(5)	**2,825**	2,723	3,698	3,678	3,802
Cash due on forward sales(6)	**£1,712**	£1,858	£1,831	£2,193	£2,743
Gross margin on land holdings(7)	**£6,884**	£6,417	£6,247	£6,003	£6,378

* 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 capital 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	3 September 2021
Half year end	31 October 2021
Interim Results Announcement for the six months ending 31 October 2021	December 2021
Trading Update	March 2022
Year end	30 April 2022
Announcement of Results for the year ending 30 April 2022	June 2022
Publication of 2022 Annual Report	August 2022

REGISTERED OFFICE AND ADVISORS

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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

Solicitor
Herbert Smith Freehills LLP

Bankers
Barclays Bank plc
HSBC UK Bank plc
Lloyds Bank plc
Santander UK plc
Handelsbanken plc
National Westminster Bank plc

Auditors
KPMG LLP

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