OUR VISION 2030
TRANSFORMING TOMORROW

Berkeley Group

TRANSFORMING TOMORROW

2022 Annual Report

BERKELEY GROUP AT A GLANCE

WHO WE ARE

We are a purpose driven company

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.

Read more on: pages 114 to 115.

We have deeply embedded values that shape our decisions and behaviour

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

Read more on: pages 114 to 115.

We have a uniquely long-term operating model

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

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

Berkeley is now bringing forward 32 of the largest and most complex regeneration sites in the country. In total, our current portfolio consists of 66,163 plots across 89 sites.

Read more on: pages 26 to 27.

We have an ambitious strategy tackling ten strategic priorities

OUR VISION 2030 TRANSFORMING TOMORROW

Our Vision 2030: Transforming Tomorrow is our strategy, focused around 10 strategic priorities for the business.

What we create	How we work
Customers	Employee Experience
Quality	Modernised Production
Communities	Future Skills
Climate Action	Supply Chain
Nature	Shared Value

Read more on: pages 38 to 53.

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.

The Berkeley Group comprises six market-leading brands and operates through a network of some 21 autonomous operating companies:

100% owned: Berkeley Designed for life; St George Designed for life; St James Designed for life; St Joseph Designed for life; St William Designed for life

Joint venture: St Edward Designed for life

Front cover: First phase of affordable homes delivered with the London Borough of Brent at Grand Union, Alperton in January 2022

INSIDE THIS REPORT

STRATEGIC REPORT


Broadacres, Southwater


Green Park Village, Reading


Kidbrooke Village, Greenwich

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

FINANCIAL HIGHLIGHTS*

Profit before tax

£551.5m

(2021: £518.1m)

Net asset value per share

£28.18

(2021: £26.12)

Pre-tax return on equity

17.5%

(2021: 16.5%)

Cash due on forward sales

£2,171m

(2021: £1,712m)

Net cash

£268.9m

(2021: £1,128.2m)

Future gross margin in land holdings

£8,258m

(2021: £6,884m)

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

INNOVATING TO MEET EVOLVING DEMAND

White City Living, Hammersmith & Fulham

St William
Designed for life

Berkeley acquired National Grid's 50% interest in St William, which is now wholly owned by the Berkeley Group. The acquisition has given Berkeley 100% control of 24 sites with the potential to deliver over 20,000 homes.

Read more about:
St William on page 20.

LAND HOLDINGS AS AT 30 APRIL

	2022 Total Group	100% Owned	50% Joint venture
Sites	89	82	7
Plots – owned	62,998	60,059	2,939
Plots – contracted	3,165	787	2,378
Plots – total	66,163	60,846	5,317

Read more about: Our Portfolio on pages 06 to 09.

OPERATING HIGHLIGHTS

5

new sites acquired with the capacity to deliver around 6,000 homes

4

major new planning consents obtained on long-term regeneration sites comprising over 6,700 homes

15

embodied carbon assessments were undertaken across our sites during the year

7

sites moved into production including three long-term regeneration sites, comprising over 5,000 homes

26

regeneration sites in production. Berkeley now has 26 of its 32 long-term complex regeneration sites in production

8,000

plots on six sites in Berkeley's pipeline

Better Society 2022 AWARDS
WINNER
Transformation Award
Berkeley Group

OUR VISION 2030
TRANSFORMING TOMORROW

DELIVERING FOR ALL STAKEHOLDERS

>£555m

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

>500

acres of new or improved natural habitats set to be created across our first 46 biodiversity net gain sites, plus a 155 acre country park at Milton Keynes

3,760

homes delivered (plus 872 in joint ventures). We are delivering some 10% of London's new private and affordable homes, supporting, on average, 27,000 UK jobs directly and indirectly through our supply chain each year

SBTs

progress made towards achieving our science-based targets (SBTs), which include commitments to reduce direct emissions by 50% by 2030 (1.5°C-aligned target) and to reduce the carbon intensity of our homes by 40% by 2030

77.2

Net Promoter Score (NPS) from our customers, compared to an industry average of 45 (HBF, March 2022)

BUSINESS AMBITION FOR 1.5°C

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

COMMITTED TO LONG-TERM SUSTAINABLE GROWTH

Woodhurst Park, Warfield

LEADING THE WAY IN BROWNFIELD REGENERATION

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

Returning neglected brownfield land to community use is a Government priority; helping to meet local housing needs, revive left behind places, energise local economies and relieve pressure on greenfield land.

>4,000 homes
delivered on brownfield land (including joint ventures) in 2021/22

86%
of homes delivered on brownfield land in 2021/22

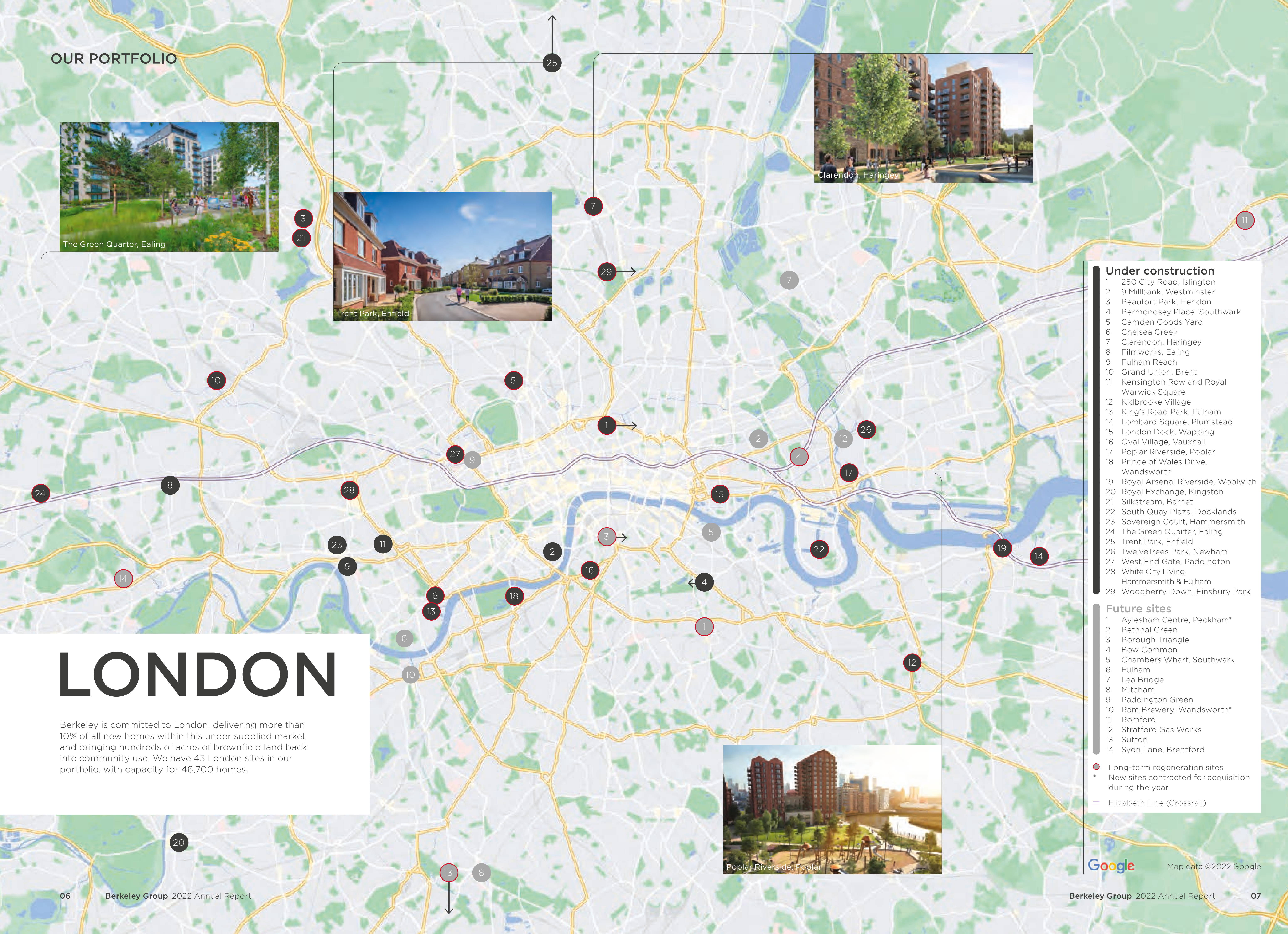
85%
of sites on brownfield land

HORLICKS QUARTER
SLOUGH SL1

CHELSEA CREEK

HARTLAND Village
HAMPSHIRE

OUR PORTFOLIO



The Green Quarter, Ealing

Trent Park, Enfield

Clarendon, Haringey

Poplar Riverside, Poplar

LONDON

Berkeley is committed to London, delivering more than 10% of all new homes within this under supplied market and bringing hundreds of acres of brownfield land back into community use. We have 43 London sites in our portfolio, with capacity for 46,700 homes.

OUT OF LONDON

We focus on complex large-scale sites where our placemaking and development expertise can create welcoming neighbourhoods of lasting social, economic and environmental value. Our regional portfolio includes 46 sites within some of the country's most under supplied markets, with capacity for 19,400 homes.

Map data ©2022 Google


Glasswater Locks, Birmingham (CGI)


Leighwood Fields, Cranleigh


Foal Hurst Green, Paddock Wood


Green Park Village, Reading

Under construction

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

Future sites

1 Bath
2 Bracknell
3 Brighton Gas Works
4 Effingham
5 Frimley Green
6 Guildford*
7 Hemel Hempstead
8 Hertford
9 Hillsbrow, Redhill
10 Milton Keynes*
11 Reading
12 Sevenoaks
13 Swan's Landing, Stratford-Upon-Avon
14 Wallingford
15 Worthing Gas Works

Long-term regeneration sites
* New sites contracted for acquisition during the year
Elizabeth Line (Crossrail)

LONG-TERM SUSTAINABLE VALUE CREATION

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

— The scale of our land holdings means Berkeley never needs to compromise its disciplines and can acquire land selectively 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 urban development expertise.

— 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 on delivery and mitigates regulatory risk.

— Strong forward sales underpin near and medium-term delivery, profits and cash flows, 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 approach to capital allocation:

— Ensure Berkeley's financial strength reflects the prevailing macro and operating environments.

— 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.

Oval Village, Vauxhall

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 21 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.

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.

Hollyfields, Hawkenbury

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 inherent 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 12.

SHAREHOLDER RETURNS PROGRAMME

2011
Established 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. £281 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. £281 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.

2021 - 2022
Berkeley combined an underlying £223 million with the £228 million first half surplus capital (£455 million) into a £451 million shareholder payment in September 2021. This was made via a B Share Capital Reduction and accelerated the £141 million underlying return to 31 March 2022.

In March 2022, the residual £227 million surplus capital was returned through the St William acquisition.

Read more on: page 20.

Shareholder Returns Programme	Shareholder Return mechanism				Long-term value metrics‡	
As at 30 April 2022	**Underlying return £m**	Dividends £m	Buy-backs £m	**Surplus capital £m**	Net asset value/share	Land holdings future GM
As at 1 May 2011	**–**	–	–	–	£7.09	£2,872m
To 30 September 2015	**582**	582	–	–	£11.99	£5,272m
To 30 September 2016	**273**	273	–	–	£13.14	£6,146m
To 30 September 2017	**278**	188	90	–	£15.11	£6,378m
To 30 September 2018	**278**	120	158	–	£19.38	£6,003m
To 30 September 2019	**279**	34	245	–	£23.05	£6,247m
To 30 September 2020	**280**	259	21	–	£24.72	£6,417m
To 30 September 2021	**422**	233	189	**228**	£26.12	£6,884m
To 30 September 2022*	**141**	77*	64	**227**	£28.18	£8,258m
Returns – committed	**2,533**	**1,766**	**767**	**455**		

£28.18
net asset value per share, up from £7.09 at 1 May 2011

£767m
returned to shareholders via 20.5 million share buy-backs, at an average cost of £37.34

£282m
ongoing annual return set out to September 2025, currently an equivalent to £2.54 per share (originally £2.00 per share)

* As at 30 April 2022, £64 million has been returned via share buy-backs leaving a residual £77 million to be returned by 30 September 2022. The amount that will be returned as a dividend will be announced in August 2022, taking account of any further share buy-backs in the intervening period

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

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.

EY
Building a better working world

White City Living, Hammersmith & Fulham

"On average, every new home built by Berkeley in the last five years has generated £299,000 of value to the state through taxation and contributions to the community."

Homes
19,053
Berkeley built 4,632 homes in 2021/22 and a total of 19,053 over the last five years (including joint ventures).

Communities
£2.0bn
Including £0.6 billion in 2021/22. 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
£14.0bn
Berkeley's contribution to UK GDP was £3.2 billion in 2021/22 and £14.0 billion for the last five years.

Tax
£3.7bn
Total UK tax contribution of £0.8 billion in 2021/22 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
27,000
Berkeley has supported, on average, 27,000 UK jobs per annum directly and indirectly through its supply chain over the last five years.

BERKELEY'S CORE MARKET

The housing market is sensitive to the underlying sentiment of the prevailing macro-economic environment. It is therefore cyclical in nature, and Berkeley is experienced operating in this environment, with a unique business model that enables us to successfully deliver homes throughout the whole economic cycle.

Over recent years, the UK economy has endured a number of global and domestic challenges, including Brexit, COVID-19 and recently the impact of the Ukraine conflict on global markets.

The UK housing market has navigated well through these unprecedented times, with Government's ongoing commitment to supporting the sector helping to underpin this. Consequently, sales and construction activity are back around pre-pandemic levels.

For this recovery to be sustained, and to see the growth requirement to meet the national housing need, we must be mindful of the current operating environment, where inflation, labour and materials shortages, interest rates and the regulatory costs of development could all adversely weigh on both supply and demand.

Crucially though, despite this economic backdrop, the fundamentals of the housing sector and Berkeley's core markets remain strong:

- as anticipated, London's position as a global city has not diminished and similarly, people are returning to urban living and businesses to office working;
- under supply in London and the South East of England remains an issue, having compounded further in recent years;
- interest rates, although increasing, remain at historically low levels;
- mortgage availability remains strong with a competitive lender market and Government policy remains supportive of mortgage lending; and
- affordability levels remain within historical parameters for those with the requisite deposit.

London and the South East is systemically under-supplied
The Government's annual delivery target remains at 300,000 homes per year, a volume that has only ever been achieved six times, all during the 1960's, when Government directly delivered around 40% of all new build homes.[2]

During 2021/22, the number of new homes completed across England was around 240,000,[7] significantly higher than the 216,000 delivered in the prior year as a consequence of pandemic related restrictions, and at a level consistent with the two years prior to the pandemic[1]. However, this is still materially below the Government's ambition, and only serves to further compound the national under supply issue.

Based upon the Government's assessment of housing need,[3] this under supply is concentrated in London and the South East (see figure 1):

- London's housing need is now 94,000 per year. Over the last three years an average of 39,000 per year was delivered,[1,6] an annual shortfall of 55,000 homes (58%).
- The housing need across the South East is now 50,000 per year. Over the last three years an average of 41,000 per year was delivered,[1,6] an annual shortfall of 9,000 homes (24%).

Although completions in London reached their highest annual level in 2019/20 at 41,000 net additional dwellings,[1] they fell below this level in both subsequent years,[1,6] compounding the structural under supply in London.

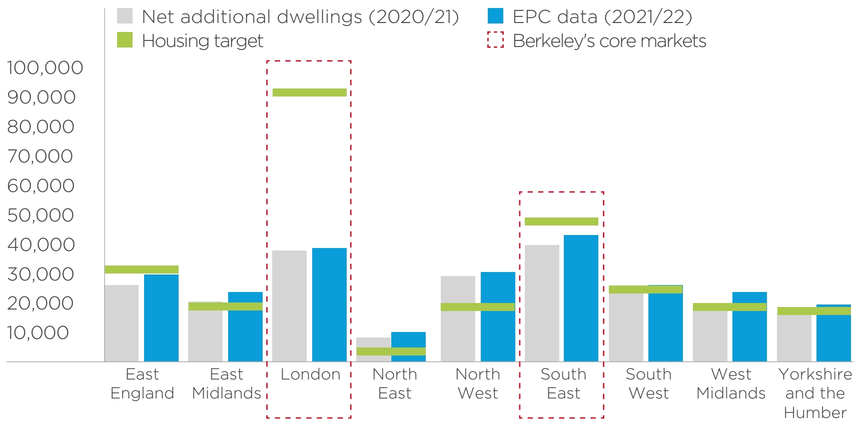
The current London Plan has a housing delivery target of 52,000, based on London's capacity to deliver homes (revised down from 65,000 in the Draft Plan). Even if this target were reached, this would still represent a shortfall of 42,000 homes or around 45% relative to London's assessed housing need every year.

This supply constraint in London looks set to continue in the medium to long-term. Any increase on current levels is unlikely to be sustainable, and supply may even worsen further with recent pipeline starts volumes in the city having remained below 17,000 per year for the last three calendar years,[4] constraining future new build supply (see Figure 2). The positive recovery post initial 2020 lockdown appears to have plateaued, with the emerging annual run rate stubbornly remaining below 20,000.

On a national basis, the issue is equally acute. Recently, annual new build starts outside of London had peaked in 2018 at around 150,000,[2] but dropped to an annual rate of 116,000 during 2020[7] as the pandemic restricted activity. National starts have since recovered to around 160,000[2] a year by the end of 2021, some of which represents pent up activity from 2020. When combined with London delivery, the volume of starts remains just over half the Government's national target.

Figure 1

Housing supply shortfall in London and South East[1,4,6]



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;
- the introduction of the new 4% Residential Property Developer Tax from April 2022 (targeted to raise £2 billion), in addition to an increase in corporation tax rates from 19% to 25% from April 2023; and
- the new 'Building Safety Levy' applicable to all new development (targeted to raise £3 billion, with the exact mechanism currently unknown).

The Government has also taken actions to stimulate the sector, most notably the Help to Buy scheme which has assisted over 350,000 buyers onto the housing ladder since 2013 whilst supporting around a quarter of new build sales[1,8], and the temporary cut in SDLT initiated during the pandemic, ending in September 2021.

The temporary SDLT cut demonstrated the positive impact a more permanent rationalisation of the SDLT regime could have on housing market activity. The introduction of the 3% SDLT levy on additional properties initiated a downward trend in transaction volumes, exacerbated in London (see Figure 3).

Such investment (including some overseas purchasers, who have also been impacted by the introduction of a further 2% SDLT surcharge) is a crucial element of new housing supply. They typically invest early in the development cycle, which allows developers and their funders to bring forward larger and more capital intensive developments, thus creating significant additionality beyond their direct purchases.

Despite the ending of the SDLT holiday in September 2021, transaction activity remained robust throughout the period, assisted by a pent up demand created during the pandemic. It now appears that volumes have broadly returned to pre-pandemic levels. Particularly strong rental growth over the period means average rents have now surpassed their pre-pandemic level, revealing people's preference still remains to live and work in a thriving global city.

Figure 2

Falling new starts in London[4]

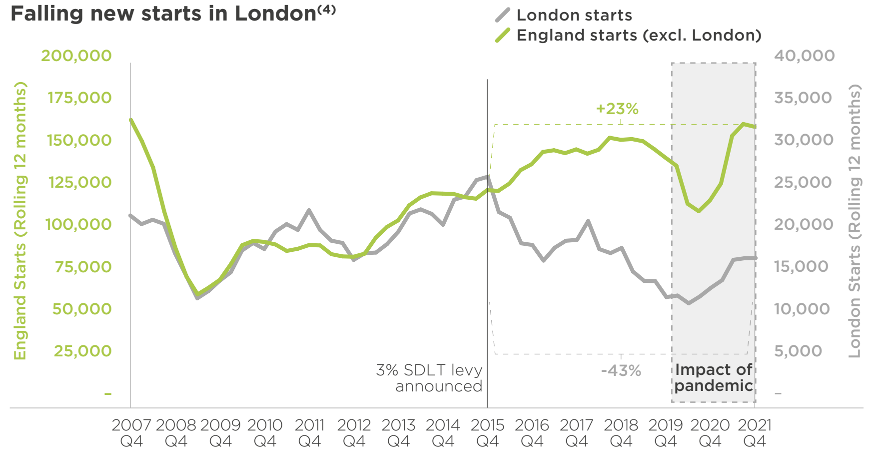
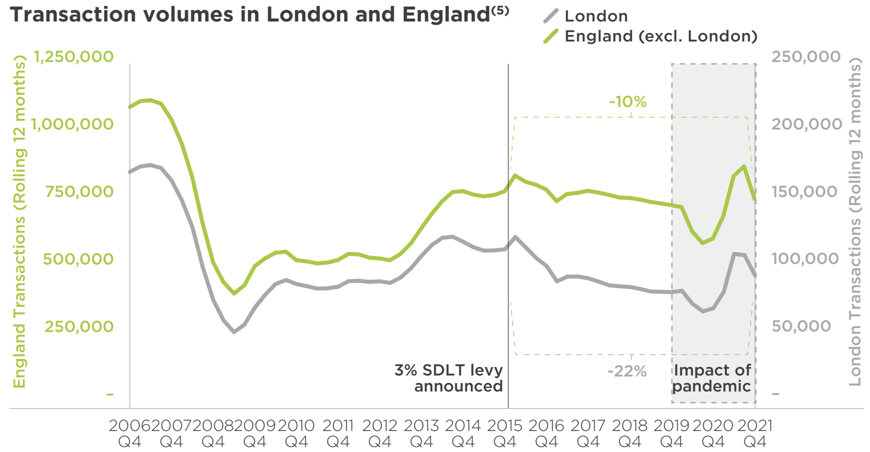


Figure 3

Transaction volumes in London and England[5]



Setting the conditions for growth
As the Government seeks to improve the UK's underlying rate of economic growth, increasing housing delivery can and should play a leading role. When individual homebuyers, investors, and developers like Berkeley have the confidence and ability to invest for the long-term, this supports huge economic activity, improves social mobility, and permanently increases the country's asset base. To achieve this, the Government should take the following actions:

- Set a proportionate approach to SDLT to support activity in the market, permanently cutting SDLT rates at all levels. Initial lost revenue to the Treasury would be more than offset by greater economic activity arising from increased activity in both the new build and second hand markets.
- Increase the amount of direct Government investment in affordable housing, assisting with the private sector's efforts to replicate historical record delivery levels achieved in tandem with significant Government intervention.
- Bring more marginal sites into production by redirecting Help to Buy funding after the scheme's cessation in March 2023 directly into new housing delivery, supporting new infrastructure and more ambitious grant funding for affordable homes.
- Offer longer periods for mortgage offers to support owner-occupier activity at an earlier stage in the new build sales cycle.
- Ensure the new planning powers suggested as part of the Levelling up and Regeneration Bill result in the building of more high quality, well designed and beautiful homes in the most under supplied markets.
- As well as the welcome announcement that the proposed Infrastructure Levy can be delivered in-kind through affordable housing and on site infrastructure, the Government must ensure the new planning tariff implied reflects the complex, long-term and uncertain economic environment, particularly in light of increases in developer taxation and increases in build costs.
- Ensure the energy solutions demanded of new development in transition to Net Zero are technology agnostic, allowing the industry to drive innovative solutions.
- Reduce the layering of policy and regulation by defining key policy-making powers at appropriate Government levels.

Sources: (1) DLUHC Live Table 118; (2) DLUHC Live Table 244; (3) DLUHC Indicative Local Housing Need (December 2020); (4) DLUHC Live Table 253a; (5) Land Registry; (6) DLUHC EPC data; (7) DLUHC Live Table 213; (8) DLUHC Help to Buy (Equity Loan Scheme) data

CHAIRMAN'S STATEMENT

Glyn Barker, Chairman

Emerging from the unprecedented challenges of the COVID-19 pandemic, the last year has been characterised by ongoing volatility, with the effects of the post Brexit transition, the war in Ukraine and recent inflationary cost pressures all producing considerable challenges for all businesses, requiring clarity of strategy and agility to navigate effectively.

Berkeley was notable for such agility during the pandemic in adapting its working practices to ensure the COVID-secure continuity of its operations and sustaining production to deliver on its commitments to customers and communities. The pride, initiative and commitment shown by Berkeley's people in exercising such resilience and tenacity have stood the Company in good stead and positioned it well to respond to the additional challenges of the last year.

Notwithstanding the volatility, this has been a transformational year for Berkeley and I am delighted that the continuing passion and resilience demonstrated by the business and Berkeley's people has resulted in such a strong operational performance.

During the year, the Company has remained focused on its purpose, to build quality homes, strengthen communities and improve people's lives, and on delivering long-term sustainable value to its shareholders and other stakeholders.

In September 2021, Berkeley successfully delivered a £451 million Capital Return programme through the B Share Scheme which included both scheduled shareholder returns and a surplus return of £228 million. In March 2022, the acquisition from National Grid of its 50% interest in St William completed the return of surplus capital. The launch of Green Bonds and the refinancing of the Group's existing financing facilities has ensured that the Group's financial strength remains undiminished. Combined with progress made on Our Vision 2030, Berkeley ends the year well placed to continue investing in the future to the benefit of all its stakeholders.

This has also been a significant year for Berkeley from a governance perspective. When I took on the role of Chairman in July 2020, following the unexpected passing of Berkeley's founder and former Chairman, Tony Pidgley CBE, it was for a two year term to oversee the development and transition of a diverse Board, and one with an appreciation of the Berkeley culture. I am delighted that the Board of Berkeley has been further strengthened by the additions of Andy Kemp and Natasha Adams as Non-Executive Directors in July 2021 and February 2022 respectively. Andy Kemp was additionally appointed to both the Audit and Remuneration Committees and as Chairman of the Remuneration Committee in December 2021. With the completion of the current phase of the Board refresh programme, I am encouraged by the strong and complementary balance of skills, experience and diversity of perspectives that I am confident will continue to promote the long-term success of Berkeley.

During the year, Dame Alison Nimmo, Adrian Li and Peter Vernon stepped down from the Board. I am most grateful to Alison, Adrian and Peter for their outstanding contribution to Berkeley over the years and, not least, for their support during my tenure as Chairman.

As planned, I will be stepping down from the Board at the conclusion of the Company's Annual General Meeting on 6 September 2022. During the year, Diana Brightmore-Armour, Senior Independent Director, has led the process to appoint Berkeley's next Chairman. After a thorough, formal and rigorous process, Michael Dobson has been appointed as Chairman Designate, to succeed me as Chairman in September 2022. I am delighted to be handing over to such an excellent and distinguished successor as Michael, and I wish him every success as he leads Berkeley in the next phase of its development.

It has been a privilege to have served as Chairman over this period, and as a Non-Executive Director for several years before. I leave with the utmost respect for the Berkeley business, the Board and the very special and unique culture which consistently delivers outstanding performance for shareholders, customers and all stakeholders. As I prepare to step down, I would like to extend my gratitude to the Berkeley Board, senior management and all its people for their outstanding contribution to the continuing long-term success of Berkeley.

Glyn Barker
Chairman

ELIZABETH LINE LAUNCH

London celebrated the launch of the Elizabeth Line in May 2022, delivering a major connectivity boost between Reading, Slough, Heathrow and across the capital. Many Berkeley developments directly benefit from the new route and stations, including Royal Arsenal Riverside, where we helped to secure and part-deliver the on-site Woolwich Elizabeth Line Station at the heart of this 5,100 home neighbourhood.

Rob Perrins, Chief Executive

"These strong results reflect the stability of our uniquely long-term operating model throughout an exceptionally volatile period. They are underpinned by our portfolio of major brownfield regeneration projects, where patient and sustained investment is transforming disused land into distinct and highly sustainable mixed use neighbourhoods within the UK's most undersupplied markets.

We are incredibly proud of the places we create, which are individually designed in close collaboration with local councils and communities to provide the right mix of homes, amenities, natural landscapes, cultural attractions and commercial spaces. Examples include Grand Union, where we completed the first 128 homes this year, 92 of which are affordable rented homes delivered in partnership with Brent Borough Council, alongside a beautiful canal-side public square and 5,000 sq ft Community Centre; and the hugely exciting Horlicks Quarter where, in partnership with Slough Borough Council, we have delivered the first 35 homes and the heritage restoration of the iconic factory, clock tower and chimney is well under way.

As the largest contributor to new homes in London, our conviction in the long-term resilience and attraction of the capital has been rewarded by the city's resurgence post COVID-19, with our passion for creating distinctive and well rounded neighbourhoods providing a clear advantage as customers increasingly prioritise the quality and character of the local setting post pandemic. The £556 million of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits exceeds our profit for the year, and is a clear indicator of the social value and benefits that stem from our unique portfolio of long-term regeneration sites.

Most importantly, the year has seen Berkeley deliver comprehensively on its long-term 'Our Vision 2030: Transforming Tomorrow' strategy, through which we are leading the industry in tackling today's most important challenges. This includes the completion of a ground-breaking research project into embodied carbon, which involved detailed studies of 15 of our buildings to identify the most carbon intensive materials and processes, providing previously unavailable data and insight. This has been instrumental in developing our roadmap for meeting our ambitious science-based target to reduce embodied carbon in our buildings by 40% by 2030. This research also demonstrated the progress Berkeley has already made in this area, with our buildings already well below business as usual embodied carbon benchmarks.

This is a strong position from which Berkeley and its supply chain can lead the transition to a low carbon, high growth economy.

Berkeley has continued to pioneer nature recovery within our industry, with 46 sites now having net biodiversity gain strategies in place, which together will create more than 500 acres of new or measurably improved natural habitats. Reflecting our focus on brownfield regeneration, most of these beautiful green and blue spaces are being created in urban areas where nature is most depleted and communities lack accessible green space. These sites are set to deliver an average net biodiversity gain of over 400%, far exceeding the Government's proposed 10% minimum target and reflecting the wider benefits of reviving brownfield land.

We have maintained our industry-leading customer Net Promoter Score and health and safety performance, and continued our investment in skills and training to make sure our industry is a great place to work for young people looking to begin their careers.

Berkeley has invested £4 billion in its development activities over the last two years. This level of investment and the continued drive to innovate requires a stable and fair regulatory environment that is supportive of responsible businesses. The last year has seen increases in taxation for all businesses and our sector in particular which has also faced further regulatory changes. The restoration of a stable and predictable regulatory and taxation regime is in the interests of both business and Government. For without it, there is a risk that the investment required to deliver much needed new homes and the transition to net zero will not come forward at the necessary pace.

The progress over the last 12 months has been extraordinary and has required a combination of expertise, innovation and determination. I would like to thank our exceptional people and partners for their tremendous efforts and commitment to achieve these results against such a volatile and uncertain backdrop."

Purpose, Strategy and Capital Allocation

Berkeley's purpose is to create quality 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, 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 dividends or share buy-backs.

Berkeley is the only large UK homebuilder focused on the regeneration of large, complex brownfield projects at scale. We have built up the breadth of expertise, financial strength and holistic placemaking approach needed to patiently transform these challenging sites into highly connected, accessible and welcoming neighbourhoods. Places where homes are conveniently served by a high concentration of new and existing local infrastructure and amenities, carefully stitching them back into their surrounding communities.

Reviving these under-used spaces, which include redundant gas works and industrial estates, is vital to re-energising our cities and town centres. It creates an increasingly sustainable, socially inclusive, lower carbon model of modern living, with land, energy, resources and infrastructure used more efficiently and responsibly.

The acquisition of National Grid's 50% interest in St William continued Berkeley's philosophy of investing at the right time in the cycle for the long-term, securing unrivalled land holdings in London and the South East. It saw the Group achieve its target of increasing the estimated future gross margin in its land holdings to over £7.5 billion, three years ahead of schedule, on sites it knows well, without increasing operational delivery requirements at a time when it is increasingly difficult to find new land that can accommodate today's costs of development and generate appropriate returns. Berkeley will now only acquire new land very selectively.

The focus of investment over the next two years will be on bringing the Group's regeneration sites into delivery in line with the current business plan and earnings guidance to 30 April 2025, ensuring they each have the most appropriate development solution to reflect the preferences of today's customer, the needs of local communities and costs of delivering these complex developments in the prevailing operating environment. During this period, Berkeley is now targeting to be working capital neutral.

Once this investment phase completes the focus will shift to returning surplus capital, over and above the current annual scheduled payment to shareholders. Sustained return on equity, rather than annual profit will be the principal financial metric for the business. This reflects Berkeley's long-held prioritisation of quality of profit and financial soundness ahead of annual profit targets, as well as the lumpiness of delivery of profit on regeneration developments.

Shareholder Returns and Surplus Capital

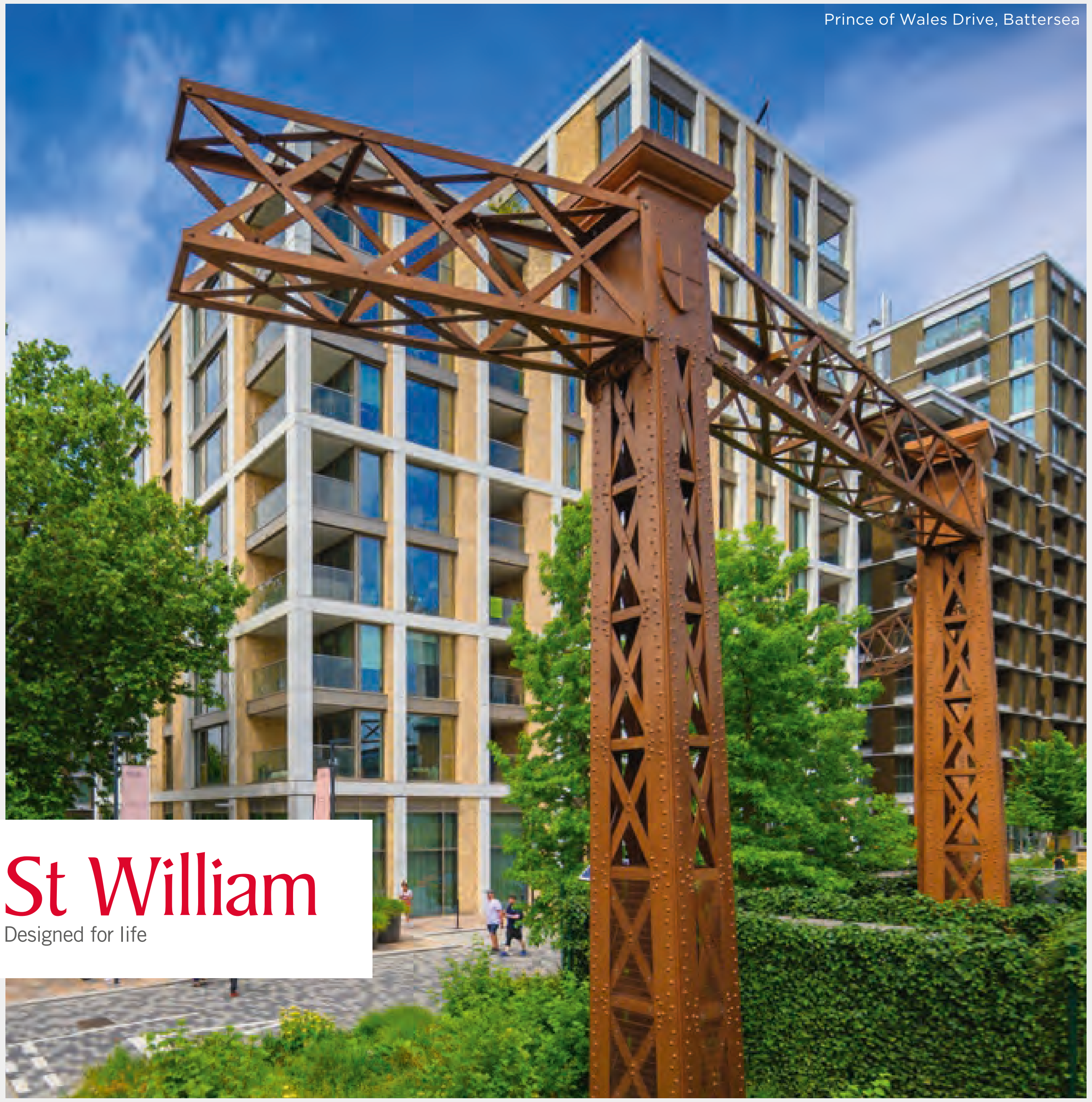
Berkeley has in place a long-term plan for shareholder returns, based upon an ongoing annual return of £282 million through to September 2025 which can be made through either dividends or share buy-backs. In addition, Berkeley had previously identified £455 million of surplus capital to be returned by 30 April 2023 through either a combination of enhanced cash returns to shareholders or incremental land investment.

In September 2021, Berkeley returned the first half (£228.9 million) of this surplus capital as part of a £451.5 million B Share return to shareholders. The balance of the £451.5 million comprised the remaining £222.6 million of the underlying annual return for 2021/22, with £59.3 million having already been returned through share buy-backs in the year ended 30 April 2021. The B Share return was equivalent to £3.71 per share and was followed by a share consolidation which reduced the Company's share capital, net of treasury and EBT shares, by 7.65% from 121.6 million to 112.3 million shares at the time of the consolidation. The acquisition of National Grid's 50% interest in St William completed the £455 million Surplus Capital Return.

The Company has committed to the next ongoing scheduled shareholder return which is the £141 million in respect of the six months ending 30 September 2022, against which £63.7 million has been spent on 1.5 million share buy-backs in the year.

2021/22 AWARDS AND ACCREDITATIONS

- Better Society Awards: Transformation Award
- What House?: Best Large Housebuilder
- Building Awards: Housebuilder of the Year
- Investor in Customers Gold Award for the fifth time
- In-house Research Gold Award for customer satisfaction for six consecutive years
- 2022 RESI Awards: Best Large Developer
- Planning Awards: Planning for Affordable Housing and Best Housing Scheme



Prince of Wales Drive, Battersea

On 15 March 2022, Berkeley acquired National Grid's 50% interest in its St William Homes LLP (St William) joint venture. St William was formed in 2014 as a 50:50 joint venture to bring forward former gas works sites owned by National Grid that it no longer required for its own business activities to create mixed use residential developments. Its formation followed Berkeley's acquisition of the former National Grid gas works at Southall's Green Quarter where Berkeley has now delivered the first 550 homes on this 88 acre, 3,750 home mixed use regeneration site.

Through the acquisition of National Grid's interest in St William, Berkeley has gained full control of 24 sites with the potential to deliver over 20,000 homes. These constitute the significant majority of those identified at the inception of St William, which has already delivered approximately 1,100 homes and completed three small sites.

Including the already wholly owned Green Quarter site at Southall referred to above, and the three small sites already completed, Berkeley's relationship with National Grid will see some 25,000 new homes delivered across London and the South East that would not otherwise have come forward.

The regeneration of these vast, highly complex sites, once cut off from their local communities, to create new urban neighbourhoods with the right mix of homes, public amenities, parks and open spaces, is inherently sustainable. Berkeley's investment reflects its expertise and long-term commitment to London. This transaction will continue to sustain on average 27,000 UK jobs directly and indirectly through Berkeley's supply chain each year.

The amount that will be returned as dividend will be announced on 11 August 2022, taking account of any further share buy-backs in the intervening period.

Since January 2017, when share buy-backs were first introduced, Berkeley has acquired 20.5 million shares for £766.6 million, at an average price of £37.34 per share and, following these buy-backs and the recent share consolidation, the ongoing annual return of £282 million currently equates to £2.54 per share; a 27% increase on the initial £2.00 per share initiated in 2016.

Summary of Performance

Berkeley has delivered pre-tax profits of £551.5 million for the year. This is from the sale of 3,760 homes (2021: 2,825) at an average selling price of £603,000 (2021: £770,000), reflecting the mix of properties sold in the year. At the time of our interim results in December 2021, we raised our earnings guidance by 5% for the current year to approximately £545 million and then 5% per annum thereafter for the next three years, which placed Berkeley on a path to delivering approximately £625 million pre-tax profit for the year ending 30 April 2025.

The acquisition of St William further underpinned earnings for the next three years and Berkeley therefore accelerated its earnings guidance for the financial years ending 30 April 2024 and 2025 by a year in each case. Accordingly, Berkeley anticipates delivering pre-tax earnings of approximately £600 million for the year ending 30 April 2023 and £625 million for the two years thereafter.

Housing Market and Operating Environment

Sales

For Berkeley, the value of underlying sales reservations over the year has been 25% ahead of last year and slightly ahead of the two years preceding the pandemic. As anticipated, London's status as a global city has not diminished and people are returning to urban living and businesses to office working. Demand is robust across domestic and international customers, with the opening of the Elizabeth Line reinforcing confidence and directly benefiting a number of Berkeley sites across London and the Thames Valley.

Pricing has been firm and Berkeley has sold above its business plan level throughout the year, absorbing input cost increases. The rate of cancellations remains stable and within the normal range, whilst sales continue to be split broadly evenly between owner-occupier and investors.

Our cash due on forward sales is £2.17 billion at 30 April 2022, a 27% increase on the £1.71 billion held a year ago. The majority of the increase relates to the acquisition of St William, with phases in production at Prince of Wales Drive, King's Road Park, Clarendon and Poplar Riverside, alongside a small underlying increase in line with sales trends.

These forward sales provide a strong underpin to delivery over the next three years and represent cash due on exchanged sales contracts, which will be collected over the next three financial years and excludes secured sales in St Edward and forward sales to housing associations.

London and South East housing market fundamentals

The UK housing market has navigated well through the recent domestic and global challenges, with sales and construction activity around pre-pandemic levels. The economic and operating environment remains volatile, with inflation, labour and materials shortages, interest rates and regulatory costs of development all having the potential to impact supply and demand.

Against this economic backdrop, the fundamentals of Berkeley's core markets in London and the South East remain strong, most notably with the ongoing undersupply of housing. Based upon the Government's assessment of housing need:

- London's housing need is 94,000 per year. Over the last three years, an average of 39,000 homes were delivered per year, an annual shortfall of 55,000 homes (58%).
- The South East's housing need is 50,000 per year. Over the last three years, an average of 41,000 homes were delivered per year, an annual shortfall of 9,000 homes (24%).

The current London Plan has a housing delivery target of 52,000, based on London's capacity to deliver homes. Even if this target were reached, this would still represent a shortfall of 42,000 homes (45%) relative to London's assessed housing need every year. This supply constraint in London looks set to continue, with recent starts having remained below 17,000 per year for the last three calendar years (DLUHC Live Table 253a).

Interest rates are rising but remain at historically low levels and mortgage availability is strong, with a competitive lender market and Government policy remaining supportive of mortgage lending. Affordability levels remain within historical parameters for those with the requisite deposit.

Land and planning

Berkeley has added four new sites to its land holdings during the year. In London, these include a shopping centre in Peckham acquired unconditionally where we are targeting the delivery of over 900 new homes and a new supermarket, and the Ram Brewery site in Wandsworth. Outside London, St Edward has conditionally contracted a site in Guildford in Surrey for around 450 homes, whilst the strategic site in Milton Keynes was acquired and transferred from the pipeline.

As part of the St William transaction, Berkeley unconditionally contracted three new long-term sites from National Grid which together comprise approximately 5,000 homes that have been added to the pipeline. This includes an 84 acre former gas works site in Beckton which is allocated for residential-led mixed use in the Newham Local Plan.

On the planning front, Berkeley secured four new major consents during the year. Three were on St William sites in London: in Leyton (570 homes); Bow Common (1,000 homes) and Bethnal Green (550 homes); whilst the other was the Milton Keynes site. In addition, Berkeley obtained two new consents outside London, at Reading (200 homes) and a site in Frimley Green in Surrey (160 homes). We have obtained over 50 revisions to existing consents as we continue to evolve our sites.

Berkeley has two developments in London which are currently subject to call-in and is at appeal at two sites outside London.

In May 2022, the Levelling Up and Regeneration Bill was placed before Parliament, following which more clarity is now available on the Government's intentions. A number of consultations have been announced and we will be responding to these in due course. We hope Government will continue to engage with industry to ensure its laudable aims are not achieved at the cost of limiting housing delivery and its social and economic benefits.

We are encouraged by the Government's decision that larger brownfield projects will be able to deliver the proposed consolidated infrastructure levy in kind through local section 106 agreements rather than post completion financial contributions, as these would not be appropriate for large brownfield sites, which inherently provide such significant investment in local infrastructure. We will continue to make the case that the benefits of local negotiation should be retained to maximise the potential of each site and empower local stakeholders and councils when planning for their area.

Similarly, we have consistently argued that design codes make sense for new additions to existing neighbourhoods. However, where a new neighbourhood is being designed from scratch, we will continue to make the case that the appropriate way to maximise the social value of these neighbourhoods is to engage in a bespoke, design-led, approach, rather than follow a pre-determined set of regulations.

We have moved seven sites, with the capacity to deliver over 5,000 homes into production during the year; two in London and five outside.

Construction

During the financial year we have seen build cost inflation accelerate due to the confluence of a number of macro challenges. This has impacted material inflation more than labour costs. However, supply conditions do now appear to be stabilising, supported by the recent decline in material price volatility.

The supply chain has proved adept at managing supply issues and we have adapted to extended delivery periods. We continue to engage with our supply chain to ensure its resilience during this period of uncertainty, cognisant of the financial pressure faced by many contractors but balanced by the opportunity for long-term relationships with Berkeley and visibility on future workload. Labour, in terms of both supply and cost, is steady, and we do not anticipate significant rises from this juncture.

Overall, whilst spot inflation for certain materials, such as steel reinforcement, has been particularly acute, on a blended basis across our portfolio we have been able to absorb these cost pressures through sales pricing.

Fire safety

Berkeley has been very supportive of Government in its determination both to ensure buildings are fire-safe for people to live in them, and mortgageable so they can move home and re-mortgage their properties when they wish. Berkeley's focus in this area has been on ensuring its buildings achieve the required EWS1 form certification for mortgage purposes and it has obtained this on 99% of its relevant freehold buildings.

In the last six months we are delighted that the Consolidated Advice Note, that had created much uncertainty in this process, was withdrawn and replaced by PAS9980, a proportionate risk-based approach that has the support of the wider industry. Berkeley is carrying out PAS9980 assessments on all relevant buildings and will undertake any works necessary to address life-critical fire safety issues.

Government's approach changed in the year, requiring developers to go back 30 years and also to assume responsibility for remediating buildings accepted by Government into the Building Safety Fund and to meet historic funding commitments Government has made on certain of these buildings. Berkeley has signed the associated Developer Pledge with assurances from Government that an appropriate arbitration process will be put in place and that all assessments should be under the PAS9980 methodology. It is Berkeley's preference to take full responsibility for all its buildings and complete any required works ourselves as determined by a PAS9980 assessment as this will speed up the overall process of remediation. There are a number of buildings that Berkeley has asked to take over where historic funding commitments have been made for works that are not life-critical fire safety issues and we are working through these as part of the Developer Pledge.

Government has undertaken to ensure that all developers and house-builders are treated equally and that all parties involved in the development process are held to account and pay their fair share. Berkeley believes this is fair and equitable, and is fully supportive of this approach. With the Developer Pledge and 4% Residential Property Developer Tax (RPDT), Berkeley believes that the UK house-builders have played a very full part in resolving this issue, and further levies on the industry would be unfair and constrain delivery and innovation. Looking forward, Berkeley is ensuring its procedures are compliant with new legislation and is supportive of the Building Safety Act which, together with the actions taken to date, should restore trust and confidence to the housing market, enabling it to operate efficiently, effectively and be fair for all.

Berkeley Modular

Berkeley Modular has now produced its first modules, which will be delivered to Kidbrooke Village. Our approach is precision manufactured, highly automated, digitally integrated and safe, combining machine, robotic and skilled manual processes within a controlled factory environment.

This year a number of external validation processes have been completed on the factory and its product to ensure high standards of product quality, safety and environmental performance are met. The role of our supply chain is key in helping us to innovate and we have welcomed input from our supply chain partners.

Our Vision 2030: Transforming Tomorrow

Our Vision 2030 is Berkeley's ambitious long-term strategy which sets ten strategic priorities for the business over the current decade. This framework is designed to drive our performance, spur innovation and reinforce Berkeley's position as the country's most sustainable developer through maximising our positive impacts on society, the economy and the natural world.

Key indicators of our strategy's ongoing recognition include a:

- sector-leading A- Leadership rating for Climate Action and Transparency from CDP;
- Prime status from the ISS ESG Corporate Rating which is reserved for 'industry leaders who fulfil demanding performance expectations';
- AAA MSCI rating held for more than five years; and
- continual FTSE4Good Index listing since 2003.

In May 2022, we were delighted to win the Transformation Award from the Better Society Network for the positive impact we are already delivering through Our Vision 2030 and the level of our future ambition.

Kidbrooke Village, Greenwich

Driving ambitious carbon action

Tackling climate change has been a priority for Berkeley since 2007 and we are proud to be a 1.5 degree aligned business working towards validated SBTs for reducing our emissions, which are:

- reducing scope 1 and 2 emissions from our sites, offices and sales venues by a further 50% between 2019 and 2030 on an absolute basis (on top of a 73% reduction achieved between 2016 and 2019 through investment in efficient operations and procuring 100% renewable electricity); and
- reducing scope 3 embodied carbon within our supply chain and the in-use emissions from our homes by 40% between 2019 and 2030 on an intensity basis.

Scopes 1 and 2

This financial year we have seen a 13% reduction in our absolute scope 1 and 2 emissions from last year. This has largely been driven by the increased use of low carbon biodiesel, which now accounts for over 50% of all fuel used in construction activity.

Relative to our baseline 2019 year, we have reduced our absolute scope 1 and 2 emissions by more than 40%, well on track to meet our 50% SBT reduction target by 2030.

Scope 3

Our most significant carbon impact occurs across our value chain (scope 3), from the activities within our supply chain and from the energy used by our customers once our homes are lived in, the latter measured over a 60 year period.

We have been actively working with industry partners and specialist consultants to improve our understanding and the data accuracy of these impacts since we set our SBTs. This year we have focused on understanding the impact of the materials we use – known as upfront embodied carbon – through an in-depth assessment of a representative selection of 15 buildings. For each building, we calculated the carbon of the specific materials used to construct our homes; covering the extraction, manufacture and transportation of materials.

Our 15 assessments were across a range of building typologies, from houses to mid-rise apartments and tall buildings. Each of the 15 buildings assessed outperformed the business as usual industry benchmark of 850kgCO_2/m^2 set by LETI (originally London Energy Transformation Initiative) and UK Green Building Council, indicating that our teams are already considering and reducing embodied carbon beyond the norm, with some developments outperforming the LETI benchmark for 2020 of 500 kgCO_2/m^2.

Our embodied carbon studies provide valuable insights into the most carbon intensive elements of our buildings and provide clear recommendations on how to target and reduce these areas in partnership with our supply chain. We are now in the process of setting internal targets for the business for each of the three different building typologies. This will entail our teams calculating the embodied carbon at the design stage of each building and working with design consultants and the supply chain to drive down our carbon impacts.

The carbon emissions from our homes over 60 years of use is the other material impact within our value chain. 89% of completed homes in 2021/22 had an EPC of B or above. Berkeley is well placed to meet the requirements of the Government's update to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations and the introduction of Part O (overheating) and S (electric vehicle charging infrastructure). These changes, which became effective in June 2022, include tighter fabric, energy, carbon, ventilation and overheating requirements.

TCFD
We have supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2018, and this year have completed detailed Climate Scenario Analysis which has helped us to further understand and enhance our disclosure around the risks and opportunities that climate change present to our portfolio and business activities, but also demonstrates how Berkeley designs its places and buildings to mitigate long-term climate change risks.

Leading nature's recovery
We are proud to have pioneered nature recovery within our industry and played a proactive role in reversing biodiversity loss within the communities we serve, 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 back in 2017 and have since built up a pipeline of 46 developments, which together will create over 500 acres of new or improved natural habitats, not including the 155-acre country park planned for our Milton Keynes site. These projects will create or measurably enhance approximately 100 acres of nature-rich grassland, 70 acres of woodland and 50 acres of living roofs.

This focus on biodiverse and beautiful natural landscapes has been of great benefit to the health and wellbeing of the communities within and around our sites, as well as to the natural environment. The success of our programme has led the Government to mandate biodiversity net gain of 10% for all developments, which is expected to occur in late 2023. The average net biodiversity gain we expect to deliver across our 46 sites is over 400%.

We remain committed to supporting nature recovery on a national scale and are proud to have become a founding member of the Blue Recovery Leaders Group, set up in 2021 by the Wildfowl and Wetlands Trust and supported by His Royal Highness The Prince of Wales, to create networks of healthy wetlands across the UK. 37 of our current developments have planned or completed wetland features, which will amount to 52 acres of valuable blue habitats.

We are now evolving our approach to net biodiversity gain to include an even more challenging and valuable combination of measurable environmental benefits. Our approach to 'environmental net gain' will focus on four areas where the pressures on the environment are greatest and where we can have most impact: Climate, Pollution, Ecology and Water. This year, we have partnered with Thames Water to explore how water neutrality can be applied to our sites; with Royal Exchange in Kingston currently undergoing the first large-scale trial of its kind, with around 45,000 litres used per day by our customers being offset through the upgrade and retrofit of water fittings in local homes, schools and businesses.

Developing skills for the future
As we modernise production and digitalise multiple areas of our business, we are building a workforce with the flexible skillset needed for the future. We have already helped to design and implement new apprenticeship standards to meet the needs of advanced manufacturing and are now mapping the skills and competencies required, both now and for the future, across all disciplines in our business, to ensure that we are training and upskilling our workforce to meet evolving needs. This includes an increased focus on digital skills and ensuring competence in advance of emerging changes in regulatory requirements. We run a range of training courses for our employees at our in-house Berkeley Academy, which has been accredited with Approved Training Organisation status by the Construction Industry Training Board during the year.


More than 60 apprentice site managers joined the business

We are proud to be a member of The 5% Club and this year we have exceeded our pledge, with 9% of our workforce consisting of 'earn and learn' roles including apprentices, graduates and sponsored students.

Within the year, we developed a bespoke construction site management apprenticeship in partnership with Farnborough College and Ixion Holdings (part of the Shaw Trust Group) that reflects the latest construction management practices. We brought 60 new construction apprentices onto this innovative programme in autumn 2021 and now have over 140 apprentices in the business. In addition, more than 30 new starters joined our graduate programme, bringing the total to 60, and we are proud to be among TheJobCrowd's Top 50 Graduate Employers in the country, which is based on anonymous feedback from graduates.

Increasing the diversity of our workforce is a priority for Berkeley and we are a Platinum Member of Women into Construction, a signatory to the Mayor's Fund for London's Diversity Pledge and a signatory of the BuildForce charter, supporting people transitioning from the military. 29% of managers are female, together with 37% of our overall employees. This year we have seen more than a third of graduate positions filled by female candidates and around one quarter of our construction apprenticeship roles, significantly above the national average for such roles.

Championing safer homes and operations
Our Annual Injury Incidence Rate is 0.72 for the year, compared to an industry average of 2.72 (HSE, October 2021). This is testament to the dedication of our teams in focusing on behavioural safety, and supported by strong leadership with more than 3,400 operating company directors' health and safety visits completed in the year. We continue to target zero harm on every site, as we champion health and safety for every employee and contractor working with us.

We aim to extend our influence beyond our direct operations and since 2018 our strategic partnership with the Royal Society for Prevention of Accidents (RoSPA) has focused on reducing accidents and injuries in new build homes. Following the co-writing of RoSPA's Safer by Design framework, we have now rolled this out across the business and have recently achieved our first Gold standard at Lombard Square in Plumstead.

Delivering for our customers
We put our customers at the heart of every decision we make, which is exemplified by our independently verified Net Promoter Score of 77.2, which significantly outperforms the industry average of 45 (HBF, March 2022). 98% of our customers said they would 'recommend us to a friend' in 2022 and we are proud to have received the Investor in Customers Gold rating for the fifth time, which recognises the importance that Berkeley places on customer experience. Berkeley has also won In-House Research's Outstanding Achievement Award for six consecutive years.

From exceptional service to the quality of our homes, we aim to delight our customers in every last detail. More than 50% of our homes have zero defects, as reported by the customer, compared to only 5% of homes on average across the industry (HBF, March 2022). On average, our customers report less than two defects, which reflects our detailed handover checks, underpinned by enhanced Build Quality Assurance arrangements, with robust training and audit programmes in place. We welcome the introduction of a New Homes Ombudsman to provide more reassurance and protection to home buyers.

The Berkeley Foundation

The social and economic impacts of the pandemic have deepened inequalities within the communities we serve and the Berkeley Foundation's unique charity partnerships are playing an increasingly vital role in supporting those in greatest need.

Total charitable contributions increased to £3.3 million over the year as we continued to invest in highly innovative long-term programmes which complement Berkeley's social purpose. Highlights include a further £1 million commitment to the award-winning Money House partnership with MyBnk, which prevents homelessness by teaching young care leavers the skills for independent living.

The Foundation also strengthened its ten year Street Elite partnership with The Change Foundation by extending its support for the programme in Birmingham through to 2024. Street Elite has now supported over 800 young people impacted by crime, violence and inequality to find pathways into employment. In October 2021, the Foundation launched a new £900,000 Resilience Fund, which supports small to medium-sized charities to develop their organisational resilience in the wake of the pandemic, with the first ten grants having been made in the year.

With the Foundation celebrating its tenth anniversary in 2021, we published a review of the first decade of operation to help share the learning and insights from our unique long-term charitable partnership model (berkeleyfoundation.org.uk).

Outlook

Looking forward, Berkeley is set on continuing to differentiate itself from other house-builders by creating fantastic places, predominantly on brownfield land, that communities can be proud of for decades to come. Berkeley also wants to play a leading role in the UK in respect of its environmental, social and governance responsibilities, and has made considerable strides in this regard over the last year, recognising that there are no short-term fixes to the challenges presented by, for example, climate change and social inequality. Berkeley is also passionate about ensuring London is an attractive place to live, work and play. This requires continued investment to create highly skilled jobs, increase productivity and stimulate economic growth.

We are, of course, very mindful of the ongoing volatility in the operating environment from the series of significant global and domestic events, including Brexit, COVID-19 and the conflict in Ukraine. The impact of these is complex and ongoing, with supply chain disruption, increased taxation, inflation and concerns over future economic growth all features of the last 12 months. Our industry has also seen regulatory developments in building safety, including the Building Safety Pledge and RPDT, carbon-related taxes and the Levelling Up and Regeneration Bill. These factors inevitably risk impacting companies' capacity and appetite for investment and innovation.

Notwithstanding the current volatility and cyclical nature of the housing market, Berkeley is in a great position to deliver on its ambitions and those of our stakeholders and wider society.

Rob Perrins
Chief Executive

OUR SUSTAINABLE BUSINESS MODEL

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 value 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

Read more about: how we characterise our culture in governance on pages 114 to 115

"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 biodiversity net 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

4,632
mixed-tenure homes (including joint ventures) delivered in the country's most under-supplied areas in 2022

CUSTOMERS
Satisfied customers

77.2
Net Promoter Score compared to an industry average of 45 (HBF, March 2022)

98%
of customers would recommend us to a friend compared to an industry average of 91% (HBF, March 2022)

Read more on: pages 40 and 77

COMMUNITIES
Creating thriving neighbourhoods

£556m
of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year

86%
of homes delivered on brownfield land in the year

Read more on: pages 43-45 and 78

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

29%
managers are female, together with 37% of our employees overall

0.72
Annual Injury Incidence Rate (AIIR) compared to an industry average of 2.72 (HSE, October 2021)

Read more on: pages 47, 49-51 and 79

INVESTORS
Strong, sustainable risk-adjusted returns for shareholders

£515.2m
shareholder return in the year, £282m per annum committed through to 2025

£8.3bn
future gross margin in the land holdings at 30 Apr 2022

Read more on: pages 53 and 82

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

15
embodied carbon assessments of our buildings, to support our understanding of scope 3 emissions and our science-based targets

100%
renewable electricity for UK activities since May 2017

>500
acres of new or improved natural habitats set to be created across our first 46 biodiversity net gain sites, in addition to a significant area at Milton Keynes

Read more on: pages 42, 46 and 83

SUPPLY CHAIN
Ensuring relationships are underpinned by trust and partnership

30 days
taken on average to pay suppliers

110
manufacturers, covering 30 product groups, being assessed for sustainability and modern slavery

Read more on: pages 52 and 80

GOVERNMENT, REGULATORS AND INDUSTRY
Delivering on our promises and working responsibly to deliver quality homebuilding and sustainable placemaking

£3.2bn
contribution to UK GDP during the year, with £14.0 billion contributed in the last five years

Read more on: page 81

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

FINANCIAL KPIs

Profit before tax (£m)

2022	**551.5**
2021	518.1
2020	503.7
2019	775.2
2018	977.0

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

Read more on remuneration: page 132.

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 (%)

2022	**17.5**
2021	16.5
2020	16.6
2019	27.9
2018	41.9

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

Read more on remuneration: page 132.

Definition
This is measured by calculating profit before tax as a percentage of the average of opening and closing shareholders' funds. See page 201.

Link to strategy

Net cash (£m)

2022	**268.9**
2021	1,128.2
2020	1,138.9
2019	975.0
2018	687.3

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

Definition
Cash and cash equivalents, less total borrowings. See page 200.

Link to strategy

Net asset value per share (£)

2022	**28.18**
2021	26.12
2020	24.72
2019	23.05
2018	19.38

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 200.

Link to strategy

Cash due on forward sales (£m)

2022	**2,171**
2021	1,712
2020	1,858
2019	1,831
2018	2,193

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. See page 201.

Link to strategy

Future gross margin in land holdings (£m)

2022	**8,258**
2021	6,884
2020	6,417
2019	6,247
2018	6,003

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 (Rate)

2022	**77.2**
2021	77.9
2020	78.8
2019	73.5
2018	73.9

Our six month rolling NPS is an indicator of the success of our efforts to provide world-class customer service. Our NPS significantly exceeds the sector average of 45 (HBF, March 2022) and compares favourably with top-performing consumer brands.

Definition
Customers register a score between 0 - 10 of how likely they are to recommend us to a friend; 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 (Rate per 1,000 people)

2022	**0.72**
2021	1.24
2020	1.17
2019	1.14
2018	1.42

This measure shows the number of reportable injuries during the year, in relation to the number of Berkeley employees and on-site contractors. It significantly outperforms the construction industry average of 2.72 (HSE, October 2021).

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

Link to strategy

Direct apprentices and training (%)

2022	**8.9**
2021	7.2
2020	9.3
2019	10.3
2018	8.7

This measure shows the proportion of our employees who are an apprentice, graduate or sponsored student. On average, we had 120 apprentices, 50 graduates and around 100 sponsored students 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

Greenhouse gas emissions intensity (tCO_2e/100 sq m)

2022	**0.61**
2021	0.95
2020	1.24
2019	1.16
2018	0.84

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

Definition
This is calculated by dividing the level of greenhouse gas emissions, from our activities, by the floor area legally completed in the year.

Link to strategy

Affordable housing subsidies and wider contributions (£m)

2022	**556**
2021	204
2020	270
2019	525
2018	420

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

Key to strategy

- Customers
- Quality
- Communities
- Climate Action
- Nature
- Employee Experience
- Modernised Production
- Future Skills
- Supply Chain
- Shared Value

Trading Performance

Revenue of £2,348.0 million in the year (2021: £2,202.2 million) arose primarily from the sale of new homes in London and the South East. This included £2,302.0 million of residential revenue (2021: £2,200.3 million) and £46.0 million of commercial revenue (2021: £1.9 million).

3,760 new homes (2021: 2,825) were sold across London and the South East at an average selling price of £603,000 (2021: £770,000), reflecting the mix of developments and varying stages thereon.

Revenue of £46.0 million from commercial property includes the sale of retail, office and leisure space primarily at Oval Village, Camden Goods Yard, Silkstream, Grand Union and Beaufort Park in the year.

The gross margin percentage is 28.3% (2021: 28.8%), reflecting the mix of properties sold in the year. Overheads of £156.9 million (2021: £133.0 million) increased by £23.9 million in the year. The prior year benefitted from reduced LTIP charges and operational efficiencies. Consequently, the Group's operating margin has decreased to 21.6% from 22.8% last year.

Berkeley's share of the results of joint ventures is a profit of £56.1 million (2021: £22.4 million). St Edward's profits arose predominantly from completions at Royal Warwick Square as well as the first legal completions at Millbank, whilst St William's profits, prior to 15 March 2022, arose primarily from completions at Prince of Wales Drive in Battersea and Clarendon in Hornsey.

The Group has remained cash positive on a net basis throughout the year. Net finance costs were £12.5 million for the year (2021: £6.6 million net finance costs) due to facility fees, interest on borrowings and imputed interest on land creditors, which outweighed interest income on cash deposits.

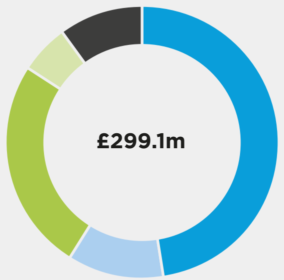
The taxation charge for the year is £69.1 million (2021: £95.4 million), which yields an effective tax rate of 12.5% (2021: 18.4%). The taxation charge includes a £32.1 million credit arising from the re-measurement of the Group's UK deferred tax assets at 29% following the changes to both the corporation tax rate, substantially enacted in May 2021, and the introduction of RPDT at a rate of 4% on 1 April 2022. The low rate this year is therefore driven by the deferred tax accounting rules. For the avoidance of doubt, the cash tax paid on profits earned in the year was at the statutory rate of 19.3%.

Pre-tax return on equity for the year is 17.5%, compared to 16.5% for the comparative year. Basic earnings per share has increased by 23.1% from 339.4 pence to 417.8 pence, which takes into account the share consolidation undertaken in the year and the share buy-backs of 1.5 million shares at a cost of £63.7 million under the Shareholder Returns Programme, as well as the effective tax rate of 12.5%.

Taxation

The Group has an overall tax charge of £69.1 million for the year (2021: £95.4 million) and an effective tax rate of 12.5% (2021: 18.4%). 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 2022)



Corporate Tax	£142.5m
SDLT	£34.3m
PAYE	£75.4m
Employees' NI	£17.1m
Employers' NI	£29.8m

For the year ended 30 April 2022, the total tax contribution to the UK Treasury was £304.5 million; split between taxes borne by Berkeley of £212.0 million (corporation tax, employer's NIC and SDLT) and taxes borne by our employees of £92.5 million (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 13.

Income Statement for the Year Ended	30 April 2022 £'million		30 April 2021 £'million		Change £'million	Change %
Revenue	**2,348.0**		2,202.2		+145.8	+6.6%
Gross profit	**664.8**	**28.3%**	635.3	28.8%	+29.5	+4.6%
Operating expenses	**(156.9)**	**6.7%**	(133.0)	6.0%	-23.9	+18.0%
Operating profit	**507.9**	**21.6%**	502.3	22.8%	+5.6	+1.1%
Net finance costs	**(12.5)**		(6.6)		-5.9	
Share of joint venture results	**56.1**		22.4		+33.7	
Profit before tax	**551.5**		518.1		+33.4	+6.4%
Tax	**(69.1)**	**12.5%**	(95.4)	18.4%	+26.3	
Profit after tax	**482.4**		422.7		+59.7	+14.1%
Earnings per share — basic	**417.8p**		339.4p		+78.4p	+23.1%
Pre-tax return on equity	**17.5%**		16.5%		+1.0%	

Abridged Balance Sheet as at	30 April 2022 £'million	30 April 2021 £'million	Change £'million	*St William £'million*	*Underlying £'million*
Non-current assets					
— Investment in joint ventures	**190.4**	281.7	-91.3	*-174.1*	*+82.8*
— Other non-current assets	**184.2**	106.5	+77.7	–	*+77.7*
Total non-current assets	**374.6**	388.2	-13.6	*-174.1*	*+160.5*
Inventories	**5,134.0**	3,652.5	+1,481.5	*+1,146.2*	*+335.3*
Debtors	**150.2**	83.3	+66.9	*+10.2*	*+56.7*
Deposits and on account receipts	**(931.4)**	(790.6)	-140.8	*-132.7*	*-8.1*
Other trade payables	**(1,699.2)**	(1,158.1)	-541.1	*-301.3*	*-239.8*
Provisions	**(161.0)**	(128.1)	-32.9	*-7.7*	*-25.2*
Capital employed	**2,867.2**	2,047.2	+820.0	*+540.6*	*+279.4*
Net cash	**268.9**	1,128.2	-859.3	*-540.6*	*-318.7*
Net assets	**3,136.1**	3,175.4	-39.3	–	*-39.3*
Net asset value per share	**2,818p**	2,612p	+206p	–	–

Financial Position

St William

On 15 March 2022, Berkeley acquired the outstanding 50% partnership interest in its joint venture St William Homes LLP from National Grid plc for cash consideration of £412.5 million, following which St William became a wholly owned subsidiary of the Group. Concurrently, the St William bank facility was refinanced from Berkeley's existing cash reserves.

The transaction has been accounted for as an asset acquisition, rather than a business combination. Consequently, the cash consideration paid in excess of National Grid's 50% share of the net assets of St William reflects additional land cost within inventory in the Group's Balance Sheet of £238 million.

The acquisition has significantly enhanced the Group's inventory holdings, represented by the cash consideration and an increase to land creditors, as explained immediately below. The increase to the Group's land holdings and pipeline land is considered separately in the relevant section below.

All of the sites previously contracted on a conditional basis from National Grid, and which were therefore not on the St William Balance Sheet at 15 March 2022, became unconditional with the land transfer completions occurring in April through June 2022 bar one which completes in 2024. Although the sites are completing and transferring to St William over this timeframe, which is when the cost is recognised on the Balance Sheet, payments are deferred and included in land creditors. The Group also acquired three new sites as part of the transaction which complete in April through June 2022.

Summarised Balance Sheet

Reflecting the B Share Capital Return in September 2021, the Group's net assets reduced by £39 million during the year to £3,136 million at 30 April 2022. The impact of the St William acquisition on the Group's Balance Sheet at 15 March 2022 is summarised in the table above, with comments thereon below.

Inventory

Inventory totals £5,134 million at 30 April 2022, an increase of £1,482 million during the year, of which £1,146 million relates to the acquisition of St William, including the additional land cost paid of £238 million. Inventories include £738 million of land not under development (30 April 2021: £331 million) and £4,396 million of work in progress and completed stock (30 April 2021: £3,321 million).

The increase in land not under development reflects both sites acquired from National Grid before 30 April 2022, including Bethnal Green, Leyton, New Barnet and Beckton, and other sites during the year such as Milton Keynes, of which a significant component is on deferred terms, Peckham and Wandsworth in London. This increase more than outweighed the impact of the sites moved into production during the year.

Creditors

Customer deposits total £931 million at 30 April 2022 (2021: £791 million), with the majority of the increase from the St William acquisition.

Land creditors total £801 million at 30 April 2022 (2021: £388 million), with the increase reflecting the St William sites owned at acquisition and those which were completed thereafter as identified above, along with other site changes including Milton Keynes. Of the total £801 million land creditor balance, £81 million is short-term and £720 million is spread broadly evenly over the next 10 years.

Provisions of £161 million (30 April 2021: £128 million) include post completion development obligations and other provisions.

Net cash

The Group ended the year with net cash of £269 million (30 April 2021: £1,128 million), a decrease of £859 million during the year (2021: decrease of £11 million).

The net cash of £269 million consists of gross cash holdings of £929 million, net of £660 million of long-term borrowings.

Net assets and NAVPS

Net assets decreased over the year by £39 million to £3,136 million (2021: £3,175 million) primarily due to the profit after tax for the year of £482 million being marginally outweighed by the shareholder returns of £515 million, comprising the September 2021 capital return payment of £451.5 million and £63.7 million of share buy-backs, and other smaller movements.

The shares in issue, net of treasury and EBT shares, closed at 111.3 million compared to 121.6 million at the start of the year. The net reduction of 10.3 million shares comprises three movements:

- the 9.3 million share consolidation in September 2021 alongside the B Share Capital Return of £3.71 per share;
- the 1.5 million share buy-backs undertaken during the year for £63.7 million (£41.54 per share); and
- the issue of 0.5 million shares under the 2011 LTIP.

Consequently, the net asset value per share is 2,818 pence, up 7.9% from the 2,612 pence at 30 April 2021.

Abridged Cash Flow for the Year Ended	30 April 2022 £'million		30 April 2021 £'million	
Profit before tax		**551.5**		518.1
Increase in inventory	**(332.5)**		(97.6)	
Increase in customer deposits	**8.1**		7.1	
Other working capital movements	**191.8**		13.3	
Net increase in working capital		**(132.6)**		(77.2)
Net investment in joint ventures		**(82.8)**		(19.9)
Net cash movements on St William asset acquisition		**(540.6)**		–
Tax paid		**(142.6)**		(90.1)
Other movements		**3.0**		(7.5)
Cash (outflow)/inflow before share buy-backs and dividends		**(344.1)**		323.4
Shareholder returns — share buy-backs		**(63.7)**		(188.6)
Shareholder returns — Capital Return		**(451.5)**		–
Shareholder returns — dividends		**–**		(145.5)
Decrease in net cash		**(859.3)**		(10.7)
Opening net cash		**1,128.2**		1,138.9
Closing net cash		**268.9**		1,128.2

Funding

Berkeley started the financial year with banking facilities totaling £750 million, comprising a drawn £300 million term loan and a £450 million undrawn revolving credit facility (RCF).

In the year, Berkeley issued £400 million of unsecured Green Bonds maturing in ten years in August 2031 at a fixed coupon of 2.5% per annum. The proceeds of the Green Bonds have been allocated to our ongoing development activities in accordance with our Green Bond Framework (available on the website); specifically in connection with the development of green buildings (energy efficient homes) on large, complex brownfield sites.

In support of the issuance, Fitch Ratings Ltd published a Long-term Issuer Default Rating and senior unsecured investment grade rating of BBB- with a Stable Outlook, along with a BBB- rating for the Green Bonds.

In February 2022, Berkeley refinanced its bank facilities at £800 million, comprising a £260 million green term loan, and a £540 million RCF which is undrawn at year end. The facility is in place for a period of five years to February 2027, with two one year extension options available.

The Group's cash holdings are placed on deposit with its relationship banks.

Joint ventures

Investments accounted for using the equity method have decreased by £91.3 million during the year, from £281.7 million to £190.4 million at 30 April 2022. Berkeley's share of the net assets of St William at acquisition were £174.1 million, which were de-recognised. Offsetting this reduction is Berkeley's share of undistributed joint venture profits of £56.1 million and additional loan contributions to joint ventures of £26.7 million made prior to St William becoming a subsidiary.

In St Edward, 303 homes were completed in the year at an average selling price of £898,000 (2021: 184 at £696,000). The completions occurred at Royal Warwick Square and Millbank in London and Green Park Village in Reading and Highcroft in Wallingford.

In total, 5,317 plots (30 April 2021: 5,139 plots) in Berkeley's land holdings relate to seven St Edward developments, three in London (Westminster, Kensington and Brentford) and four outside the capital (Reading, Fleet, Wallingford and Guildford). Five of the sites are in production apart from Guildford, which was acquired conditionally during the year, and Brentford, which is contracted on a subject to planning basis and is part of the Group's 32 long-term regeneration developments.

In St William, 569 homes were completed prior to the acquisition on 15 March 2022 at an average selling price of £460,000 (2021: 254 at £677,000). The majority of completions were at Prince of Wales Drive in Battersea and Clarendon in Hornsey.

Land

Berkeley's land holdings comprise 66,163 plots at 30 April 2022 (30 April 2021: 63,270 plots), including the St Edward joint venture. Of these land holdings, 62,998 plots (30 April 2021: 52,080) are on 86 sites that are owned and included on the Balance Sheet of the Group or its joint venture or are unconditionally contracted in respect of St William sites, and 3,165 plots (30 April 2021: 11,190) are on four contracted sites which either do not yet have a planning consent or have another conditional element such as vacant possession.

The plots in the land holdings at 30 April 2022 have an estimated future gross profit of £8.26 billion (30 April 2021: £6.88 billion), which includes the Group's 50% share of the anticipated profit on St Edward's joint venture developments.

Through the acquisition of St William, Berkeley gained 100% control of:

— 19 sites already in its land holdings but at 50% of revenue and profit (12,600 homes);
— two sites already in its pipeline but at 50% (2,600 homes); and
— three new long-term sites that have been included in the pipeline (approximately 5,000 homes).

In total, this represents over 20,000 future homes across 24 sites, all of which are either owned or unconditionally contracted at 30 April 2022.
The increase in future gross margin associated with these sites, taking into account the additional land cost, is approximately £1.6 billion, broadly 60 per cent of which relates to those sites in the Group's land holdings, at 27% gross margin, and the remainder to its pipeline.

Land holdings as at	30 April 2022	Change	30 April 2021
Owned*	**62,998**	+10,918	52,080
Contracted	**3,165**	-8,025	11,190
Plots	**66,163**	+2,893	63,270
Sales value	**£31.1bn**	+£5.6bn	£25.5bn
Average selling price (ASP)**	**£491k**	+£19k	£472k
Average plot cost**	**£52k**	+£2k	£50k
Land cost (%)	**10.6%**	+0.1%	10.5%
Gross margin	**£8,258m**	+£1,374m	£6,884m
GM%	**26.5%**	-0.5%	27.0%

* Includes St William sites which are unconditionally contracted for acquisition at 30 April 2022
** Reflects joint venture sites at 100%. Comparative plot cost has been restated accordingly from £42k per plot

Excluding St William, the estimated gross margin in the land holdings has increased by £1.3 billion, before taking account of the gross margin delivered in the year. Around 60% of the increase relates to the new sites added to the land holdings and the remainder to the net impact of site-reappraisals and market movements.

Combined with the St William acquisition, the net increase in land holdings future gross margin is £1.4 billion during the year. Following these changes, the land holdings gross margin at 30 April 2022 is 26.5% (2021: 27.0%).

The status of Berkeley's 86 owned and unconditionally contracted sites is:

— 60 sites (plots: 46,559) have an implementable planning consent and are in production;
— 13 sites (plots: 9,053) 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; and
— 13 sites (plots: 7,386) do not have a planning consent. These include a number of the St William sites that were conditionally contracted prior to the transaction.

Of the four contracted sites, one site has achieved a resolution to grant consent but remains subject to a call-in.

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 2 to 103 was approved by the Board and signed on its behalf by:

Rob Perrins
Chief Executive
22 June 2022


The Dumont, Albert Embankment

GRAND UNION

BRENT

This derelict industrial estate is being transformed into a welcoming new part of Alperton, centred around a beautiful canal-side piazza and landscaped open spaces.

A network of walking and cycle routes are reconnecting the neighbourhood with its surrounding community, along with a waterside meadow, shops, cafés, restaurants, offices, a health centre, nursery and 5,000 sq ft community centre.

An innovative multi-level light industrial building, built to BREEAM Excellent, is being delivered in partnership with SEGRO. It will deliver 135,000 sq ft of employment space over 5 floors, with flexible units to accommodate varying sizes of occupiers.

FEATURES

— Locally shaped masterplan with extensive community engagement programme
— Creation of Grand Union Development Trust to run the Community Centre
— Around 50% public open space
— Target +240% biodiversity net gain including riverside meadow and grassland habitats, 540 new trees and diverse seasonal planting
— Innovative multi-level light industrial building
— Rooftop photovoltaic panels, green and brown roofs, combined heat and power, sustainable urban drainage systems
— Rainwater harvesting, BREEAM 'Excellent' for all non-residential space
— Creating 600 permanent jobs

22 acre
brownfield site

3,350
homes

261,000
sq ft commercial spaces

240%
biodiversity net gain

BEFORE

RESPONSIBLE BUSINESS AT A GLANCE

The Berkeley Group has an established approach to responsible business. We define this as the holistic way we manage the business that takes into account economic, social and environmental value.

We have integrated social, environmental, ethical and human rights concerns into the business strategy, Our Vision 2030.

This strategy brings together the majority of our responsible business priorities and actions and provides the framework for how we operate responsibly, striving to go above and beyond typical requirements. We report on our progress against the Our Vision 2030 priorities publicly, together with broader environmental, social and governance (ESG) indicators.

In practice, following a responsible business strategy means that we can: operate efficiently and effectively, meeting or exceeding relevant legislation and global, industry and stakeholder expectations; consider the impact of our actions on our people, the broader community and society at large; and act in a sustainable and responsible manner with regard to the environment.

CDP 2021: Climate Change
A- score

FTSE4Good Index 2021
Listed company

ISS ESG Corporate Rating 2021
Prime status

MSCI ESG Rating 2021
AAA

OUR VISION 2030
TRANSFORMING TOMORROW

OUR VISION 2030

Our business strategy sets out our vision to maximise our positive impact on society, the economy and the natural world. It includes long-term goals for each of our 10 strategic priorities, together with clear targets over the short-, medium- and long-term.

It is an integrated strategy which includes sustainability, health and safety and build quality and covers our approach with a number of stakeholders such as customers, employees and supply chain.

OUR VISION 2030: P38 TO 53

THE BERKELEY FOUNDATION

We established the Berkeley Foundation in 2011 as an independent charity to support young people and their communities. It is funded by the Berkeley Group and our employees volunteer their time, expertise and money to support the Foundation's charities.

Read more on: pages 74 to 75.

SUPPORTING THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We are committed to helping to achieve the SDGs and have identified six as being most relevant to us, based on a review of our business activities and value chain against the goals and targets.

Read more online:
www.berkeleygroup.co.uk/about-us/investors/environmental-social-and-governance

SUSTAINABILITY

We consider the long-term impacts of our activities and ensure that we take action to reduce them both in terms of running our business efficiently and considerately, and by developing sustainable homes and places.

Communities, climate action and nature are strategic priorities outlined within Our Vision 2030 and our sustainability strategy also covers environmental management and the use of resources.

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE ACTION AND DISCLOSURE

We aim to play our part in tackling the global climate emergency and have a robust strategy in place to take action, which includes science-based targets validated by the Science Based Targets initiative (SBTi). We support the recommendations of the TCFD and report in line with these.

Read more on: pages 58 to 70.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SASB

We voluntarily report in accordance with the Sustainability Accounting Standards Board to provide consistent and comparable data to our stakeholders. We use the Home Builders Sustainability Accounting Standard.

Read more on: pages 56 to 57.

SECTION 172 STATEMENT AND STAKEHOLDER ENGAGEMENT

We engage with a number of stakeholders throughout the year as a result of our activities and this includes engagement by the Directors of the Company in accordance with Section 172 of the Companies Act 2006.

Read more on: pages 76 to 83.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Read more on: page 71.

MONITORING IMPACT

We monitor metrics across a broad range of ESG indicators.

OUR ESG PERFORMANCE: P54 TO 55

OUR VISION 2030
TRANSFORMING TOMORROW

Our Vision 2030 is our ambitious strategy for the business. It centres on 10 strategic priorities that we will focus on over a decade, helping to drive our continued success, whilst setting us apart and maximising the positive impact we make.

We are delighted to have been awarded a Transformation Award in 2022 by the Better Society Awards for the impact our strategy is already making.

"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."

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

The priorities were identified using a materiality assessment carried out in 2020 by an independent consultancy, with a methodology based on international best practice from the Global Reporting Initiative. It included extensive research on key industry issues nationally and globally, together with input from more than 40 internal and external stakeholders through a mixture of surveys and interviews.

PLACES THAT STAND THE TEST OF TIME
WHAT WE CREATE

	Customers	Quality	Communities	Climate Action	Nature
Long-term goal	Put our customers at the heart of our decisions and provide an industry leading home buying experience. Read more on: page 40.	Lead the industry in producing high quality, safe homes for all. Read more on: page 41.	Transform underused land into unique, well connected and welcoming places where people and communities can thrive for the long-term. Read more on: pages 43 to 45.	Play an active role in tackling the global climate emergency by creating low carbon, resilient homes. Read more on: page 42.	Create a net biodiversity gain and make a measurable contribution to the natural environment on every development. Read more on: page 46.
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.	Creating unique homes and places of lasting quality is fundamental to our brand, purpose, values and working culture.	We believe that holistic placemaking can strengthen communities and make a lasting positive difference to people's lives.	We believe every business has a duty to tackle the global climate emergency and we want to continue leading our industry in taking decisive action.	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.
Link to stakeholders	– Customers	– Customers – Government, regulators and industry	– Customers – Communities & local government	– Environment – Customers – Government, regulators and industry	– Environment – Customers – Communities & local government
Link to KPIs	– Net Promoter Score	– Net Promoter Score	– Affordable housing and wider contributions	– GHG emissions intensity	
Link to risks	– Product quality and customers – Securing sales – Economic outlook – Land availability – Planning process	– Product quality and customers – Securing sales – Build cost and programme – Retaining people	– Land availability – Planning process – Product quality and customers – Sustainability	– Climate change – Sustainability – Product quality and customers	– Sustainability – Climate change – Product quality and customers

EXCEPTIONAL PEOPLE AND RESOURCES
HOW WE WORK

	Employee Experience	Modernised Production	Future Skills	Supply Chain	Shared Value
Long-term goal	Create a positive working environment for our people; one that fosters respect, support, wellbeing, safety and inclusivity. Read more on: page 47.	Harness advanced manufacturing and digital technology to build more homes and to achieve higher standards of quality, safety and sustainability. Read more on: page 48.	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: pages 49 to 51.	Build a responsible and constructive supply chain; one that is productive, practical and profitable, sustainable, ethical and dependable. Read more on: page 52.	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 53.
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.	We want to lead a step change in industry performance to address the housing need whilst harnessing the great potential and benefits of new technologies.	We want our people to have the skills to embrace innovative technologies and working practices, while attracting a new generation to drive our growth.	We want to maintain strong partnerships with our supply chain, sharing goals and collaborating to ensure we are the client of first choice.	We want to make a lasting positive impact, using our unique operating model and resources to fulfil our purpose and deliver value for all.
Link to stakeholders	– Employees – Supply chain	– Customers – Supply chain – Government, regulators and industry	– Employees – Supply chain	– Supply chain	– All
Link to KPIs	– Annual Injury Incidence Rate per 1,000 people		– Direct apprentices and training		– All
Link to risks	– Retaining people – Health and safety	– Product quality and customers – Build cost and programme – Health and safety – Sustainability	– Retaining people – Build cost and programme	– Economic outlook – Political outlook – Build cost and programme – Climate change – Sustainability – Health & safety	– Economic outlook – Political outlook – Regulation – Liquidity

OUR VISION 2030: WHAT WE CREATE

CUSTOMERS

What are we focusing on?	Highlights from 2022
Customer Experience Achieving industry-leading home buying experience	— We have ensured customer-facing departments are aligned in the delivery of excellent customer experience, introducing a new minimum standard communications journey to ensure consistent standards throughout the home-buying process. — Dedicated director-level customer roles ensure we strive for the highest standards, with regular Group-wide committee meetings to share feedback and raise standards. — We welcomed the twelfth cohort of experienced customer-facing individuals from other industries into our sales academy, and the third cohort in our customer service academy. — We continue to monitor our performance through customer surveys. Our Net Promoter Score rating is 77.2, on a scale of -100 to +100, against the industry average of 45, and 98% of our customers would recommend us to a friend. — We received the Investor in Customers Gold rating, a mark of trust and reassurance, for the fifth time in 2022. This involved reviewing feedback from more than 1,750 of our customers to determine how well we understand and anticipate their needs and communicate with them. — For the sixth consecutive year we have also been awarded an Outstanding Achievement Award and Gold Award for customer satisfaction, following an independent benchmarking assessment by In-house Research.
Enhancing Key Communication Channels and Digitising the Way We Work Offering our customers more options to interact with us digitally	— We give all customers the opportunity to use our online portal, MyHome Plus, a web-based tool containing key information and features to choose specifications and receive construction updates for their new home. This year 89% of our customers signed up to use MyHome Plus. — We continue to enhance the use of technology on a site-by-site basis, including a digital immersion room at West End Gate. At others, we use digital interactive development models and floorplan locators to bring the plans to life. — We have improved customer engagement through our social media strategy and utilise geography-specific communication solutions for our overseas customers. — We have developed a web application for agents to use with customers, enabling consistency in customers' experience.

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% (equivalent to a 95% recommend to a friend rating).	●
90% of 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 targets (2023 - 2029)

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

Long-term targets (by 2030)

Provide a home buying experience that is industry-leading and which delights our customers.

Key to progress:
● Completed or consistently achieved ◐ On track for 2023 ○ Further action required

77.2

Net Promoter Score on a scale of -100 to +100, compared to an industry average of 45 (HBF, March 2022)

98%

Recommend to a Friend score, compared to an industry average of 91% (HBF, March 2022)

Investor in Customers®
Gold 2022

OUR VISION 2030: WHAT WE CREATE

QUALITY

What are we focusing on?	Highlights from 2022
High Quality Homes Implementing high quality standards and targeting zero defects	— We complete detailed checks before homes are handed to customers and more than 50% of our homes have zero defects, as reported by the customer, compared with 5% of homes on average across the industry. This year, 82.5% of our homes had fewer than five defects compared with 30% across industry. — We welcome the introduction of the New Homes Ombudsman to provide further protection to customers and are a registered signatory of the Building a Safer Future Charter. — We have been actively engaging in implementing the requirements of the Building Safety Act. — We focus on long-term building safety and high risk areas through enhanced Build Quality Assurance arrangements. We have robust and consistent Group-wide Standards, supported by a suite of training for all production staff which more than 850 of our employees completed during the year. — Our project teams are supported by dedicated local quality managers, together with a Group-wide audit function. This year, 69 audits were undertaken by the independent team to check construction site process against our standards. — We recognise that engagement with our supply chain is critical to achieving high standards of quality and have implemented manufacturer-led training to embed best practice in the installation of their products.
Safe Homes Delivering homes that are safer by design	— We have had a strategic partnership with RoSPA since 2018 and were integral to the development of the voluntary industry-wide Safer by Design framework to help to reduce accidents and injuries in new homes. — During the year we launched a new requirement across the business for all new sites to achieve Safer by Design Gold status. We are pleased to have received certification for Gold standard homes at Lombard Square in Plumstead, and several other developments are currently completing the formal assessment process. — Working jointly with RoSPA we have successfully encouraged Government to review the Building Regulations to incorporate the British Standard on safer stairs, which will improve safety for all new homes through important minimum standards.

Short-term targets (by 2023)	
Outperform the industry average for defects reported while targeting zero defects.	●
Embed enhanced Build Quality Assurance arrangements and training requirements.	●
100% close out of quality non-conformances prior to customer handover.	●
Further use of technology to improve quality management processes.	●
Share best practice and lessons learnt across the Group.	◐
Deliver our first homes to RoSPA's Safer by Design Gold standard.	●

Medium-term targets (2023 - 2029)

Deliver all homes to RoSPA's Safer by Design Gold Standard.

Long-term targets (by 2030)

Build 50,000 high quality homes.

Key to progress:
● Completed or consistently achieved ◐ On track for 2023 ○ Further action required

50%

of Berkeley homes have zero defects reported by customers, compared to an industry average of 5% (HBF, March 2022)

69

Build Quality Assurance audits undertaken by an independent Group assessment team

BSF
BUILDING A SAFER FUTURE

CLIMATE ACTION

What are we focusing on?	Highlights from 2022
Low Carbon Homes Meeting our science-based target by reducing the in-use carbon emissions intensity of our homes by 40% between 2019 and 2030	— We focus on the energy efficiency of new homes, through both building fabric and inclusion of the right renewable and low carbon technologies. We are setting new minimum standards for energy efficiency for all homes, including Energy Performance Certificate (EPC) and fabric ratings. — The performance of our homes forms part of our pioneering Green Finance Framework. This year 89% of homes completed had an EPC of B or above, with an average rating of 83. — We have undertaken research to understand how our science-based targets align with the new Part L 2021 and the Future Homes Standard. — We are a partner organisation for the UK Green Building Council's Advancing Net Zero Programme.
Low Carbon Operations Meeting our science-based target by reducing absolute emissions across our direct operations by 50% by 2030	— To encourage energy reduction within our construction site operations each division has been provided with a carbon budget. — This year our absolute scopes 1 and 2 (market-based) emissions have decreased by 13% compared to the prior year. This has largely been driven by an increase in the use of biodiesel HVO (Hydrotreated Vegetable Oil) on our construction sites.
Embodied Carbon Meeting our science-based target by reducing the carbon intensity of the materials and services we use by 40% by 2030	— We undertook 15 embodied carbon studies across a range of building typologies, giving us valuable site-specific data. See page 68 for further information. — We will now routinely measure the embodied carbon of new buildings and take action to reduce the carbon through design, specification and working with our supply chain. — We will continue to work with our supply chain to further understand embodied carbon and to obtain Environmental Product Declarations (EPDs) for the materials we procure.
Resilience We will manage climate risks for our developments and business	— We completed detailed Climate Scenario Analysis on our development portfolio and business activities. This is presented in further detail on pages 58 to 70. — We continue to undertake flood and overheating risk assessments on all sites, and incorporate appropriate mitigation measures in the design and the construction of our homes.
Net Zero Carbon We will maintain carbon neutral business operations (scopes 1 and 2) and work to become net zero carbon across scopes 1, 2 and 3 by 2040	— Since May 2017 we have purchased 100% renewable electricity in the UK, backed by Renewable Energy Guarantees of Origin (REGO) certificates. — Our first priority is to reduce our emissions, but we continue to procure certified high quality carbon offsets for the remainder of our scopes 1 and 2 emissions.

Short-term targets (by 2023)

- Assess embodied carbon for 10 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 implement measures to manage climate risks for our developments and business.
- Maintain carbon neutral operations (scopes 1 and 2) and investigate innovative ways to offset our indirect (scope 3) impacts.
- Achieve a 20% reduction from 2019 in absolute scopes 1 and 2 emissions and a 10% reduction in scope 3 emissions intensity.

Medium-term targets (2023 - 2029)

Undertake embodied carbon assessments and set reduction targets for each development. Achieve a 30% reduction from 2019 in absolute scopes 1 and 2 emissions and a 25% reduction in scope 3 emissions intensity.

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.

Key to progress:
Completed or consistently achieved · On track for 2023 · Further action required

15
embodied carbon assessments on our buildings

>10%
decrease in absolute carbon across our operations (scopes 1 and 2), driven by an increase in the use of biofuel

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

COMMUNITIES

What are we focusing on?	Highlights from 2022
Transforming Underused Land Progress the transformation of our regeneration sites	— Our business model remains focused on inherently sustainable large-scale regeneration sites. We transform the most challenging and complex brownfield sites into welcoming and sustainable places and we are the only major UK homebuilder delivering urban regeneration at scale. We use our expertise and resources to transform these underused spaces over the long-term, delivering the physical and social infrastructure which reconnects them with their surrounding communities. — This year 86% of completed homes were on brownfield land and 85% of developments under construction. The neighbourhoods we create are unique, welcoming, safe, low carbon and rich in nature and biodiversity.
Social Value Delivering measurable long-term value on every new development	— Following more than 18 months of research and development with external experts, in autumn 2021 we launched our pioneering social value tool to allow us to understand the wider social impact we help to create. This bespoke and location-specific tool covers more than 30 indicators to help inform decisions which will affect how social value will be created in the long-term once the developments are complete. — The new tool complements other strands of our work, such as community engagement, enabling us to have a robust and holistic approach to community building.
Community Plans Enabling thriving communities for the long-term	— Last year we set a target to develop and implement a community plan on all of our large regeneration sites and all of our 19 major regeneration schemes with residents now have draft Community Plans in place. At Grand Union, a new community centre has been designed in collaboration with local residents (read more on page 45), whilst at London Dock events include a wellness weekend and art exhibitions. — We are a founding partner of the Quality of Life Foundation and are taking steps towards post occupancy evaluations to understand how our residents feel about their community. — We have also been working with Create Streets which helps develop and steward beautiful places, including funding for the recent Restitch The Social Fabric Summit.
Connectivity Providing the physical and digital infrastructure to keep our neighbourhoods connected	— We continue to prioritise connectivity, linking our sites to local transport hubs. We are proud to have been involved in the early part of the new Woolwich Elizabeth Line Station at Royal Arsenal Riverside, opened in May 2022, by delivering the station box for fit out by Crossrail. — Public amenities and welcoming natural spaces are typically delivered at an early stage, to ensure that the wider community feels the benefits of regeneration as soon as possible. — In partnership with service and infrastructure providers, we have delivered fibre connectivity to all new homes since 2018, with over 99% of homes 'ready for service' on customer move in day.

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.
- Continue to provide the appropriate technical and physical infrastructure necessary to ensure digital connectivity.

Medium-term targets (2023 - 2029)

All developments to have an embedded community plan.
Maximise the value to society that each development brings.
Work with external experts to assess people's quality of life on new developments.

Long-term targets (by 2030)

Demonstrate the success of our developments and the quality of life of our customers and residents over the long-term.

Key to progress:
Completed or consistently achieved · On track for 2023 · Further action required

100%
of regeneration schemes with residents have Community Plans in place

86%
of new homes are constructed on brownfield land

Read more on: Berkeley's commitment to communities on pages 44 to 45.

QUALITY OF LIFE FOUNDATION

Strategic Report
Corporate Governance
Financial Statements

COMMUNITIES

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

Brownfield regeneration
Our primary focus is regenerating large-scale brownfield sites within built up areas. This is very different to greenfield homebuilding and involves investing and working within existing neighbourhoods over the long-term. This give us greater scope to partner with local communities and councils to unlock social value.

A community-led approach
Our projects are long-term and we work hard to engage and understand every community in which we work. Our teams build strong relationships with local people, councils, charities and grass roots organisations, developing shared objectives and delivering the changes local stakeholders care about most.

Early stage community investment
We prioritise the early delivery of public amenities and welcoming natural spaces, ensuring local people are among the first to benefit from our investment and demonstrating our commitment to improving people's quality of life. Examples include the Community Centre and public square delivered in phase one of Grand Union and the five-acre park delivered in phase one of White City Living.

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

Maximising social value
This year we launched a pioneering social value tool which provides a unique set of data and insights into local needs and context. This enables our teams and local partners to make informed decisions about the features, facilities and infrastructure which deliver the greatest long term value and benefit to the local community. The tool takes account of 32 indicators, including access to nature, affordable housing provision, job creation, biodiversity, heritage, embodied carbon and impacts on local services.

Community plans
Once residents move in we create Community Plans that encourage lasting links between neighbours, engage residents in the long-term stewardship of their neighbourhood and help to create more friendly and integrated places. Every plan is bespoke and underpinned by research into local priorities and interests. As our neighbourhoods mature we encourage residents to form decision making bodies which shape and influence their community for the long term. See Woodhurst Park example opposite.

Royal Arsenal Riverside, Woolwich

Case study:
Community Centre at Grand Union

Our Grand Union development is transforming a former industrial estate into a community of over 3,000 homes, with 13 acres of open space including a canal-side park.

Consultation between St George and local stakeholders found there was a need for a community centre in the area. Designed in collaboration with local residents, the centre has now been delivered as part of the first phase of the site, providing a focal point to integrate the new and established communities and build a sense of place at Grand Union. The centre offers 5,000 sq ft of flexible spaces for activities, such as classes, workshops, events and performances. It is managed by a community trust, set up by St George, which includes residents and local businesses.

Case study:
Building a Community at Woodhurst Park

Woodhurst Park is a development of 750 homes set in a 65 acre country park in Berkshire. Five years after the first homes were occupied, a flourishing community is already in place.

Berkeley Homes Oxford and Chiltern developed a community plan for the site and our community champion worked with residents to organise events such as a street party, nature walk and barbecue. These provided an early opportunity for local people to get to know their neighbours and start to build a community.

The landscaping at Woodhurst Park has also supported the development of the community, where initial events focused on Woodhurst Park's green spaces: the village green and country park. The Woodhurst Park community now has its own momentum, although we continue to support its activities. Twelve residents are on the events committee, organising a thriving programme of activities around the year, from summer picnics to a Christmas party.

"There is a real community spirit throughout the development and we are so happy here"

Woodhurst Park resident

OUR VISION 2030: WHAT WE CREATE

NATURE

What are we focusing on?	Highlights from 2022
Biodiversity Net Gain Deliver a minimum 10% gain for every new development	— Since 2017, we have been designing our new developments to achieve measurable biodiversity net gain. We work with ecology and landscape design experts to ensure that preservation and enhancement of biodiversity is central to our approach to the landscape design. Since making our commitment, 46 developments have been designed to achieve biodiversity net gain across an area of more than 500 acres. Combined, these include 50 acres of living roofs, 170 acres of woodland and 100 acres of nature-rich grassland. In addition, through the acquisition of a large scheme in Milton Keynes during the year, we are committing to a wide range of habitat creation or enhancement including a new linear district park of over 150 acres. — In May 2021, we committed to a 10% net gain on all sites, ahead of the forthcoming mandatory requirement for all new developments in the country expected in late 2023. — Whilst our commitment focuses on habitats, individual species are also important and site-specific measures such as hedgehog highways continue to be incorporated. At Hartland Village, nine beehives have been introduced and local school children are learning about the importance of bees, and a biodiverse show garden has been created alongside a guide for customers. — We are a founding member of the Blue Recovery Leaders Group, set up in 2021 by the Wildfowl and Wetlands Trust and supported by HRH the Prince of Wales to create networks of healthy wetlands across the UK. 36 of our sites incorporate wetland features and more than 50 acres of wetland habitat are planned or completed. We commissioned The Wildfowl and Wetlands Trust to produce and launch guidance for our teams on the importance of managing surface water to reduce flooding. — We work with the Wildlife Trusts on a number of our developments to enhance our approach to nature, and integrate with the local community and any existing nature initiatives.
Environmental Net Gain Considering water, flooding and air quality	— Building on our industry-leading approach to biodiversity net gain, we are broadening our focus so that we deliver an even more valuable and holistic contribution to the environment on every site. We have committed to achieve environmental net gain on all our sites by 2030, leaving the natural environment in a measurably better state than it was before. — In the last year, in forming our approach to environmental net gain, we have identified four priority areas where the pressures on the environment are greatest and where we can have most impact: water, climate, pollution and ecology. — To work towards the first topic of water, we have partnered with Thames Water to explore the concept of water neutrality and how it can be applied to our sites. At Royal Exchange in Kingston 46,000 litres per day will be offset through the retrofit of local homes, schools and businesses.

Short-term targets (by 2023)

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

Medium-term targets (2023 - 2029)

Develop an overall approach for environmental net gain and trial it on at least one site by 2025.

Long-term targets (by 2030)

Achieve an overall environmental net gain on all developments.

Key to progress:
Completed or consistently achieved | On track for 2023 | Further action required

46

sites designed to deliver a biodiversity net gain, in addition to plans at a large site in Milton Keynes

>500

acres of created or enhanced habitat, in addition to a significant area at Milton Keynes

Get Nature Positive

OUR VISION 2030: HOW WE WORK

EMPLOYEE EXPERIENCE

What are we focusing on?	Highlights from 2022
Health and Safety Continuing to target zero harm	— Our Annual Injury Incidence Rate per 1,000 people of 0.72 significantly outperforms the industry figure of 2.72 (HSE, October 2021). In our drive to raise standards and reduce risks, in 2022 we launched a new Work at Height campaign, to complement our existing Good Order, Good Work and Good Health programmes. — We have an established robust health and safety management system, supported by audits by experienced practitioners and directors, and at Group level by a specialist assessment team; during the year there were more than 3,400 directors' safety visits completed in addition to more than 420 audits by the Group team. — We have received more than 25 awards from RoSPA in the last five years, including St Edward as Winner of the Construction Housebuilding and Property Development Industry Sector in 2021. — We maintained COVID-secure workplaces throughout the year, in line with the Construction Leadership Council's Site Operating Procedures.
Diversity and Inclusion Ensuring our workforce is representative of the areas in which we operate	— We are a platinum member of Women into Construction (read more on page 51), and we are a Diversity Pledge Signatory of the Mayor's Fund For London. — We continue to work towards a workforce that is more reflective of the areas in which we work and have introduced more agile working to attract and meet the needs of a more diverse workforce. Within our autonomous businesses there are different programmes and initiatives to support diversity, such as networks for women and those to celebrate race, ethnicity and cultural heritage. — 37% of our overall workforce is female, including 29% of managers. 75% of all hires that have come through our internal recruitment team are female. This year we have seen around one quarter of construction apprenticeships filled by female candidates, higher than the national average for such roles.
Championing Wellbeing Demonstrably improving the health and wellbeing of our employees	— We offer all staff wellbeing benefits, including an Employee Assistance Programme and virtual GP service, together with detailed health checks. Within the year we have extended private medical insurance to all staff. All employees complete e-learning on mental health awareness and we have more than 160 trained mental health first aiders. — We support wider industry initiatives including the Building Mental Health Charter and promote the support available to people in our industry via the Construction Helpline.
Employee Engagement Engaging our workforce, to shape the way we operate	— A staff survey, completed by 85% of our employees in 2021, highlighted our strengths including clarity around goal setting and collective working and also gave valuable insight over how we can improve. Following this, each of our autonomous businesses is enhancing its own people and engagement strategy, based on a Group framework.

Short-term targets (by 2023)

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

Medium-term targets (2023 - 2029)

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

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.

Key to progress:
Completed or consistently achieved | On track for 2023 | Further action required

29%

of managers are female, together with 37% of our employees overall

0.72

Annual Injury Incidence Rate (AIIR) compared to the industry average of 2.72 (HSE, October 2021)

2022 Positive About Women into Construction

MODERNISED PRODUCTION

What are we focusing on?	Highlights from 2022
Advanced Manufacturing Commencing production at the Berkeley Modular advanced manufacturing facility	— Following extensive prototyping and testing activity, Berkeley Modular has produced its first modules, which will be delivered to Kidbrooke Village. Our approach is precision manufactured, highly automated, digitally integrated and safe, combining machine, robotic and skilled manual processes within a controlled factory environment. Modular production is just part of the solution of delivery methods, alongside traditional construction. — A number of external validation processes have been completed on the factory and its product to ensure that high standards are met. These include the British Standard Institute's audit and validation of the welding and inspection processes and the accreditation of the Technical Manual for our scheme by Buildoffsite Property Assurance Scheme (BOPAS). — The role of our supply chain is key in helping us to innovate and we have welcomed input from our partners. Travis Perkins has been critical in developing logistical solutions, and other suppliers have produced bespoke systems to meet the needs of the advanced manufacturing process.
Modern Methods of Construction Designing homes to maximise the use of modern methods of construction	— Both our internal and external teams have been upskilled on the benefits of modular construction and product design, and are identifying sites early on with the potential for production at Berkeley Modular. — We continue to incorporate other modern and off site methods of construction on our projects, from bathroom pods to unitised panelling systems. — We are preparing to measure the Pre Manufactured Value of our developments as an indicator of designing for manufacture and assembly, which can help to achieve shorter delivery times, lower costs, higher quality, sustainability and safety, and increased reliability.
Increasing the Use of Digital Technology Assessing the benefits of digitally enabled processes for each home built	— 39 projects have begun to use a new, bespoke system for capturing digital information about each home from pre-construction to post-completion, known as the 'Golden Thread of Information'. — An increasing number of our developments benefit from digital design, utilising Building Information Modelling (BIM) to bring complex designs to reality. At one tall building at South Quay Plaza, completed during the year, this has brought many advantages, including the successful integration of elements that had been manufactured off-site, full collaboration between all disciplines and bringing the design to life with our customers through the use of virtual reality.

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 homes to maximise the use of modular construction, with apartment blocks over 11m using the UK BIM Framework ISO 19650 standard.	○

Medium-term targets (2023 - 2029)

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.

Key to progress:
● Completed or consistently achieved ◐ On track for 2023 ○ Further action required

First
modules produced by the Berkeley Modular facility

39
sites now using our bespoke digital information system

FUTURE SKILLS

What are we focusing on?	Highlights from 2022
Emerging Talent 5% of people working on our sites and in our offices will be an apprentice, graduate or in formal training	— We are a member of The 5% Club, reinforcing our long-standing commitment to having 5% of our workforce as a graduate, apprentice or sponsored student; this year 8.9% of our employees were in 'earn while you learn' positions. — In autumn 2021, we welcomed our first Group-wide cohort of more than 60 construction apprentices into the business. Read more on page 50. 38 graduates joined the business in September 2021 and we are listed by The JobCrowd amongst the top 50 best companies for graduate employment. — We also offer a range of academy programmes to bring people into the business from different industries. This year, more than 60 people joined across a range of departments. — We are a platinum member of Women into Construction and a signatory of the BuildForce charter, supporting people transitioning from the military.
Industry Image Actively champion careers in the built environment	— We believe there is a job for everyone in the built environment sector. To promote the careers available we engage with young people, education providers and employers through our sites, through school talks and more formally through mentoring and work experience. During the year we engaged with a broad range of young people through more than 80 school and college events and over 40 work experience placements. — In October 2021, we opened several of our sites for the Open Doors initiative, run by Build UK and CITB, allowing students, members of local communities and other interested parties to have a tour of our biggest regeneration schemes.
Employee Skills Upskilling our workforce, to support a modernising industry	— As we modernise production and digitalise other areas of our business, we are building a workforce with the flexible skillset needed for the future. During the year, we commenced a project to map the skills and competencies required, both now and for the future, across all business disciplines. This includes increased focus on digital skills and sustainability and ensuring competence in advance of emerging changes in regulatory requirements. The Berkeley Group Competency and Skills Framework will ensure we have the right people, with the right skills, at the right time and will support recruitment, talent management and the planning of training activities. — During the year, our internal training centre, The Berkeley Academy, gained Approved Training Organisation status with CITB enabling us to develop construction training courses to an industry-agreed standard. We are also a CITB Site Safety Plus centre. — The Berkeley Academy offers a range of training, from health and safety, to sustainability, quality and commercial. This is supported by training, management and leadership programmes run locally by our autonomous businesses.

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

Medium-term targets (2023 - 2029)

Ensure all employees meet the competency framework.

Long-term targets (by 2030)

Develop a skilled and competent workforce able to support our changing production needs.
Engage with more than 5,000 young people to champion careers in the built environment sector.

Key to progress:
● Completed or consistently achieved ◐ On track for 2023 ○ Further action required

8.9%
employees are in 'earn while you learn' roles

>60
new construction apprentices joined in autumn 2021

Read more about Berkeley's commitment to developing future skills on page 50.

FUTURE SKILLS

We have always had a strong training and skills culture, and we have been expanding our approach in response to mounting skills challenges facing our industry since 2014.

Providing pathways to work
We offer a broad range of training programmes to appeal to a wider demographic including academies, apprenticeships, bespoke training programmes, industrial placements and an award-winning graduate scheme.

We are passionate about working in partnership with local councils, education bodies and our supply chain to ensure that people living close to our sites can take advantage of the career and training opportunities that regeneration projects bring to their neighbourhood.

Developing our employees
The Berkeley Academy, our internal training academy, delivers a range of training courses to our employees covering health and safety, build quality and sustainability. This year we gained Approved Training Organisation status with the CITB.

We are mapping the skills and competencies required, both now and for the future, across all disciplines in our business to ensure that we are training and upskilling our workforce for the future of the industry. This includes an increased focus on digital skills and ensuring competence in advance of emerging changes in regulatory requirements.

Promoting built environment careers
We are working with our partners to showcase the varied, cutting edge, and rewarding careers the built environment has to offer. Last year our teams delivered more than 80 engagement sessions, including career taster sessions, site tours, school visits and delivering hands-on curriculum linked projects.

Berkeley Group Construction Apprenticeship Programme
In 2021, we set out to bring new site management apprentices to the business, helping us to create our future leaders. We worked in partnership with two training organisations, Farnborough College and Ixion Holdings (part of Shaw Trust), to create a bespoke Level 4 Construction Site Supervisor programme that reflects the latest construction management practices, modern methods of construction and digital working. In September 2021, we welcomed more than 60 new site management apprentices, representing one of our largest ever intakes of trainees.

Farnborough College of Technology

“It is exciting to be working with such a diverse group of apprentices and look forward to them succeeding in their road to Chartered Membership.”

Virginia Barrett,
Principal CEO, Farnborough College of Technology

ixion
part of Shaw Trust

“The collaborative work undertaken to create this bespoke programme for the Berkeley Group aligns to the Group’s goal to equip their people with the skills they need now, and for the future - enhancing social mobility.”

Jacqueline Oughton,
Managing Director, Ixion Holdings and Shaw Trust Education and Skills

Our skills programme in numbers:

8.9%
of our workforce is an apprentice, graduate or sponsored student

120
directly employed apprentices working across our business

50
people on our graduate scheme

95
sponsored students, from quantity surveying degrees to finance qualifications

440
courses, over 38,800 hours, delivered by the Berkeley Academy in the year

Read more on our website here:
www.berkeleygroup.co.uk/our-vision/future-skills

Member of The 5% Club

JobCrowd Top Company for Graduates to Work For 2022/23

Back the Future Apprentice Decent Wage Pledge

2022 Positive About Women into Construction

WOMEN INTO CONSTRUCTION

“I’m so grateful for the opportunity that was given to me by Women into Construction and Berkeley Group. As a mother of two, I’m so happy to have found a career that I love, and where I can finish in time to get home to my kids.”

Jodianne,
Trainee Project Manager at Prince of Wales Drive with M Price Ltd

Berkeley Group works in partnership with Women into Construction (WiC), a not-for-profit organisation, to provide practical support, training and job opportunities to help women into the industry and increase diversity.

Kath Moore MBE, Managing Director WiC, said: “We have been working with Berkeley for the last eight years, placing women into work-placements and employment on construction projects across London and the West Midlands. Berkeley has made a clear commitment to increasing diversity within their workforce, and we are delighted to be working in partnership with them to make that happen. It has been hugely satisfying to see our clients begin their careers and continue to develop on Berkeley sites”.

In the last year, Berkeley has worked with WiC to:

- provide work experience and job opportunities on Berkeley sites;
- support an International Women’s Day Careers Fair;
- support an International Women’s Day seminar, attended by more than 400 people;
- co-host college visits to inspire interest in construction roles ; and
- deliver specialist virtual work experience, including sessions with Technical (design) and Health & Safety teams.

In January 2022, the Berkeley Foundation supported WiC through a £30,000 grant to strengthen its operational resilience. This builds upon a previous £65,000 grant to enable WiC to launch two innovative training-for-work programmes, targeting care leavers in Birmingham and college leavers in Barking and Dagenham.

“Women into Construction introduced me to Berkeley and I’ve never looked back. Now I’m getting practical training on a regeneration site that is minutes away from home in Lambeth.”

Imane, Level 4 Construction Site Supervisor Apprentice, Oval Village

SUPPLY CHAIN

What are we focusing on?	Highlights from 2022
Best Practice Benchmarking against global best practices, achieving certification by CIPS for Procurement Excellence by 2025	— The Chartered Institute of Procurement and Supply (CIPS) has completed an evaluation of our procurement processes against their Procurement Excellence Standard Award. We will now action their recommendations to progress with our target to achieve certification by 2025. — We continue to actively participate in industry response groups following the Grenfell tragedy. — We launched new training to all staff on combating modern slavery and new induction materials for our construction sites. We are a signatory of the Prompt Payment Charter.
Collaboration Implementing 360 degree feedback across our supply chain by 2023	— Reflecting CIPS best practice and to support supply chain resilience, we work closely with our key trade contractors to understand their challenges and work more effectively together. This includes director-level sponsors for each trade, together with daily communication at a project level. — With the relaxation of social distancing requirements, many of our autonomous businesses have held supply chain conferences in the year to provide updates and promote collaboration. — We work closely within industry to understand changing supply chain conditions, particularly in light of market volatility and the combined challenges of Brexit, COVID-19 and the conflict in Ukraine.
Overall Value Enhancing our tender recommendations sign off process, so we procure on overall value over cost	— We have relaunched our consistent process to assess contractors during the tender process against key topics, supplemented by a detailed tender scoring matrix for contractors which includes a numerical assessment on quality, modern slavery, sustainability and health and safety.
Materials Launching a new materials strategy	— We have worked with the Construction Products Association (CPA) and British Standards Institution (BSI) regarding standard product data and batching details to be at the forefront of capturing and maintaining the 'Golden Thread of Information' at product level. — We have developed a Common Materials Strategy covering 30 key material groups to support our requirements regarding quality, resilience and continuity of supply. In parallel, we have also initiated a Transformation Programme, assessing these product groups for responsible sourcing risks such as modern slavery and sustainability non-conformance.

Short-term targets (by 2023)	
100% of projects to award contracts on best overall value.	◐
Assess all contractors for modern slavery risks through enhanced processes.	◐
Implement and embed a new materials strategy.	◐
Align procurement activity with Build Quality Assurance, Modernised Production and Climate Action targets.	◐
Implement 360 degree feedback across key members of our supply chain.	○

Medium-term targets (2023 - 2029)

Achieve the Chartered Institute of Procurement and Supply (CIPS) Procurement Excellence Award by 2025.
Ensure that the 'golden thread' of building information is in place 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.

Key to progress:
● Completed or consistently achieved ◐ On track for 2023 ○ Further action required

110
manufacturers, covering 30 product groups, being assessed for sustainability and modern slavery

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

CIPS

SHARED VALUE

What are we focusing on?	Highlights from 2022
Value to Society Undertaking a broader assessment of our value to society across a range of indicators	— Over the last five years, we have contributed £2 billion to community facilities including affordable housing, and £14 billion in total to the UK economy. See page 13 for more information. — In 2020, we undertook an assessment of our business activities across a broader range of indicators, both positive and negative, in order to quantify the value that our activities have on society. This includes the benefits of early careers training, investment in site health and safety, and innovative practices, together with the impacts that we have, such as greenhouse gas emissions. We plan to refresh the assessment over the coming year. — This year we have launched a pioneering new social value tool for use by our project teams to calculate the value to society created in the long-term from our developments. See page 44 for more information. — We are delighted to have been awarded the Transformation Award by the Better Society Network for the positive impact we are delivering through Our Vision 2030, and the significant and sustainable changes we are making to the built environment.
The Berkeley Foundation Engaging all employees in the work of the Berkeley Foundation	— The Berkeley Foundation was established in 2011. It makes grants and builds partnerships with frontline charities across London, Birmingham and the South of England, working together to help young people and their communities to thrive. In spring 2022 the Foundation celebrated 10 years of social impact through the launch of *Our journey so far* and launched its new strategy to the end of the decade. See pages 74 to 75 for more details. — The Foundation is funded by Berkeley Group and through the incredible fundraising efforts of Berkeley staff. 55% of our people chose to actively contribute to the charity over the past 12 months, through time, fundraising or donations.
Sustainable Returns Delivering returns to our shareholders whilst creating value for other stakeholders	— We have continued to deliver sustainable returns to our shareholders, whilst creating value to our other stakeholders.

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

Medium-term targets (2023 - 2029)

Achieve a 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.

Key to progress:
● Completed or consistently achieved ◐ On track for 2023 ○ Further action required

55%
of employees got involved in supporting The Berkeley Foundation

£3.2bn
contribution to UK GDP in 2021/22

Better Society 2022 AWARDS
WINNER
Transformation Award
Berkeley Group

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

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

Key to strategy

Customers | Quality | Communities | Climate Action | Nature
Employee Experience | Modernised Production | Future Skills | Supply Chain | Shared Value

Indicator	Link to strategy	Measure	Unit	2022	2021	2020
New homes		Completed homes, including joint ventures	#	**4,632**	3,254	3,158
Benchmarks and Indices		CDP Climate Change questionnaire rating	Rating	**A-**	A	A-
		FTSE4Good Index Series listed company	Y/N	**Y**	Y	Y
		MSCI ESG rating	Rating	**AAA**	AAA	AAA

ENVIRONMENTAL

Indicator	Link to strategy	Measure	Unit	2022	2021	2020
Environmentally responsible operations		Number of environmental prosecutions	#	**0**	0	0
		Monetary cost of environmental fines and penalties	£	**0**	0	0
		Scopes 1 and 2 (location-based) emissions	tCO_2e	**7,832**	8,738	9,182
		Scopes 1 and 2 (market-based) emissions	tCO_2e	**2,211**	2,549	3,375
		Water consumption	m^3	**256,635**	240,232	214,517
		Total waste generated (including construction, demolition and excavation wastes)	tonnes	**734,320**	382,824	637,509
		Total waste reused or recycled	%	**90**	95	90
		Total waste classified as hazardous	tonnes	**5,669**	2,602	13,689
		Construction waste generated	tonnes	**126,765**	154,409	177,572
		Construction waste reused or recycled	%	**95**	96	95
		Construction waste classified as hazardous	tonnes	**606**	397	1,210
Sustainable homes		Completed homes with an EPC rating of at least a B	%	**89**	96	95
		Average EPC score	#	**83**	84	84
		Completed homes to be supplied with low carbon or renewable energy	%	**68**	70	70
		Average internal water efficiency of completed homes	lppd	**104.2**	104.5	102.7
		Completed homes constructed on brownfield land	%	**86**	87	89
		Completed homes with internal recycling facilities	%	**100**	96	100
Sustainable places		Developments newly committed to deliver biodiversity net gain	#	**6**	7	9
		Developments newly committed to deliver biodiversity net gain on site	%	**100**	100	100
		Developments newly committed to deliver biodiversity net gain greater than 10%	%	**100**	100	89
		Live development sites regenerating brownfield land	%	**85**	84	76
		Live development sites with Sustainable Drainage Systems (SuDS)	%	**92**	91	94
		Live development sites with cycle storage being provided	%	**100**	100	100
		Live development sites with electric car charging infrastructure being provided	%	**93**	84	76

SOCIAL

Indicator	Link to strategy	Measure	Unit	2022	2021	2020
Charitable giving and the Berkeley Foundation		Employees involved with Give As You Earn (GAYE)	%	**29**	32	33
		Employees involved with the Berkeley Foundation	%	**55**	53	63
Considerate construction		Average Considerate Constructors Scheme (CCS) score	#/50	**43.40**	43.37	43.16
Customer experience		Six-month rolling average NPS (to March 2022)	#	**77.2**	77.9	78.8
		Customers who would recommend us to a friend (to March 2022)	%	**98.0**	98.3	98.5
Health and safety		AIIR per 1,000 people - direct employees and on-site contractors	#	**0.72**	1.24	1.17
		AIIR per 1,000 people - direct employees only	#	**0.33**	0.70	0.35
		AIIR per 1,000 people - on-site contractors only	#	**0.85**	1.40	1.46
		Work-related fatalities - direct employees and on-site contractors	#	**0**	0	0
		Accident Frequency Rate (AFR) per 100,000 hours - direct employees and on-site contractors	#	**0.03**	0.06	0.05
		Hours of training delivered on health and safety matters	#	**24,165**	24,843	34,126
Skills and training		Average monthly percentage of direct workforce who are graduates, direct apprentices or sponsored students undertaking formal training	%	**8.9**	7.2	9.3
		Graduates joining the business via Berkeley's Graduate Scheme programme	#	**38**	26	31
		Average monthly number of directly employed apprentices	#	**121**	89	107
Society and community contributions		Contribution to UK GDP, including through direct activities by Berkeley, indirectly through supply chain spend and the induced effect of household spend	£bn	**3.2**	2.5	2.4
		Contribution to UK tax, including taxes paid directly by Berkeley and the taxes paid by customers and suppliers as a result of Berkeley activities	£m	**778**	595	625
		Contribution to facilities and services for local communities, including affordable housing subsidies	£m	**556**	204	270
		UK jobs supported directly and indirectly through the supply chain	#,000	**29**	25	23
Supply chain		Average number of days taken to pay suppliers	#	**30**	29	28
		Average monthly number of on-site contractors	#	**9,415**	8,859	8,307
Quality		Homes with fewer than five defects reported by customers on completion	%	**83**	84	81

GOVERNANCE

Indicator	Link to strategy	Measure	Unit	2022	2021	2020
Board of Directors		Executive Directors	#	**5**	6	7
		Independent Non-Executive Directors	#	**11**	11	9
		Board of Directors - Male	%	**69**	71	75
		Board of Directors - Female	%	**31**	29	25
		Average tenure of Board of Directors	#	**6**	7	8
Employees (as of 30 April)		Total employees	#	**3,030**	2,705	2,844
		Total employees – Male	%	**63**	64	63
		Total employees – Female	%	**37**	36	37
		Senior management – Male	%	**40**	40	43
		Senior management – Female	%	**60**	60	57
		Reporting to senior management – Male	%	**71**	68	79
		Reporting to senior management – Female	%	**29**	32	21

Read more online:
www.berkeleygroup.co.uk/about-us/investors/environmental-social-and-governance

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	66,163
Number of homes delivered	IF-HB-000.B	Quantitative	Number	4,632
Number of active selling communities	IF-HB-000.C	Quantitative	Number	60

*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) 57,985 (88%) including joint ventures (2) 4,006 (86%) 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) 57,418 (87%) including joint ventures (2) 3,923 (85%) 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 (WRI) 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 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: 0.33 (1)(b) AIIR: 0.85 Note: Annual Injury Incidence Rate reported in line with UK Health and Safety Executive (HSE) methodology. Our combined rate is 0.72 which outperforms the industry average of 2.72 (HSE, October 2021). (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 EPC's is provided as an alternative. (1) 4,632 (2) 83 (B rating) Note that ratings range from 'A' (very efficient) to 'G' (inefficient). 89% 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 achieved: 104.2 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 Sustainability Standards 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 Sustainability Standards around factors such as sustainable transport.
	IF-HB-410b.2	Number of (1) lots and (2) homes delivered on infill sites	Quantitative	Number	(1) 42,446 (64%) including joint ventures (2) 2,955 (64%) including joint ventures
	IF-HB-410b.3	(1) Number of homes delivered in compact developments and (2) average density	Quantitative	Number	(1) 3,537 (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	25,162 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.
	IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Discussion and Analysis	n/a	Berkeley routinely evaluates climate related risks and opportunities as part of our ongoing risk assessment process. Read more on pages 58 to 70.

Climate action is a key priority within Berkeley's business strategy, Our Vision 2030: Transforming Tomorrow, and we continue to develop our approach to this area.

Read more on: page 42.

INTRODUCTION

Berkeley supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures This is our fifth disclosure under TCFD and this year we are pleased to confirm that our disclosures are consistent with the TCFD Recommendations and Recommended Disclosures and align with the UK Listing Rules, save for certain items which we summarise below.

There are certain areas where we have not included climate-related disclosures which will require more time for us to fully consider. In line with current Listing Rules requirements (as referred to in Listing Rule 9.8.6R(8)), these include specific areas within the following TCFD themes: Governance (A2), Strategy (A1, A2 and C3), Metrics (A2) and targets (A3).

We are working to implement these recommendations over the course of the next year.

Berkeley has a long track record of action in relation to climate change. We set our first carbon reduction targets for our operations through the original Our Vision business strategy launched in 2010. Having identified flooding, overheating and water shortage as key issues in our 2014 risk identification exercise, we have also focused on climate change adaptation, creating new homes and places that are more resilient to the challenges of a warmer climate, which embrace the great potential of nature-based solutions.

Today, our direct business operations are carbon neutral, we procure 100% renewable electricity in the UK, have set science-based targets for reducing our scopes 1, 2 and 3 greenhouse gas emissions by 2030 and have been awarded an A- rating for Climate Action and Transparency by CDP.

Looking forward, Climate Action remains a key strategic priority for the business and is embedded within the new Our Vision 2030: Transforming Tomorrow. Berkeley is playing a full role in addressing this global challenge and our climate action programme is holistic, involving transformational changes to our business operations and to the ways in which we design and create new places in partnership with our supply chain.

Royal Arsenal Riverside, Woolwich

CLIMATE PROGRESS AND ROADMAP

2010
Carbon reduction targets set for our operations since the launch of Our Vision in 2010.

2014
Climate change adaptation risk identification exercise identified flooding, overheating and water shortage as the key risks for the homes and places we develop.

2016
All new homes designed to incorporate climate change adaptation measures and a bespoke overheating risk assessment launched.

2018
First public disclosure on TCFD.

Procurement of 100% renewable electricity for UK operations and voluntary offsetting of residual scopes 1 and 2 emissions via verified projects.

2019
Undertook research and implemented the outcomes on designing low carbon homes.

2020
Science-based targets validated by the SBTi and new strategy for climate action launched covering five focus areas.

2022
Completed detailed Climate Scenario Analysis on future climate scenarios to inform our assessment of risks and opportunities.

Taplow Riverside, Taplow

Paperyard, Horsham

GOVERNANCE

The Board takes overall responsibility for the management of all risks and opportunities, undertaking a review of all business risks and opportunities on an annual basis, which includes climate-related risks and opportunities. The Chief Executive has been designated as accountable for the Climate Action strategic priority under Our Vision 2030. In addition, Karl Whiteman has Board level responsibility for Berkeley's wider sustainability programme and oversees the implementation of our actions.

We have Our Vision 2030 and Sustainability Board meetings which take place bi-monthly consisting of the two Executive Directors set out above, the Chief Financial Officer, the Head of Responsible Business and the Head of Sustainability. Climate action is a key topic on each agenda and a summary of progress against goals and targets is provided at these meetings. A consolidated report covering Sustainability and Our Vision 2030 is prepared for the Main Board meetings.

On an ongoing basis, the Chief Executive and Chief Financial Officer have involvement with the decision making process and financial planning at a project level. This includes both considerations prior to the purchase of the land (e.g. flood risk) and financial planning for the construction of the development (e.g. expenditure on any climate-related costs such as energy efficiency measures and low carbon technology).

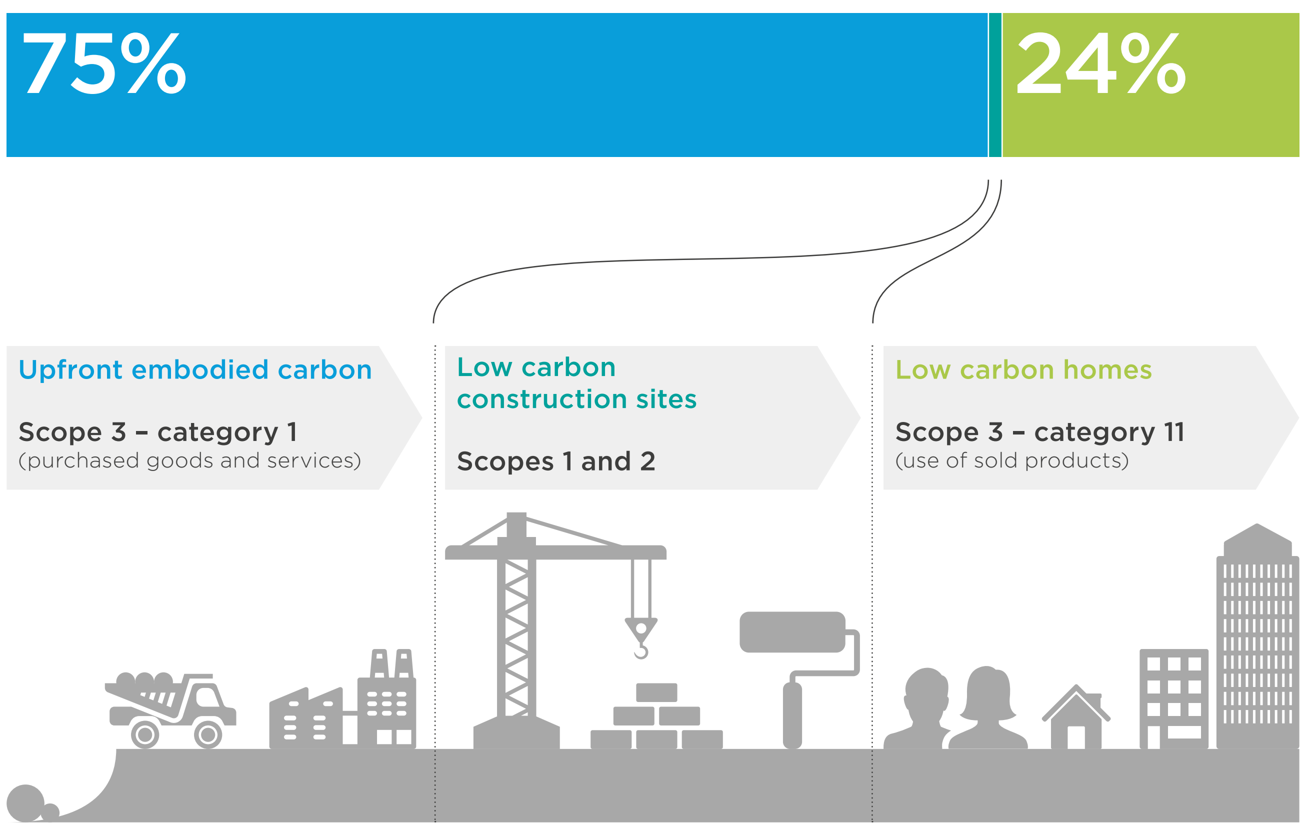
To instil strong governance and accountability within Berkeley's autonomous operating companies, each management team has responsibility for climate action in relation to their specific developments and have a nominated management sponsor within their business. Each operating company maintains a risk register for their business, which includes sustainability and climate change risks, whilst at a development level, the Project Sustainability Tracker and Environmental Risk Register identify risks and monitor action taken.

STRATEGY

Climate Action was identified as a strategic priority for the business within Our Vision 2030, set out in 2020. Our climate strategy is shaped around five focus areas, each with defined targets, to respond to the key areas of risk and opportunities for the business. These are supported by more detailed Sustainability Standards which set our minimum requirements across our operations and our supply chain. Having now undertaken detailed scenario analysis, over the coming year we will complete work to identify the most effective ways to implement the findings of this review into our strategic planning processes.

We have science-based targets for carbon emissions reduction by 2030 covering scopes 1, 2 and 3 which were validated by the SBTi in December 2020. These will help us to drive down emissions significantly during this decade, shaping our transition to becoming a net zero carbon business in the long-term. Berkeley acknowledges the new definition of net zero launched by the SBTi during the year and will be reviewing our strategy in accordance with this.

Our carbon impact



Climate Action focus areas

Focus area	Description	Current actions and next steps
Embodied carbon	**Scope 3 – category 1** (purchased goods and services) These carbon emissions relate to the activities of our supply chain. They arise from the energy used to extract raw materials, process them into construction materials and transport these to our sites, together with the activities of companies who provide a service to us (from consultants to architects and contractors working on our sites).	– We continue to use a spend-based methodology for reporting category 1 emissions, whilst we evolve our understanding and data in this area. – This year we undertook 15 detailed embodied carbon studies of the materials across a range of building typologies, establishing a clear baseline for further action. – We will now launch stretching embodied carbon targets for each building typology and begin to capture site specific data. – We will continue to work with our supply chain to identify carbon intensive materials and manufacturing processes to target reductions.
Low carbon construction sites	**Scopes 1 and 2** This is carbon that is related to our own activities within the Berkeley Group. It comes from energy used on construction sites, sales suites and in our offices.	– This year we have seen a 13% decrease in our absolute scopes 1 and 2 (market-based) emissions, which has been largely driven by an increase in the use of biodiesel HVO (Hydrotreated Vegetable Oil). – We allocated carbon budgets to construction sites to focus attention on emissions reduction. – We will continue to increase the adoption of hybrid and electric machinery on site and further increase the use of biodiesel HVO.
Low carbon homes	**Scope 3 – category 11** (use of sold products) This is carbon from the use of energy by our customers. It is associated with energy usage regulated via the Building Regulations (such as heating, hot water and lighting) and excludes usage from appliances and plugged in devices.	– Alongside our focus on inherently more sustainable urban regeneration, we continued to concentrate on energy efficient building fabrics and low carbon technology, including minimum energy efficiency ratings for domestic appliances and the inclusion of smart meters and energy display devices in our homes. – Produced guidance for our teams on meeting our science-based targets and the expected specifications to meet the future Building Regulations, notably Part L 2021 (in force June 2022) and Future Homes Standard expected to be in force from 2025. – Commenced work to set new minimum energy efficiency standards for new houses, including EPC and fabric energy efficiency ratings. – We will set out a strategy to measure in-use energy performance to compare against the designed performance.
Climate change resilience	Preparing our business for expected changes to climate and taking action to mitigate the risks. Incorporating adaptation measures in the developments we build to ensure more resilient places for our customers and future residents in decades to come.	– We continued to undertake overheating risk assessments on all sites, including dynamic thermal modelling on sites that are at higher risk of future temperature increases. – We continued to implement nature-based solutions and biodiverse landscapes that help to create places that are more resilient to extreme weather, including flooding and drought. 92% of our developments incorporate SuDS. – We will use the output of climate scenario analysis undertaken this year to continue to monitor climate resilience in future homes and developments we build.
Balancing our impacts	In our journey to becoming a net zero business, we must focus our attention on reduction, but we are mindful of balancing our impacts from residual emissions.	– We purchased 100% renewable electricity in the UK (backed by Renewable Energy Guarantees of Origin) covering more than our usage of 26,471 MWh. – 2,322 tonnes of certified carbon offsets were procured, covering more than the remainder of our scopes 1 and 2 emissions. – We will review our approach to offsetting as part of a wider Net Zero strategy for the business to set out the action we will take to become a net zero business.

Berkeley evaluates climate related risks and opportunities as part of our ongoing risk assessment process. This year, in response to the TCFD recommendations, we have expanded this assessment to incorporate future climate scenarios. We have selected climate scenarios drawing from widely used publicly available and peer reviewed sources. These include the Intergovernmental Panel on Climate Change (IPCC) sixth assessment report (AR6) and other representative sources including the International Energy Agency (IEA).

The scenarios we have selected are not intended to be forecasts for the future, but provide mechanisms to assess plausible outcomes against which Berkeley can assess its risks. The climate scenarios are summarised in the table below, against which Berkeley assessed:

1. Risks and opportunities relating to the transition to a lower carbon economy
2. Risks relating to the physical impacts of climate change in relation to Berkeley's land holdings as at 31 October 2021

For transition risks, the representative scenarios assessed are a below 2°C scenario and limiting global warming to 1.5°C (Net Zero 2050 scenario). Where it is possible to differentiate across these two scenarios the assessment focused on the Net Zero 2050 scenario, in line with the Paris Agreement targets.

Summary of scenarios

Net Zero 2050 – 1.5°C scenario	— Actions are taken to reduce emissions in the short-term and consequently high transition risk is experienced — Physical risks are less severe than under the 4°C scenario and broadly similar to the 2°C scenario
Below 2°C scenario	— Actions are taken to reduce emissions in the short-term, albeit slightly less aggressive than the 1.5°C scenario, and consequently high transition risk is experienced — Physical risks less severe than under the 4°C scenario and broadly similar to the 1.5°C scenario
Hot House World - 4°C scenario	— Increased level of warming associated with greater levels of acute and chronic weather events — Geographic climatic shift in the South East of the UK

High emissions and an associated increase in global temperatures is expected to generate changes in acute and chronic weather events that are associated with higher physical risks. Our scenario analysis on the physical risks therefore selected a high emissions 4°C scenario, in addition to the 1.5°C (Net Zero 2050 scenario).

Risks were assessed against the following time horizons:

— Transition risks were assessed in relation to aggressive climate-mitigation measures in both short term (to 2023) and medium term (to 2030) time horizons.

— Physical risks were assessed over the long-term to 2050 and beyond, compared to the current exposure as a baseline position.

Transition risks

Transition risks occur in response to aggressive climate mitigation to move to a less polluting and lower carbon economy. With the support of Willis Towers Watson (WTW), we have identified 14 transition risk drivers under the recommended TCFD categories of Policy & Legal, Technology, Market and Reputation against a 2023 and 2030 time horizon. We assessed these qualitatively, and where possible, quantified potential impacts. The financial scenarios were identified to understand the potential magnitude of risks and were quantified based on data from external and internal sources.

Of the identified risks and opportunities, there are seven which are set out in the following table as having a potentially greater impact on Berkeley. Against these, the Group has relatively low residual exposure to transition risk in the short term (2023), which could moderately rise in the medium term (2030).


Horlicks Quarter, Slough

Exposure	Low	Medium	High
Risk	○	◐	●
Opportunity	○	◐	●

Transition Risks

Overview	Risk exposure & mitigation	Short-term impact[1]	Medium-term impact[1]
Carbon pricing and **emissions offsets** Carbon pricing includes both direct carbon taxes and the cost of offsetting emissions. Aggressive climate mitigation could lead to implementation of carbon tax regimes, and an increase in the cost of emissions offset.	Since 2018, Berkeley has been carbon neutral in its operations (covering scopes 1 and 2 emissions) through purchasing 100% renewable energy in the UK and offsetting remaining emissions. Berkeley has committed to reducing absolute scopes 1 and 2 GHG emissions by 50% before any offsets by 2030 from a 2019 baseline. Taking into account these targeted scopes 1 and 2 reductions, under a 1.5°C scenario, the additional cost of emissions offset by 2030 is likely to be less than £1 million based on UK carbon price projections from the Network for Greening the Financial System (NGFS). Demand for REGOs which Berkeley procures for its UK electricity generation is expected to rise. In the short term (2023) the additional cost of REGOs is likely to be less than £1 million. By 2030, the supply of REGOs is expected to stabilise as electricity use is anticipated to continue to shift away from fossil fuel sources. The introduction of direct carbon taxes through UK regulation in relation to scopes 1 and 2 emissions, if implemented by 2030, would result in a new annual cost which is likely to be less than £1 million. Under Berkeley's long-term plans to become a net zero business, depending on supply chain actions and technology advances in the meantime, residual scope 3 emissions may need to be offset at a point beyond 2030. The cost of this could be significant given the relative size of scope 3 emissions compared to scopes 1 and 2 (see targets and metrics page 69), over £10 million per annum, although this amount and timing thereof is uncertain.	○ £0 - £1.0 million per annum in relation to the cost of REGOs	◐ Could be £0 - £1.0 million per annum in relation to the cost of scope 1 and 2 emissions. Beyond 2030 this is uncertain, but may exceed £10 million per annum in the event of scope 3 offsets
Planning and design requirements As part of its effort to meet its 2050 Net Zero target it is possible that the UK will need to increase the stringency of building planning and design requirements. The Group would be required to respond to these changing regulations which may have a cost impact.	Berkeley actively participates in Government consultations relating to future Building Regulations to help shape the direction of future regulation. In the short term, homes on future phases of developments that are under construction may require a different heating solution from current planned solutions, for example switching to the installation of air source heat pumps. These changes have been anticipated so there is little additional cost impact expected. In the longer term, planning regulation is not anticipated to lead to significant costs as emerging requirements will form part of development appraisals at the land purchase stage or subsequently.	○ Not anticipated to be an impact	○ Not anticipated to be an impact
Skills shortage impacting ability to install low carbon technology In order to reduce emissions to meet more stringent planning requirements and sustainability targets Berkeley will need access to skilled workers. If sufficient investment and training is not provided, there could be a shortfall in supply of suitably qualified professionals.	Berkeley is exposed to industry wide resourcing issues. Whilst these are currently not specific to low carbon technology, in the medium term there could be an increase in labour shortages, in part due to an aging workforce and the need to upskill workers for net zero. Whilst it is not possible to quantify the financial impact of this we are taking practical steps to mitigate the current skills shortage. Berkeley is part of The 5% Club, maintaining at least 5% of its workforce in formal training and as part of our steps to tackle the industry's skills challenge we have around 140 directly employed apprentices, together with many working on our sites within our supply chain workforce. As an employer of choice we continue to be committed to tackling these issues.	○ Not quantified	◐ Not quantified

Exposure	Low	Medium	High
Risk	○	◐	●
Opportunity	○	◐	●

Overview	**Risk exposure & mitigation**	**Short-term impact**[1]	**Medium-term impact**[1]
Technology evolution The replacement of systems that are dependent on fossil fuels could result in higher costs. There is also a risk that technologies selected at the outset of a planning process could become outdated and obsolete upon building completion as a result of the development of lower emission alternatives. Over the longer-term, increasing pace of technological adaptation may accelerate risk of obsolescence.	Electrification of residential heating is likely to be encouraged through the Future Homes Standard (2025). The pace of our progress may be hampered by planning regulations and at points in time there is a risk we will not be able to deliver optimal technologies as the Building Regulations adjust more slowly to emerging technologies. Berkeley continually assesses nascent technologies and has already invested in heat pumps and photovoltaics and, in some cases, particularly in our out of London sites, we are ensuring we put in place the necessary localised infrastructure upgrades to support additional electrical loads ahead of the Future Homes Standard. Consequently, there are no significant additional costs expected in the short-term. In the longer-term, the inherent risk is that the market for the latest technologies is nascent, which gives a risk of unreliable supply chains and reputational damage should technology selected for our developments not perform as expected. Consequently, the potential costs could be significant, although are considered unlikely as regulation and supply chain testing mean the adoption of untested technologies remains improbable.	○ Not anticipated to be an impact	○ Not anticipated to be an impact
Raw material cost The cost of raw materials could increase if suppliers pass through the impact of Carbon Pricing for high carbon building materials. For example, widely used steel, concrete, cement and glass all have energy intensive production which could require increased energy input costs.	Berkeley has a diverse supply chain drawing material from a wide range of suppliers. The Group regularly assesses its material costs as part of its development appraisals. However, under a 1.5°C scenario energy intensive raw materials such as steel, concrete and glass will be particularly impacted by carbon driven cost increases in the absence of alternative technological advances. In response, Berkeley is undertaking embodied carbon studies to better quantify the emissions within the materials of our developments to inform future design. The marketplace will also evolve as suppliers decarbonise their own direct activities, technology evolves and macro-economic factors impact costs (and house pricing). In the short-term, there is a low exposure to cost increases. Nonetheless, by 2030 the inherent risk from additional raw material costs could be significant (exceeding £10 million per annum) relative to the cost today, although it is inherently difficult to disassociate this cost from other market forces and technology advances (both positive and negative).	○ £0 - £1.0million per annum	◐ Uncertain but may exceed £10 million per annum
Demand supply imbalance There is an inherent risk that by 2030, as energy prices increase, property buyers will favour lower carbon homes and expect greater energy operational efficiency. Conversely, strong sustainability-related credentials evidenced through a proven delivery track record should improve the prospects of higher demand for Berkeley's homes.	Whilst in the short-term the scale of opportunity for higher demand is not necessarily significant, increasing climate awareness and Berkeley's focus on climate action and wider Our Vision initiatives are anticipated to influence customer demand positively over the next decade. Berkeley's focus on urban, brownfield regeneration development is also inherently more sustainable. In addition, customer preference for new build over second-hand housing stock could further support demand for more efficient homes, with the latest technologies. Responding to the increasing barriers to entry as regulation rapidly changes will require experienced and well capitalised companies; this could further reduce the supply of new homes.	○ Not quantified	○ Not quantified

1. Financial impact is shown as increase in costs

In addition to those presented in the tables on the preceding pages there were a further seven risks and opportunities explored which Berkeley assessed as having a very low exposure to, summarised briefly as follows:

Risks

- **Enhanced emissions data capture** requirements may impact the business and supply chain by 2030. For instance, this could include regulatory requirements to produce EPDs or materials passports.
- **Climate change litigation** may increase in the future as claims could be brought against companies for alleged contributions to climate change or a failure to disclose climate change-related financial risks.

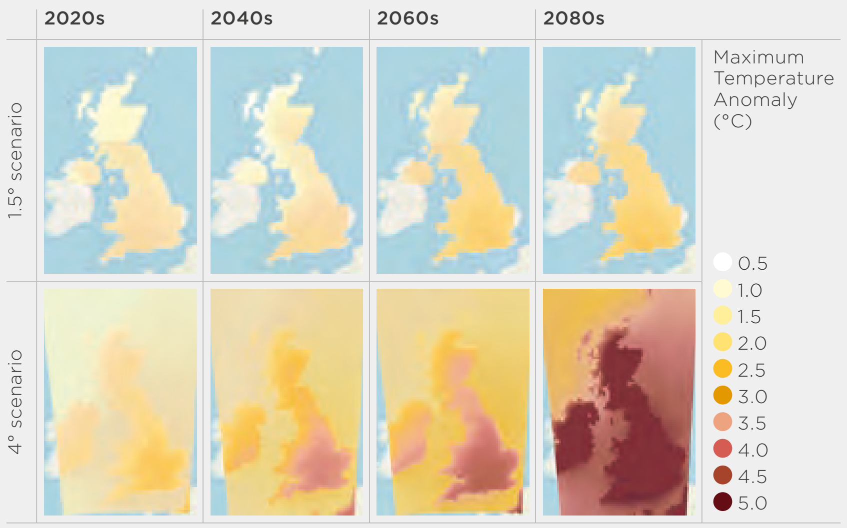
Opportunities

- **Electric vehicle use** will rise, with the IEA suggesting that these may form 30% of all passenger journeys by 2030 under a below 2°C scenario. Berkeley has been an early adopter and is expanding its EV charging points alongside the GLA policy and the development of EV infrastructure guidance within Building Regulations (Part S).
- **Cost and availability of capital** could be impacted by climate change considerations. This year, Berkeley issued a Green Financing Framework and raised a £400 million Green Bond and £260 million green term loan under this framework,, with a commitment to continuing our strategy around climate action and the broader Our Vision 2030 priorities.
- **Reputational risk from investors, stakeholders** and **employee perceptions** are inherent risks which Berkeley is exposed to. For Berkeley, this represents a potential opportunity as we maintain our leading position on sustainability through Our Vision 2030 and through the stakeholder engagement we undertake in relation to our developments.

Physical risks

Berkeley has undertaken a comprehensive physical risk analysis of its land holdings as at 31 October 2021 against current and future climate scenarios with the support of WTW. This analysis concentrates on a longer timescale (to 2050) than transition risks (to 2030) given physical risks typically manifest over a longer period.

Figure 1: UK maximum temperature anomalies under a 1.5°C and 4°C scenario
Temperature variance measured against the 1981 - 2000 baseline, UKCP18 projections (June - August)



Alongside a longer timeframe, many physical risks are likely to increase regionally under higher emissions scenarios. Therefore, to assess our risk exposure, we included a climate scenario focused on the 'Hot House World' which reflects a 4°C rise in global temperatures, in addition to a 1.5°C scenario. This provides an insight into the impact to our homes and developments were the world not to meet the conditions of the Paris Agreement to limit global warming to well below 2°C and preferably to 1.5°C. It should be noted that Governments are aligned to the less than 2°C scenario.

Against the 1.5°C and 4°C scenarios, the impacts of climate change can be broken down into two distinct types of physical risk:

- **Chronic climate risks** - these are linked to irreversible gradual changes due to broad shifts in the climate patterns and are typically widespread geographically; and
- **Acute climate risks** - these are linked to sudden volatile event driven impacts and are normally localised.

Under the 'Hot House World' scenario, there is anticipated to be an increased likelihood of a range of acute and chronic climatic events. Using heat stress as an example, this is illustrated in Figure 1 above, which demonstrates the UK maximum summer time temperature anomalies under a 1.5°C and 4°C scenario compared to a 1981 - 2000 baseline.

For each risk category, we have undertaken an assessment of:

- **Exposure** (i.e. the proportion of homes in our land holdings that will experience the effects of climate change, primarily due to climatic shifts that will impact the whole of our primary operating region in the South East of the UK); and
- **Probabilistic loss modelling** in respect of acute risks (storm and flood events) representing the potential unmitigated and uninsured financial impact.

Exposure

Berkeley's developments are considered exposed in 2050 if they are located in a geographic area where a climate hazard may occur. The degree of that exposure is defined by the frequency and/or severity (intensity) of that particular hazard. To identify potentially material unmitigated exposure, WTW utilised well recognised models from the insurance industry and UK specific climate data.

The analysis showed us that under the 'Hot House World' scenario broad areas of the UK will see an increase in heatwave days, and a corresponding increase in the occurrence of prolonged drought stress. Increases in precipitation with drier summers and wetter winters could also increase the prevalence of subsidence conditions.

The table that follows summarises the predominant physical risks for both the 1.5°C and 4°C scenarios in 2050 and focuses on the exposure for the 4°C scenario.

Chronic risks

Present day risk	Risk under 1.5°C scenario	Risk under 4°C scenario	Exposure in 2050 and beyond under 4°C scenario
Heat stress Present day heat stress is very low throughout the UK such that all of our sites currently have very low exposure (less than five heatwave days in a given year).	Heat stress increases from the current very low level to a generally low risk level by 2050. This could mean over five heatwave days annually.	Heat stress increases gradually and becomes a moderate risk beyond 2050 towards the end of the current century. This could mean frequent heatwaves (more than 20 days annually).	The majority of England and Wales (in particular SE, SW and the Midlands) will be exposed to more material heat stress by mid-century. Correspondingly, 84% of Berkeley's homes will be exposed to heat stress in the decades beyond 2050.
	Berkeley's actions The potential for overheating in our homes arises through heat stress from climate change and the urban heat island effect. We have a minimum Sustainability Standard for all developments to assess overheating risk and incorporate measures to reduce this risk. The risk assessment identifies the homes which are at higher risk to enable more detailed dynamic thermal modelling to be undertaken. The risk assessment identifies potential mitigation measures which may include thicker insulation to external walls, smaller windows with thermally efficient glass, incorporating shading through the design such as brise soleil, to reduce heat gain, balconies and enhanced ventilation. In addition, Berkeley incorporates soft landscaping which can partially mitigate the heat island effect.		
Drought stress Present day drought conditions can be approximated to a low emission scenario in the short-term. Under such a scenario, all of Berkeley's sites currently have a very low exposure to drought (less than 2 months of drought duration in a year).	Drought stress conditions continue to have a relatively low risk (2 to 3 months of drought duration in a year) by 2050.	Drought stress becomes more significant by the 2050's, which would see 3 to 4 months of drought duration annually. The main implications from drought stress are water scarcity and impact on green areas of our developments.	Similar to heat stress, the majority of England and Wales (in particular SE, SW and the Midlands) will be exposed to more material drought conditions by mid-century. Correspondingly, 92% of Berkeley's homes will be exposed to drought conditions of 3 to 4 months annually in the decades beyond 2050. A significantly smaller proportion (5%) of homes could see drought conditions for 6 months of the year.
	Berkeley's actions We follow an integrated water management approach on our developments. We reduce usage by designing water efficient homes with water efficient fixtures and fittings, and then we are managing rainwater by storing and releasing it into natural features to help manage surface water. The management of water run-off through attenuation offers significant opportunities to hold water for reuse in the home and our landscapes. We have Sustainability Standards in place for minimum water efficiency measures, for rainwater harvesting and for SuDS. We also consider the impact of drought on the design of our green spaces by incorporating drought resilient planting.		
Subsidence Present day ground conditions mean that building design addresses the risk of subsidence, with current regulations for high-rise buildings catering for design tolerance.	Subsidence conditions and susceptibility could increase beyond 2050 due to slightly warmer and drier summers as well as wetter winters.	Subsidence conditions and susceptibility for soils like clay are likely to be influenced in the 2030s and further increase beyond 2050 due to warmer and drier summers as well as wetter winters.	Large areas in the South East and Eastern England are exposed to increasing subsidence conditions, including Greater London and the Thames Estuary due to the clay soils. The soil conditions to 90% of Berkeley's current homes could potentially be impacted beyond 2050.
	Berkeley's actions In London, where the risk of subsidence is linked to the underlying London clay, our developments have piled foundations which are engineered to ensure the buildings are anchored deep into the ground. There are additional factors of safety margins for foundations/piling already in place which mitigates against the risk of subsidence. For our housing developments, the foundation design is agreed with specialist consultants to ensure it is appropriate for the underlying geology and risk of subsidence.		

Acute risks

Present day risk	Risk under 1.5°C scenario	Risk under 4°C scenario	Exposure in 2050 and beyond under 4°C scenario
Windstorm Present day exposure to windstorm already exists for all of Berkeley's sites. The main implication from windstorms are physical damage to completed property and construction assets.	There is no current scientific consensus that the UK will see an increase in windstorm intensity and the risk therefore remains unchanged from the present day.	There is no current scientific consensus that the UK will see an increase in windstorm intensity and the risk therefore remains unchanged from the present day.	The typical windstorm hazard could pose a moderate risk for 100% of Berkeley's sites. This does not reflect a change to the present day levels of exposure or probability of such risk.
	Berkeley's actions Each of our developments is designed by specialist teams, selecting appropriate materials and fixing details which can withstand local conditions. In respect of medium to high rise buildings, wind engineering includes dynamic or physical modelling, analysis and testing at the pre-planning stage. Façade design ensures mechanical fixings to areas such as roofs and balconies to resist elements being removed by high wind, as well as other mitigating features such as screening and planting. In terms of the occupation of our buildings, mitigation includes wind alerts from anemometers being communicated to residents with instructions to close windows and secure loose objects from high level amenity spaces. High winds also pose a risk to construction operations. We monitor alerts for high wind events and send bulletins to our site teams ahead of storms to ensure site safety measures are adhered to. Our tower cranes are fitted with anemometers to alert the crane driver and safe lifting team, thus preventing crane operations during high winds.		
Flood In present day conditions, only 6% of Berkeley's sites are deemed to be materially exposed to flooding (between 1 in 100 and 1 in 500 probability), given the predominance of Berkeley's portfolio in London and the flood defences in place in London. The main implication from floods is physical damage to completed property and construction assets.	Across the UK, peak river flows are expected to increase by 2050 and beyond, with the South East expected to experience fluvial peak flow increases of 8%. Consequently, the risk of flood exposure could slightly increase compared to the present day conditions.	Under this scenario it is projected that peak river flows in the South East will increase significantly (by 33%) in the 2050s leading to an increase in river flooding. There would likely be increased exposure to coastal flooding from sea level rise, as well as surface and groundwater flooding from heavy rainfall.	By 2050 there are no further sites exposed beyond the 6% of sites already at risk in the present day. However, the exposure to flooding may increase for these particular sites which could therefore flood more often.
	Berkeley's actions Flood risk assessments have been a standard part of our development planning and design for many years if the developments fall within a flood zone. The flood risk assessments vary in extent based on the potential risk and already include allowances for the effects of climate change. Our homes are designed to the flood risk that is identified in the flood risk assessment. This includes designing to a 1 in 30 year, 1 in 100 year or 1 in 1,000 year flood. Within our developments, design mitigation measures include raising the levels of the lower floors and designing SuDS to hold and store water in times of extreme rainfall.		

Probabilistic loss modelling
In addition to the exposure analysis, we have undertaken a financial impact assessment of the acute risks through probabilistic modelling utilising insurance market recognised catastrophe risk models. This methodology is widely used in the insurance industry to price insurable catastrophic risk when considering insurance premiums and was performed by WTW.

Using Geographical Information System (GIS) tools and an extensive database of building design characteristics for each site exposed to flood or windstorm in 2050, the potential unmitigated event losses were calculated. The benchmarks used to assess this are defined as a 'severe year' and an 'extreme year', representing probability of 0.5% and 0.1% or a 1 in 200 year return period (a severe year) and a 1 in 1,000 year return period (an extreme year), respectively.

— Windstorm events - there is no current scientific evidence that windstorm intensity and frequency in the UK under a 4°C scenario will lead to a significant change in potential losses from the present day risk that Berkeley's sites already face.
— Flood events - the modelling estimates that by 2050 the physical damage from flooding under a 4°C scenario could exceed £27 million in a severe year (i.e. 1 in 200 year return period) and £60 million in an extreme year (i.e. a 1 in 1,000 year return period).

These figures represent physical loss to the entirety of all sites in our current land holdings which comprised around 63,000 homes at 31 October 2021. It is before any mitigation or adaptation measures and irrespective of insurance or other recovery or consideration of financial responsibility for any such losses. Berkeley already insures against potential losses from catastrophic events and under a 4°C scenario the primary cost exposure for Berkeley could be an increase to insurance premiums for assets under construction.

RISK MANAGEMENT

We recognise climate-related risks as one of the principal risks impacting Berkeley, and since 2018 it has been identified as a standalone risk. To read more about Berkeley's approach to risk management and how we manage risk read more on pages 86 to 101 of the Strategic Report.

For climate-related risks, the Head of Responsible Business and Head of Sustainability are responsible for updating Berkeley's risk register at least annually and providing updates on changes to the risk level based on a range of factors such as forthcoming legislation and customer feedback. This information is provided to the Main Board through incorporation into the Group's risk register. The in-depth climate scenario analysis undertaken this year has further informed our risk assessment processes and has been overseen by Karl Whiteman and the Chief Financial Officer.

FOCUS ON: ASSESSING EMBODIED CARBON

Through Our Vision 2030 and our SBTs we have committed to reduce the carbon intensity of the materials and services we use by 40% between a 2019 baseline and 2030. This requires us to significantly reduce the embodied carbon from materials used in our developments, which accounts for around two thirds of our emissions across scopes 1, 2 and 3.

This year we have focused on understanding the impact of the materials we use across a representative selection of buildings. We now have valuable information to help us to understand both where the greatest impacts lie and to develop targeted actions for reduction, in partnership with our supply chain.

Assessing representative projects
15 assessments were completed across a range of building typologies, from houses to mid-rise apartments and tall buildings, together with homes built using modular construction. Assessments were also completed on projects at a variety of stages, from early design through to construction and completion.

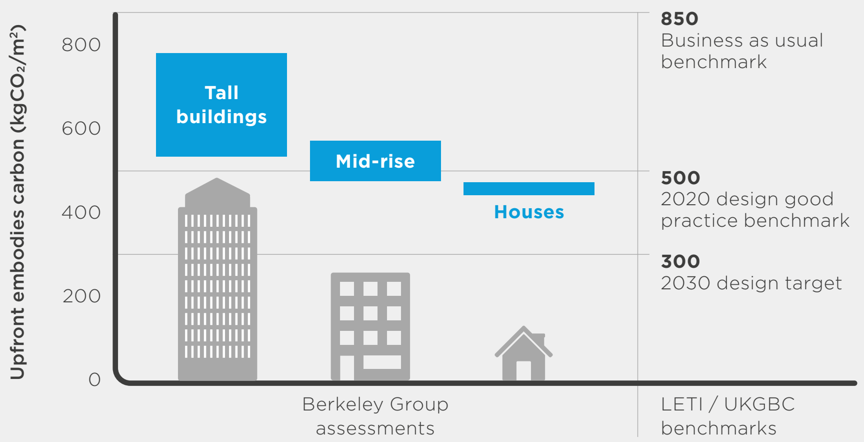
With support of specialist consultants, we calculated the 'upfront' embodied carbon of the materials and the supply chain used to construct our homes before they are legally completed (RICS Modules A1 - A5). This covers extraction, manufacture and transportation of materials.

Benchmarking our performance against industry guidance
The upfront embodied carbon in the materials within the developments varied depending on the typology of development, together with design, sourcing and specification choices made on each site.

We compared this with available industry guidance, such as from the RIBA (Royal Institute of British Architects), UK Green Building Council (UKGBC) and LETI (originally the London Energy Transformation Initiative). This included the business as usual LETI benchmark that gives an estimate of embodied carbon in buildings built without carbon reduction measures and the 2020 LETI benchmark created to define 'good' for embodied carbon for buildings that were designed in 2020.

All Berkeley developments assessed were found to outperform the business as usual benchmark of 850 $kgCO_2/m^2$ for A1 - A5, indicating that our teams are already considering and reducing embodied carbon beyond the norm, with some projects outperforming the LETI benchmark for 2020 of 500 $kgCO_2/m^2$.

Learning lessons from the assessments
At Berkeley, we take a bespoke approach to designing our developments, to ensure they maximise the long-term value of each project. This approach means that the assessments are unique to each development, however, common themes have been identified.



The majority of embodied carbon in our developments, based upon the mix of buildings in our first 15 embodied carbon assessments, arises from the façade, floors, substructure, frame and mechanical and electrical services. In particular, concrete, steel, glass and brick are significant contributors.

By floor area, houses were found to have the lowest embodied carbon, followed by mid-rise and taller buildings. This is largely due to the low impact materials used, like brick and timber, compared to more carbon intense materials such as steel and concrete used in higher rise buildings, together with the incorporation of cladding systems and more complex mechanical and electrical systems.

However, a holistic approach to the assessment is required. For example, housing developments require increased external works, such as the construction of roads, and typically have a lower density translating to higher embodied carbon measured on a per person basis relative to urban brownfield regeneration which also include wider inherent sustainability benefits such as proximity to transport hubs.

The use of natural biodiverse landscaping, sustainable tarmac replacements, etc. will help our housing developments.

The assessments have demonstrated that we should first focus on the design of our buildings to reduce the quantities of material used and then specify materials with lower carbon impact including materials with an increased percentage of recycled content.

Embodied carbon can vary significantly by supplier; for example, steel has multiple production routes of varying carbon intensity and transport distances. Our approach to supporting local suppliers, like the UK steel industry, carries higher embodied carbon due to the manufacturing process compared to European steel.

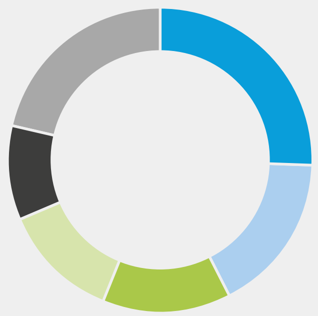
The use of modular solutions may initially increase embodied carbon, predominantly due to the quantity of structural steel used from our UKbased supplier, however we support a just transition to net zero and work with our suppliers to support their decarbonisation journey. This method of production also brings wider benefits, from improved quality to reducing in use carbon in the homes, and therefore a holistic view within our decision-making processes is required.

Next steps
We are now in the process of setting targets for the business for each of the different building typologies. These will provide clear recommendations from the assessments undertaken to date and a routemap to achieve our SBTs.

Every project team will also be required to calculate embodied carbon within the design, and work with designers and the supply chain to drive down the carbon impact across our portfolio.

Our production teams are assessing the practical steps and changes that would be required for typical developments to meet ambitious targets by 2030, in line with our SBTs.

Proportion of embodied carbon



- Façade
- Floors
- Substructure
- Frame
- Mechanical, electrical and plumbing (MEP)
- Other e.g. internal finishes, stairs, walls and doors

METRICS AND TARGETS

Berkeley monitors 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 and 2) on pages 159 to 161 and the ESG table on pages 54 to 55. Our key metrics for climate action are included within our SBTs and these will be used to reduce emissions against a 2019 baseline:

Target	Link to focus areas	Metric	Unit	2022	2021	Baseline 2019
Science-based targets						
Reduce absolute scopes 1 and 2 GHG emissions 50% by FY2030 from a FY2019 base year		Absolute scopes 1 and 2 (market-based) emissions	tCO_2e	**2,211** Ⓐ	2,549	3,980
		Percentage change in emissions compared to FY2019 (SBT base year)	%	**-44**	-36	-
		Energy consumption associated with scopes 1 and 2 emissions	MWh	**36,335** Ⓐ	36,833	35,681
		Energy consumption from renewable sources	%	**76**	73	60
Reduce scope 3 purchased goods and services and use of sold products GHG emissions 40% per square metre of legally completed floor area by FY2030 from a FY2019 base year		Absolute scope 3 emissions (categories 1 and 11)	tCO_2e	**1,125,843** Ⓐ	1,041,555	1,096,682
		Scope 3 emissions intensity	tCO_2e/100 sq m	**312**	390	321
		Percentage change in emissions intensity compared to FY2019 (SBT base year)	%	**-3**	+22	-
		Absolute emissions for category 1: Purchased goods and services	tCO_2e	**857,341** Ⓐ	850,937	863,079
		Emissions intensity for category 1: Purchased goods and services	tCO_2e/100 sq m	**238**	319	253
		Absolute emissions for category 11: Use of sold products	tCO_2	**268,502** Ⓐ	190,618	233,603
		Emissions intensity for category 11: Use of sold products	tCO_2/100 sq m	**74**	71	68

Ⓐ 2022 information has been separately subject to limited assurance by KPMG LLP. For further details of the assurance provided in 2022, see the independent assurance report found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies

Progress against our science-based targets

Scopes 1 and 2
We are pleased to report a 44% decrease in our absolute scopes 1 and 2 (market-based) emissions since the baseline year of 2019 against a target of a 50% reduction by 2030. The decrease has largely been driven by an increase in the use of biodiesel HVO (Hydrotreated Vegetable Oil) on our construction sites. Further information on our scopes 1 and 2 emissions, including our methodology, is contained within the Directors' Report on page 159.

Scope 3
We recognise that our most significant impacts, around 99%, occur across our value chain (scope 3), from the activities within our supply chain and from the lifetime energy use of homes by our customers once sold. Since our 2019 baseline year, there has been a marginal decrease in the emissions intensity against our science-based target to reduce by 40% by 2030.

We have been actively working to improve our understanding and the data accuracy of these impacts since we set our SBTs and the impact of this work should lead to demonstrable reductions in the future:

- Embodied carbon (scope 3: category 1) - total estimated emissions arising as a result of purchased goods and services are calculated utilising two raw data sources; spend data and contractor fuel purchase data. We continue to use a spend-based methodology to report the majority (99%) of category 1 emissions, whilst we evolve our understanding and data availability in this area. This year we have refined our reporting to provide more accurate emissions estimations. Over time we plan to move to a hybrid method of reporting, replacing the spend-based data methodology with more accurate site-specific embodied carbon information. This year we have undertaken 15 embodied carbon assessments, as set out on page 68.
- Use of sold products (scope 3: category 11) -we continue to use the Dwelling Emission Rate (DER), calculated for homes in line with Government's Standard Assessment Procedure (SAP) methodology to estimate the carbon impact of our homes when in use by residents over their lifetime. This year we have adjusted the calculations to take into account a 60 year lifetime rather than 80 years to align with industry best practice guidance. We anticipate significant reductions in this area in the coming years in light of the more stringent Building Regulations which became effective in June 2022 and the forthcoming Future Homes Standard.

Further detail on our emissions reporting methodology can be found in our reporting criteria on our website:
www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

METRICS AND TARGETS CONTINUED

We also have broader targets with associated metrics as part of our climate action roadmap:

Target	Link to focus areas	Metric	Unit	2022	2021
Other targets and metrics					
Maintain carbon neutral operations across scopes 1 and 2 emissions using REGOs and verified carbon credits		Purchased electricity backed by REGOs	%	**99.0**	99.2
		Purchased electricity in the UK backed by REGOs	%	**100**	100
		Number of verified carbon credits procured for voluntary offsetting	#	**2,322**	2,675
		Percentage of scopes 1 and 2 (market-based) emissions offset by verified carbon credits	%	**100**	100
Implement measures to manage climate risks for our developments and business		Completed homes in regions with High or Extremely High Baseline Water Stress	%	**85**	88
		Average water efficiency of homes completed	lppd	**104.2**	104.5
		Live development sites that have SuDS	%	**92**	96
		Live development sites that have completed an overheating risk assessment	%	**68**	-
Reduce scope 3 purchased goods and services and use of sold products GHG emissions		Completed homes with an EPC rated A or B	%	**89**	96
		Average DER of completed homes	$kgCO_2/m^2/yr$	**12.85**	12.00
		Average percentage improvement in DER over Target Emission Rate (TER) for completed homes	%	**31**	33
		Completed homes with energy supplied from low carbon or renewable technology	%	**68**	70

NON-FINANCIAL AND SUSTAINABILITY INFORMATION 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 — Climate Change Policy — Sustainable Specification and Procurement Policy	**Our Vision 2030: Climate Action and Nature**	**42 and 46**
		Task Force on Climate-related Financial Disclosures	**58 to 70**
		Sustainability Accounting Standards Board Disclosures	**56 to 57**
		Stakeholder Engagement: Environment	**83**
		ESG Performance	**54 to 55**
Climate-related financial disclosures	— Climate Change Policy — Sustainability Policy	**TCFD**	**58 to 70**
		SASB	**56 to 57**
		Our Vision 2030: Climate Action	**42**
Employees	— Employee Policy — Apprenticeships and Skills Development Policy — Equality and Diversity Policy — Health and Safety Policy	**Our Vision 2030: Employee Experience**	**47**
		Stakeholder Engagement: Employees	**79**
		ESG Performance	**54 to 55**
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**	**117**
		Stakeholder Engagement: Employees and Supply Chain	**79 to 80**
		Our Vision 2030: Employee Experience, Supply Chain and Climate Action	**42, 47 and 52**
Social matters	— Sustainability 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**	**42, 46, 47 and 52**
		Berkeley Foundation	**74 to 75**
		Economic Contribution	**13**
		Stakeholder Engagement: Employees, Environment and Supply Chain	**79, 80 and 83**
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**	**130**
How we manage risk		**Our external and internal risks, including climate change, sustainability, and health and safety**	**90 to 101**
Business model		**Our business model and its links to our strategy and stakeholders**	**26 to 27**
Non-financial KPIs		**Our non-financial KPIs**	**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	**38 to 53**

All our policies can be found on our website:
berkeleygroup.co.uk/about-us/investors/corporate-governance/group-policies

LONDON DOCK

TOWER HAMLETS

'Fortress Wapping' was previously the headquarters and print works for the News International media group. Today it is being transformed into an exciting new neighbourhood with 1,800 mixed-tenure homes and 6 acres of landscaped public spaces, including a new civic square and pedestrian street.

The Grade II Listed Pennington Street Warehouse is being sensitively restored to become the commercial and cultural heart of the community, alongside a new secondary school and GP surgery.

FEATURES

- Secondary school and GP surgery
- Mixed commercial uses within the restored Pennington Street Warehouse
- 6 acres of public open space including 170 new trees
- 436% biodiversity net gain
- Shops, cafés, restaurants and offices
- Community Fund supporting local projects and organisations
- Community event spaces, public artworks, interactive fountains and water features

15 acre
brownfield site

1,800
homes

184,000
sq ft commercial spaces

436%
biodiversity net gain

BEFORE

A FORCE FOR CHANGE

The Berkeley Foundation supports Berkeley Group's social purpose, working hand-in-hand with brilliant frontline charities across London, Birmingham and the South of England.

Highlights of the year

>12,000
The Foundation's charity partners worked with more than 12,000 people, helping them to move out of homelessness, build their skills, move into work or access new opportunities

£3.3m
given and committed to the Berkeley Foundation's charity partners through grants, staff fundraising and GAYE

55%
of Berkeley staff got involved with Berkeley Foundation activities last year

29%
of Berkeley staff are signed up to our GAYE scheme

£800,000
Berkeley staff raised more than £800,000 for the Berkeley Foundation and its charity partners through fundraising and GAYE

The Foundation is an independent grant-making charity, which works to give young people and their communities the tools and resources they need to thrive and be a force for change in the world. It is supported through core funding from the Berkeley Group, as well as by a network of dedicated Foundation Champions across the business who drive staff engagement and build relationships with local charity partners.

The Foundation is deeply embedded within Berkeley's culture. More than half of our staff chose to get involved in the Foundation's work over the last 12 months - organising fundraising events, volunteering their time, and donating through payroll giving. Across the Group we have opened up work placements and job opportunities, held careers days to help young people about to start their journey into employment, and shared our expertise.

The Berkeley Foundation celebrated its tenth anniversary in 2021/22. In this milestone year, it gave £2.5 million in grants directly to its expert charity partners, and Berkeley staff raised an additional £809,000.

In response to the impact the COVID-19 pandemic has had on the voluntary sector and on local communities, the Foundation launched its new Resilience Fund, representing a £900,000 investment in frontline charities over the next four years. The fund aims to help charities develop their organisational resilience – whether through improved governance, strengthened people power, better financial planning or stronger systems and strategies.

In the first year of the fund, the Foundation has identified ten small charities and CICs (Community Interest Companies), who will each receive £30,000 in funding over two years, alongside a programme of learning and development support.

The Foundation has also maintained its existing funding commitments and activities and was pleased to renew its partnership with MyBnk, which delivers expert money management training to young people at risk of homelessness and leaving the care system. The partnership has been shown to reduce rent arrears and evictions and prevent homelessness, and this year won the prestigious first prize at the London Homelessness Awards.

The Foundation's 2030 strategy:

The Berkeley Foundation has just launched its new 2030 strategy. This is an ambitious strategy with a clear vision, and five interconnected impact goals.

Impact goals

A safe place to call home
We want to ensure that everybody in our communities has somewhere safe, secure and sustainable to call home.

Journey to employment
We want to ensure that all young people are prepared for work and have the opportunity to build a sustainable career.

Health and wellbeing
We want to ensure that young people and their communities have the support they need to live happier, healthier lives.

Youth leadership
We want to ensure that young people are empowered to positively impact their own lives and the communities in which they live.

A resilient voluntary sector
We want to ensure that young people and their communities are supported by a voluntary sector that is effective, inclusive and well resourced.

Working in partnership

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

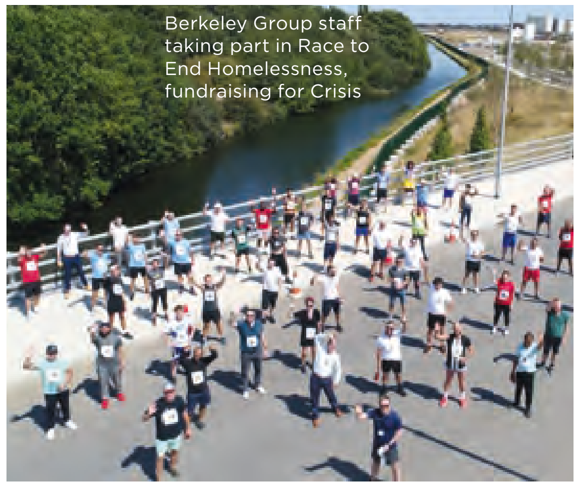
Strategic partnerships
A small number of long-term, transformational partnerships.

Community partnerships
Local charities chosen by staff in each Berkeley Group operating business.

Resilience Fund
Organisational development support for small to medium-sized charities.

Development Fund
A flexible funding pot that allows the Foundation to explore new ideas and respond to opportunities.

These partnerships combine grant funding from the Foundation with Berkeley's skills, resources and networks. This year we celebrated the contributions of Berkeley staff to local communities throughout the pandemic through the return of the Berkeley Foundation Awards, which recognised people across the business who have been outstanding in their support for the Foundation and its charity partners.


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

Triangle Adventure Playground

Triangle Adventure Playground in Lambeth has been one of Berkeley St Edward's Community Partner charities since 2020. This year, staff raised over £48,600 for the charity through events including a Black Tie Boxing evening and clay pigeon shooting, volunteered time and expertise, and organised donations of gifts for the children who attend the playground. Triangle also received £20,000 in match funding from the Berkeley Foundation.

Gabriel Green, Deputy Manager at Triangle Adventure Playground describes the partnership:

"The Triangle Adventure Playground has stood at the heart of Oval for 65 years, providing free adventure play to generations of young people. We maintain and improve young people's physical and mental health; enable them to develop talents and learn new skills; build resilience and resourcefulness; make new friends and integrate positively within our community. Despite social bubbles we had 378 young people aged 6 – 17 years old make a combined 8,599 visits to Triangle last year. Young people in Lambeth face many challenges and we are there to help uplift them from childhood to young adulthood.

It is said that a friend in need is a friend indeed and at the outbreak of the pandemic the Berkeley Foundation stepped up, reassuring us of their commitment and unwavering support for our partnership. This care and attention from both the Berkeley St Edward and the Foundation teams has continued ever since. Never forgetting the fun, Berkeley St Edward also provided us with Easter eggs to deliver at the start of lockdown. These eggs, accompanied by a note explaining to families how to join us online, were the initial seeds of our pandemic response, leading to a vibrant online play service as the Triangle community came together at a crucial time."

"The team at Berkeley St Edward has been exceptional and brought change to all aspects of our charity. The access to expert advice as we plan renovations to the landscape of the playground, unrestricted funding donations, the wonderful seasonal activities, competitions and gifts for young people, connecting us with other local organisations and practical assistance on site have all contributed to the Triangle's resilience, capacity building and structure. We are delighted to say that the success of our partnership even won Most Impactful Charity Partnership category at the Foundation Awards in March 2022, to match our Adventure Playground of the Year Award!

In my 13 years at Triangle, I have seen our charity overcome serious challenges. Since we have partnered with Berkeley St Edward and the Berkeley Foundation we have been able to plan for a long term future that includes an expansion of service and site renovation. It is fair to say that without their support in recent years we simply could not have made the same huge impact upon the lives of hundreds of children and families who rely on the Triangle as their home from home."

Jonathan Choo,
Senior Playworker,
Triangle Adventure Playground

SECTION 172 (1)

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 sections 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 117 to 119.

- 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

CULTURE AND VALUES

The culture and values of the business are continuously considered by the Directors when discharging their duties and are embedded into the culture and values of the business.

Read more on: pages 114 to 115.

BUSINESS MODEL AND STRATEGY

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.

Read more on: pages 26 to 27 and 38 to 53.

RISK MANAGEMENT

The Directors on the Board are responsible for setting and monitoring the risk appetite for the business.

For more detail of risk management see 'How we manage risks' on: pages 86 to 88.

STAKEHOLDER ENGAGEMENT

The Directors engage directly with stakeholders in a number of different ways, and as frequently as they can. The table 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

Customers
Read more on: pages 40 and 77.

Communities and local government
Read more on: pages 43 to 45 and 78.

Employees
Read more on: pages 47 and 79.

Supply chain
Read more on: pages 52 and 80.

Government, regulators and industry
Read more on: page 81.

Investors
Read more on: page 82.

Environment
Read more on: pages 42, 46 and 83.

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.
- Many of our businesses have now appointed a director-level role to spearhead customer experience across the different departments.
- During the year, Investor in Customers undertook research involving feedback from over 1,750 of our customers as part of a customer experience assessment to determine how well we understand their needs, anticipate their needs and communicate with them.
- We conduct and commission consumer research and test our products in workshop conditions to ensure that we continue to understand and meet evolving buyer expectations.

What do we learn?

- We get to know what is most important to each of our customers when they are buying their new home and are able to tailor their experience and choice of home accordingly.
- We learn how to provide the best experience to our customers; what matters to customers and their priorities. We know that providing their new home on time and making them feel special and valued along the way is important.
- We know that quality is important to our customers so we focus on the detail, both in terms of the specification of the home and the quality of the construction.
- We learn to empower our sales and marketing and customer service teams to deliver the right level of service for each of our customers.
- We understand that if any problems arise, it is important to rectify them quickly to maintain customer satisfaction.
- Energy prices are becoming more important to customers.

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 build homes at all price points, with 35% of new planning consents for affordable housing.
- 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, whilst keeping the customer up to date.
- When designing our developments we are mindful of the cost of living for our customers, considering energy efficiency and the energy strategy for the home, whilst accommodating existing regulations and investigating emerging technology.
- We re-orientated the customer journey to be digitally-led during COVID-19.

Read more online: berkeleygroup.co.uk/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 design and create well integrated places 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 now using a bespoke social value tool to help quantify and compare the relative benefits of different amenities, commercial uses, landscaping and design approaches. This helps to inform discussion with local stakeholders and shared decision making. Read more on pages 44 to 45.

Green Park Village, Reading

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 around our sites.
— 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 Plans to create social links and integration with the wider community.

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

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.

How do we engage?

— We completed an engagement survey across all parts of the Berkeley Group to understand and measure engagement across a number of areas in 2021; 85% of employees responded to the survey.
— 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 2030, 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', which includes time with the Managing Director or management team.
— We sought input into the development of our business strategy, Our Vision 2030. Staff were given the opportunity to share their views on a survey.
— We maintain Group-level committees 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.
— Following the survey undertaken in 2021, much of this year's activity has been around working with the autonomous businesses to respond to the results of the survey, and take action through their local People and Engagement Strategies, supported by a Group Framework.
— The People Engagement Forum, comprising a cross section of staff, will continue to identify and share best practice and to bring together the main themes from these multiple activities for the Board.
— With the requirement for social distancing now removed, several of the businesses have been pleased to re-introduce in-person staff conferences to communicate business strategy and actively engage with their employees.

What do we learn?

— We gain overall satisfaction rates and verbatim comments through our surveys which help us to improve.
— Senior leadership gain informal feedback through face-to-face and virtual interactions with staff to gain insight into changing factors that affect their experience.
— 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.
— The increasing cost of living and travel costs are affecting some of our employees.

What do we do?

— We provide a bespoke and focused approach for each employee based on where they are working.
— We require all employees to undertake training on diversity and inclusion and unconscious bias.
— We are trialling other initiatives such as agile working at operating company level.
— We extended medical insurance to all employees.
— We have introduced new season ticket loans for employees.
— Where possible, we reflected the impact of cost of living changes into the pay review process with the average pay award to employees increasing to 6.2%, from 5.3% last year.
— We provide a range of learning and development opportunities, hosted by our in-house training venue, the Berkeley Academy.
— We have an 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/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. Both continued and 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 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, which is chaired by a member of our Executive, and addressed.
- We are members of the Homes Leadership Group of the Supply Chain Sustainability School.
- We are members of the Chartered Institute of Procurement and Supply Construction Leaders Group, where we pro actively share and develop industry-wide best practice.
- We are associate members of the CPA, have Executive level interaction with their economics team and participate in the related Construction Leadership Council Product Availability Group.
- Via Trade Sponsor engagement with our contractors, direct dialogue with manufacturers and suppliers and participation with industry bodies and working groups, we discuss and share facts and views surrounding inflationary pressures and market volatility being experienced by the industry.

What do we learn?

- We operate high standards on our sites with a particular focus on build quality, health and safety, sustainability, modern slavery and welfare facilities.
- 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.
- Contractors expect us to fully understand the current global supply chain issues and work with them to help mitigate the associated programme and commercial risks.
- Current inflationary pressures can result in significant market volatility and risks throughout all parts of the supply chain.

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 help mitigate the risks around global supply chain issues, extended product availability times and increasing costs.
- Our operating companies hold events such as supplier days and conferences.

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

GOVERNMENT, REGULATORS AND INDUSTRY

Working together in the spirit of partnership

We work 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.
- We contribute to general policy discussions by engaging with well-regarded think tanks.
- 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.

9 Millbank, Westminster

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 and places.
  - 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.
  - 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 biodiversity net gain toolkit and Safer by Design framework, delivered in partnership with RoSPA.
- We contribute to the public debate around housing delivery and meet with regulators and policy makers 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.
- We are supporters of RoSPA's successful Safer Stairs campaign to prevent serious injury and death by limiting preventable trips and falls by designing stairs in new homes to the British Standard 5395.

EQUITY AND DEBT INVESTORS

Delivering sustainable financial returns

We focus on establishing strong, long-term relationships with both our shareholders, who provide our equity funding, and our banks and Bond holders, who provide our debt funding. We strive to deliver long-term sustainable returns to those investors in our business.

How do we engage?

— Equity investor road shows are held following the interim and year end financial results announcements, providing investors with the opportunity to make enquiries of senior management.
— At other times during the year there are opportunities to hold one-to-one meetings and conference calls with senior management, as appropriate. Often these are combined with site visits, enabling investors to view the business operations.
— Structured shareholder consultations are undertaken on key governance matters, such as capital returns, remuneration policy and Board composition.
— Equity analyst briefings are held immediately following the interim and year end financial results announcements, enabling enquiries to be made of senior management.
— A fixed income investor road show was undertaken in July 2021, prior to our £400 million issue of unsecured Green Bonds.
— A series of meetings, or calls, were held with the Group's banks in advance of the February 2022 refinancing, as well as in relation to the repayment of the St William facility on acquisition of the joint venture in March 2022. In addition, periodic meetings are held with those banks who provide the Group's borrowing facility.

South Quay Plaza, Canary Wharf

What do we learn?

— We believe that investors are seeking a secure financial investment that provides sustainable 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 in relation to climate change, the impact of our development activity on the environment, the quality of the homes we build and response to the issues of fire safety for buildings, 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 £8.3 billion across 89 developments providing investors insight into the capacity of future returns;
— securing forward sales which underpins the upfront investment into our sites. The cash due on forward sales stood at £2.2 billion at 30 April 2022 (2021: £1.7 billion) under unconditional open market contracts for sale; and
— Balance Sheet strength and liquidity. The Group had net cash of £0.3 billion at 30 April 2022 which, combined with debt facilities of £1.2 billion, provides Berkeley with sufficient liquidity appropriate to the business scale and risk profile.

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

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

ENVIRONMENT

Reducing negative impacts and working towards environmental net gain.

We are mindful that our activities have an impact on the environment: from our use of natural resources to the water and energy we consume daily across our operations and broader impacts from off-site activities such as the extraction, processing and transportation of 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.
— We liaise with local planning authorities, who in turn directly consult relevant regulators such as the Environment Agency, Natural England and local water authorities on development proposals.
— We register every site with the CCS 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 and a founding member of the Wildfowl and Wetlands Trust Blue Recovery Leaders Group.
— We support and contribute to consultations, research and innovation, for example through the UK Green Building Council's Net Zero Programme, and Government consultations on changes to the Building Regulations and Biodiversity Net Gain.
— 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 how to manage and reduce our impacts on the environment throughout the development 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 the creation of more sustainable homes, to the impact of global environmental factors such as climate change on 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 by at least 10% 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 have a risk register for each of our developments which ensures the project teams are aware of the environmental risks through the construction phase and have the right process and procedures in place to manage the risks.
— 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 and enhancing nature.
— 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

THE GREEN QUARTER

EALING

The 88 acre former Southall gas works is being transformed into a nature-rich neighbourhood, characterised by 13 acres of beautiful parks, meadows and wetlands.

Close to half of the site will be public space, including a mix of natural habitats, fitness trails, public squares, outdoor event space and children's play and recreation space.

FEATURES

- 42 acres of public open space including two parks
- 93% biodiversity net gain including meadows, hedgerows and grassland
- 2,500 new trees and copses, wetlands with reed beds and ponds Community hub, nursery, primary school, community centre, health centre, commercial space, children's playspace
- Opening up 1km canal frontage, fitness trails and cycle network, public squares, outdoor amphitheatre and gardens
- New road bridge with direct connection to A-road network and footbridge connections to neighbouring park
- Short walk to mainline Southall Station and the newly opened Elizabeth Line

88 acre
former gas works

3,750
homes

493,000
sq ft commercial spaces

93%
biodiversity net gain

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 opposite.

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 2030 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 emerging and 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.

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 90 to 101.

At the start of 2021/22, COVID-19 related lockdowns were still having a significant impact on our business. However, following the successful vaccination programme over the last year, all restrictions were removed in early 2022. This has reduced the risks relating to COVID-19 and, while it is likely that COVID-19 will still be prevalent in society and the risk of further COVID-19 variants remains, the Board views these potential risks as an integral part to our principal risks rather than as an ongoing standalone risk.

Looking forward, the volatile and uncertain environment resulting from the COVID-19 pandemic, coupled with ever increasing political and economic uncertainty, both in the UK and internationally, as a result of energy price volatility, supply chain shortages and disruption and the war in Ukraine, is placing further pressure on inflation, which may lead to further interest rate rises and suppress future UK economic growth. This presents an ongoing uncertain risk environment for Berkeley.

As a result of this ongoing volatility, it is right that our risk appetite remains dynamic, varying over time in line with the cyclical nature of our industry and complexity of our operating environment. This is unchanged from last year.

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 Audit Committee Report on pages 128 to 131.

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 that 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:

Management of financial risks
Berkeley adopts a prudent approach to managing these financial risks.

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.

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 £2.17 billion at 30 April 2022. 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 £269 million of net cash on the Balance Sheet and debt facilities that were refinanced in the year. This in turn has mitigated its current exposure to interest rate risk.

Land holdings
By investing 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 now has £800 million of committed credit facilities maturing in February 2027, with optional extensions to February 2029. This comprises a green term loan of £260 million and the revolving credit facility of £540 million. In addition, in August 2021, the Group issued listed debt in the form of Green Bonds to the value of £400 million maturing in August 2031.

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.

Berkeley is a unique business; firstly, we are the only large UK homebuilder focused on the regeneration of complex large-scale brownfield developments at scale and secondly, we operate a land-led, value added operating model, rather than a volume growth model, with the following key features:

- Scale of our land holdings means that Berkeley can acquire land selectively at the right point in the cycle and reflecting the prevailing operating environment
- Long-term regeneration developments provide an ability to create value through the cycle
- Strong planning position provides visibility on delivery and mitigates regulatory risk
- Forward sales underpin near- and medium-term delivery and cash flows

Financial strength means Berkeley's autonomous teams can make the right long-term operating decisions for each of our unique and complex assets.

Maintaining financial strength is a core risk management principle for Berkeley, evident through forward sales, land in place for the long-term and maintaining a sound Balance Sheet with appropriate liquidity.

The Group's net cash has reduced from £1,128 million at the start of the year to £269 million at 30 April 2022, primarily reflecting the £451 million shareholder capital return in September 2021 and the £413 million acquisition of St William in March 2022. However, this has been offset by a £450 million increase in debt facilities to £1,200 million, compared to £750 million at the start of the financial year.

During the year, Berkeley undertook a debut issue of £400 million unsecured Green Bonds, supported by Fitch Ratings Ltd's senior unsecured investment grade rating of BBB- (Stable Outlook). These Bonds have a fixed coupon of 2.5% and mature in August 2031. In addition, Berkeley refinanced its corporate banking facilities in February 2022 at £800 million (previously £750 million), including a £260 million green term loan and £540 million undrawn revolving credit facility. These committed borrowing facilities are in place until February 2027 with two one year extension options available.

Consequently, at 30 April 2022 Berkeley has total liquidity of £1,469 million when the £269 million net cash is combined with its £1,200 million debt facilities. Cash due on forward sales has increased by 27% to £2,171 million at 30 April 2022, compared with £1,712 million a year ago. The Group's land holdings now comprise an estimated £8.3 billion of future gross margin, up 20% from £6.9 billion at the start of the year.

Berkeley's approach to risk management and its risk appetite are set out on pages 86 to 88 of the Strategic Report. The majority of risks are operational in nature, given the Group's focus on long-term regeneration sites, with risk management appropriately embedded in the day-to-day business processes and controls. The site-level cash flow forecasts, which are used to prepare the Group's consolidated cash forecasts, take account of each individual sites unique operational circumstances and risks. 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 and the business strategy.

The viability assessment envisages a severe deterioration in economic outlook, similar to that experienced during the Global Financial Crisis, which will impact most areas of the business and the site level cash flows used to prepare the Group's forecasts. In response to such a severe but plausible downside scenario, Berkeley would sharply concentrate on cash-generating activities. These can comprise a myriad of mitigating combinations of actions, but the key principles modelled for the viability assessment include the following:

- Production effort re-focused to those buildings with forward sales enabling cash due on forward sales of £2.2 billion to be collected, subject to a risk allowance
- No new buildings or sites are placed into production, whilst all discretionary investment is suspended
- Sales transaction levels and pricing reduce significantly throughout the viability period
- Cost reductions are realised across both build and overhead costs, with already committed land and planning-related costs being met

The Directors have made this viability assessment over a three year period from 1 May 2022 to 30 April 2025. The Group's cash flow forecasting is undertaken on a longer timeframe, but the Directors are mindful of the progressively unreliable nature of forecasting in later years, particularly in the context of the discretionary nature of future investment and the historically cyclical housing market. Furthermore, the Group's cash due on forward sales covers the next three financial years and this is the key focus of the business activity under the viability assessment.

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 2022.

Read more on: our going concern on page 162.

RISKS

Key to strategy

Customers · Quality · Communities · Climate Action · Nature · Employee Experience · Modernised Production · Future Skills · Supply Chain · Shared Value

Key to risk

Increase risk · No change · Decrease risk

	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
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 UK economy grew strongly in 2021 as COVID related restrictions were eased and consumer confidence returned, recovering from the significant contraction of the economy in 2020 as pandemic restrictions stifled activity. However, recent events, including rising fuel and food prices, have affected current consumer confidence, with concerns around future economic growth. Inflationary pressures, coupled with the war in Ukraine, have the potential to further impact interest rates and conditions for growth. London has rebounded strongly as the UK has emerged from the pandemic and remains a globally attractive city for people and capital. **Read more on:** pages 18 to 25.
Political outlook	Significant political events in the UK and overseas, may impact Berkeley's business through, for example, supply chain disruption or the reluctance of customers to make purchase decisions due to political uncertainty and, subsequently, 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			Following the easing of COVID related restrictions early in 2022, the current political landscape is dominated by the impact of escalating fuel and food prices on both individual households and the wider UK economy, as well the recent war in Ukraine and related geopolitical tension. Government policy on housing clearly impacts the operating environment for Berkeley. This year has seen the publication of the Levelling Up and Regeneration Bill, which is aimed at improving the planning system to give communities a louder voice, making sure developments are beautiful, green and accompanied by new infrastructure and affordable housing. **Read more on:** pages 18 to 25.
Regulation	Adverse changes to Government policy on areas such as taxation, design requirements 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			With effect from April 2022, the Government has introduced a new 4% tax on the profit of large property developers to help fund its Building Safety Package. Following the passing of the Fire Safety Act, and the introduction of the Building Safety Bill, the Government announced in January 2022 that leaseholders in buildings between 11m and 18m high would face the same protection as those in taller buildings. It has also requested UK developers to commit to a legally binding pledge to remediate the unsafe cladding on any buildings over 11m that they have developed over the last 30 years. Berkeley signed the Government pledge in April 2022 and continues to work closely with Government over the operation of the pledge. **Read more on:** pages 18 to 25.

Strategic Report
Corporate Governance
Financial Statements

RISKS CONTINUED

Key to strategy

Customers, Quality, Communities, Climate Action, Nature, Employee Experience, Modernised Production, Future Skills, Supply Chain, Shared Value

Key to risk

Increase risk, No change, Decrease risk

	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
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.		Low			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 added a number of sites to its land holdings during the year. In addition, in March 2022, Berkeley acquired the remaining 50% interest in the St William Joint Venture from National Grid, which included 19 sites already in its land holdings, two already in the near term pipeline and a further three new sites. **Read more on:** pages 18 to 25.
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.		High			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, Gateway 2 tall building levy and review mechanisms. These all impact the cost of development as well as the time taken to move through the planning process, which is also impacted by ongoing local authority planning department resource constraints. 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 18 to 25.
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 priorities within Our Vision 2030, 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.		Medium			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 relatively stable during the course of the year as a result of the ongoing focus on talent management, career progression opportunities, training, benefits, health & wellbeing initiatives and flexibility on working hours. **Read more on:** page 79.

RISKS CONTINUED

Key to strategy

Customers · Quality · Communities · Climate Action · Nature · Employee Experience · Modernised Production · Future Skills · Supply Chain · Shared Value

Key to risk

Increase risk · No change · Decrease risk

	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
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.	Customers, Quality, Communities, Modernised Production	**Medium**	No change	No change	The UK sales market has remained resilient in the last year, with broad based demand across both our domestic and international customers. 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 across its regeneration sites resonates with what customers aspire for in a post COVID environment. Customers remain at the heart of all of our decisions, and Berkeley prioritises customer service through its Our Vision 2030 targets, 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 77.
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. 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.	Shared Value	**Low**	No change	No change	The Group refinanced its facilities during the year, with £800 million (previously £750 million) of committed credit facilities maturing in February 2027. This comprises a term loan of £260 million and the revolving credit facility of £540 million. In addition, the Group has issued listed debt in the form of Green Bonds to the value of £400 million maturing in August 2031. With net cash of c. £270 million at 30 April 2022, this is c. £1.5 billion of liquidity. 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:** page 82.

RISKS CONTINUED

Key to strategy

Customers · Quality · Communities · Climate Action · Nature · Employee Experience · Modernised Production · Future Skills · Supply Chain · Shared Value

Key to risk

Increase risk · No change · Decrease risk

	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
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.	Customers	Medium	No change	No change	An economic environment of continued low interest rates, despite recent rises from record low levels, combined with resilient economic performance, has supported mortgage availability, resulting in a steady risk profile for the majority of the year. The impact of the current inflationary headwinds on future interest rate rises and economic growth are, however, uncertain. The Government Help to Buy scheme is ending over the coming months, with the industry and banks developing new mortgage products to assist people getting on to the housing ladder. **Read more on:** pages 14 to 15.
Climate change	The effects of climate change could impact Berkeley in different ways, from risks and opportunities relating to the transition to a lower carbon economy to those relating to the physical impacts of climate change. Aggressive climate mitigation could lead to the implementation of carbon tax regimes, and an increase in the demand for renewable energy and cost of emissions offset. The cost of raw materials could increase if suppliers pass through the impact of carbon pricing for carbon intensive building materials. For example, steel, concrete, cement and glass all have energy intensive production which could require increased energy input costs. There is an inherent risk that as energy prices increase, property buyers will favour lower carbon homes and expect greater operational energy efficiency. Conversely, strong environmental-related credentials evidenced through a proven delivery track record should improve the prospects of higher demand for Berkeley's homes. Chronic physical risks such as heat stress, drought stress and subsidence may increasingly impact Berkeley's developments, as the climate changes. There are also potential impacts from acute risks. For example, windstorms and floods may result in physical damage to completed property and construction assets.	Climate action is a strategic priority within our business strategy, Our Vision 2030, and we have set ambitious 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. Our sites, offices and sales suites are identifying and investing in energy efficiency measures to take action under our scopes 1 and 2 carbon emissions reduction target. 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. We have minimum Sustainability Standards in place for all developments to assess overheating risk and incorporate measures to reduce this risk. Standards also cover minimum water efficiency measures, rainwater harvesting and SuDS. Our developments, and particularly foundation design, are engineered to ensure the risk of subsidence is mitigated. In respect of medium to high rise buildings, wind engineering includes dynamic or physical modelling, analysis and testing at pre-planning stage and mitigation measures incorporated into the design such as mechanical fixings and screening and planting. Flood risk assessments have been a standard part of our development planning and design for many years if the developments fall within a flood zone. The flood risk assessments vary in extent based on the potential risk and include allowances for the effects of climate change.	Communities, Climate Action, Modernised Production, Supply Chain	High	No change	No change	This year, in response to the TCFD recommendations, we have expanded our evaluation of climate-related risks and opportunities using scenario analysis. The work identified seven transition risks that may potentially have a greater impact on Berkeley, including carbon pricing and emissions offsets and raw material cost. The physical risk analysis of our land holdings covered chronic risks such as heat and drought stress, and acute climate risks such as windstorm and flood. In addition to the exposure analysis, we undertook a financial impact assessment of the acute risks through probabilistic modelling. We continue to work towards our ambitious SBTs for carbon emissions reduction across scopes 1, 2 and 3, which have been validated by the 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. This year we have focused on transitioning from the use of traditional fuels on site to lower impact biofuels and we have also undertaken detailed embodied carbon studies which provide valuable information on the materials we use to construct the homes we build. 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. In December 2021, the Government confirmed the update of Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations, and the introduction of Part O (overheating) and S (electric vehicle charging infrastructure). The 2021 Building Regulations became effective in June 2022. We have reviewed the forthcoming regulations and prepared our project teams for the changes that are likely to be required to meet tighter fabric standards, energy, carbon, ventilation and overheating requirements than current legislation. Berkeley continues to respond to the CDP Climate Change Programme. **Read more on:** pages 58 to 70.

RISKS CONTINUED

Key to strategy

Customers | Quality | Communities | Climate Action | Nature | Employee Experience | Modernised Production | Future Skills | Supply Chain | Shared Value

Key to risk

Increase risk | No change | Decrease risk

	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 value in the operation of our business and the delivery of our homes and places. Dedicated sustainability teams are in place within the business and at Group level, providing advice, monitoring performance and driving improvement. Operational procedures and processes are regularly reviewed to ensure that high standards and legal compliance are maintained. Site sustainability assessments are completed at least every quarter. We also have minimum standards and processes in place for offices and sales suites.	Communities, Climate Action, Nature, Modernised Production, Supply Chain	Medium	No change	No change	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 have continued to embed our 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. Sustainability Standards are in place for 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 including environmental risk registers for each site. The Environment Act 2021 was signed into law in November 2021, 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. The Environment Act 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 biodiversity net gain on its new developments since May 2017 and to achieve a 10% gain from May 2021. Over recent years, there has been an increased emphasis on the need for green open space and parks close to where people live. 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 42, 46 and 58 to 70.
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.	Employee Experience, Supply Chain	Medium	No change	No change	High levels of production continued throughout the year, with site-based headcount stable at around 10,000. Health and safety remains an operational priority for Berkeley and our AIIR was 0.72 at the year end, well below our target of 2.75 and remains one of the best in the industry. **Read more on:** page 47.

RISKS CONTINUED

Key to strategy

Customers · Quality · Communities · Climate Action · Nature · Employee Experience · Modernised Production · Future Skills · Supply Chain · Shared Value

Key to risk

Increase risk · No change · Decrease risk

	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. Continued progress has been made in the year at our modular factory, which will help deliver a significant portion of construction value through off-site assembly. **Read more on:** pages 40 to 41 and 77.
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, Modernised Production, Supply Chain	High	Increase risk	Increase risk	2021/22 has seen pressures on materials availability and the supply chain, including the ongoing impact of both COVID and Brexit. This has been exacerbated by recent energy price increases and also by global geopolitical uncertainty, which has been heightened by the war in Ukraine. To date, Berkeley's experienced teams have been able to manage materials supply without impacting delivery and sales price increases have absorbed build cost inflation. These risks remain dynamic. **Read more on:** pages 52 and 80.
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 inadvertently 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. 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. 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 sixth consecutive year. The Cyber Security team regularly send awareness reminders when threats affecting the Group are detected. **Read more on:** page 118.


CGI image

KING'S ROAD PARK

HAMMERSMITH & FULHAM

This redundant 16 acre gas works is being stitched back into the local community with a network of footpaths, cycle routes, biodiverse parkland, public park square and gardens.

There will be up to 1,843 mixed-tenure homes and the site's Grade II* Listed gas holder, thought to be the oldest surviving in the world, will be carefully integrated as the centrepiece of a new community park.

FEATURES

— 6 acre public open space with public square and gardens
— Pedestrian and cycle network
— 59% biodiversity net gain through biodiverse landscaping
— Shops, bars, cafés, restaurant, leisure spaces
— Up to 460 electric car charging spaces, 3,500 secure cycle spaces, car club spaces
— Energy efficient building fabric, communal heat and power network
— Retention and integration of Listed buildings war memorials and a Grade II* Listed gas holder

16 acre
former gas works

1,843
homes

104,000
sq ft commercial spaces

59%
biodiversity net gain

BEFORE

GOVERNANCE AT A GLANCE

2018 UK CORPORATE GOVERNANCE CODE (THE 'CODE')

The Code is the corporate governance code to which we referred during the financial year to 30 April 2022, and can be found at www.frc.org.uk.

Throughout the year, and in accordance with Listing Rule 9.8.6R, the Board considers that it has applied the Principles and complied with the Provisions of the Code, save where explanations have been provided in respect of Provisions 32 and 38 as outlined on page 119 of this report and page 136 of the Directors' Remuneration Report respectively. As permitted by Provisions 10 and 19 of the Code, explanations for the approach adopted by the Company in respect of those Provisions are set out on page 119 of this Report.

The Board has reviewed the Annual Report and Accounts and considers that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Further details on how we comply with the Code are outlined in this Governance Report.

LEADERSHIP AND PURPOSE

PAGES 113 TO 120

Our Board is responsible for leading the business in the way which we believe is most likely to promote its long-term sustainable success, generating value for shareholders and contributing to wider society. This includes effective engagement with all our stakeholders and particularly our colleagues.

Highlights of the year
- Chairman succession
- Surplus Capital Return
- Green Bonds and bank refinancing
- St William acquisition

Corporate Governance Contents

← CHAIRMAN'S INTRODUCTION P106

DIVISION OF RESPONSIBILITIES

PAGES 121 TO 123

Our Board ensures we have the appropriate combination of Executive and Non-Executive Directors without any one individual or group of individuals dominating the decision making.

Highlights of the year
- Composition of the Board and its Committees
- Chairman succession

← GOVERNANCE FRAMEWORK P122 TO 123

COMPOSITION, SUCCESSION AND EVALUATION

PAGES 124 TO 127

Our Nomination Committee ensures that we have: a balanced Board and Committees with the appropriate skills, experience and knowledge to govern the business; annual evaluations; and an effective succession plan.

Highlights of the year
- Chairman succession
- Board evaluation
- Appointment of two Independent Non-Executive Directors
- Board succession planning

← NOMINATION COMMITTEE REPORT P124 TO 127

AUDIT, RISK AND INTERNAL CONTROL

PAGES 128 TO 131

Our Audit Committee monitors the independence and effectiveness of internal and external audit functions, the integrity of the Financial Statements and oversees the risk management process and internal control environment.

Highlights of the year
- St William acquisition
- Compliance with new TCFD and ESEF reporting requirements
- External audit partner rotation

REMUNERATION

PAGES 132 TO 156

Our Remuneration Committee determines the Remuneration Policy and practices which aims to incentivise strong performance while supporting the Group's strategy and promoting its long-term sustainable success, avoiding excessive risk taking. The Committee oversees the Policy implementation and takes into account pay across the business.

Highlights of the year
- Welcomed new Committee Chair
- Alignment of remuneration and strategy
- New Remuneration Policy for 2022
- Shareholder and proxy advisory agency consultations

→ DIRECTOR'S REMUNERATION REPORT P132 TO 156

LEADING WITH PURPOSE

Glyn Barker, Chairman

I am delighted to introduce the Corporate Governance Report for the 2021/22 financial year.

Throughout the year, the Board has continued to embrace high standards of corporate governance in applying the Principles and Provisions of the UK Corporate Governance Code (the 'Code').

This report details how the Board has considered and applied the Principles and Provisions of the Code by addressing each of the five main areas of the Code and providing information relating to the Principles and Provisions contained within each area.

Sustainability, Company purpose, culture and values

As a business with a uniquely long-term operating model and value-added approach to regeneration and sustainable placemaking, Berkeley recognises the importance of businesses like ours delivering enduring, sustainable value for all our stakeholders.

Over the course of the past year, and following its launch in 2021, Berkeley has continued to embed Our Vision 2030, the Company's ambitious, ten year strategic agenda, across the business. Details of how Our Vision 2030 has been implemented and embedded across the business can be found on pages 38 to 53 of the Strategic Report and at www.berkeleygroup.co.uk/ourvision. Further information on how the Company engages with its stakeholders, and the impact on them in implementing Our Vision 2030, is set out on pages 76 to 83 of the Strategic Report.

The Board recognises the role it plays in promoting the long-term sustainable success of the Company, generating value for its shareholders and contributing to wider society. 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. In implementing Our Vision 2030 to ensure the delivery of long-term sustainable success for all stakeholders, it is the Board's role to ensure that this strategy and the Company's purpose, values and culture are fully aligned.

Culture and values are central to the successful implementation of Berkeley's strategy. At Berkeley, the culture starts with the tone set by the Board and encompasses all of the autonomous businesses and teams across the Group. Further details of how the Board ensures the Berkeley's purpose, values and culture are embedded across Berkeley are set out on pages 114 to 115.

Following the relaxation of COVID restrictions, I am delighted that, this past year, the Board has been able to resume regular and direct face-to-face engagement across the business. We often speak of how deeply ingrained the unique Berkeley culture is throughout the organisation, and I know I speak for all my colleagues on the Board in saying how heartened we have been by the way in which that culture has continued to be clearly evident in all our people, whose passion, agility, commitment to excellence and attention to detail has ensured the delivery of outstanding progress in what has been an exceptionally challenging period. This is my last year on the Berkeley Board, and having served on the Board since 2012, I remain unstintingly impressed by the influence of the Berkeley culture in ensuring the ongoing delivery of sustained long-term value and success.

Board activities

The adherence to and application of good governance practices and principles is of fundamental importance to Berkeley. Details of Board and Committee roles and responsibilities, in ensuring the delivery of good governance, are set out on pages 122 to 123 of this report and of each Director's unique contribution to Berkeley are set out in Directors' biographies on pages 108 to 111 of this report.

Key among my priorities in leading the Berkeley Board following my appointment in July 2020 was to facilitate the effective development and transition of a diverse board for Berkeley. Over the last 12 months, the Board has continued to build upon the progress of the prior year in developing the appropriate long-term balance of skills, experience and ethnic and gender diversity to enable the Board to deliver on its long-term strategy.

In July 2021, Andy Kemp joined the Board as a Non-Executive Director and member of the Audit and Remuneration Committees. As former Chair of PwC's Non-Executive Director advisory programme and previous member of PwC's Audit and Risk Assurance executive board, Andy has brought extensive knowledge and experience of accounting, risk and governance matters to the Board and its Committees.

Following the resignation of Peter Vernon as Non-Executive Director and Chairman of the Remuneration Committee in September 2021, Andy was appointed Chairman of the Remuneration Committee and has since led the process, in consultation with the Company's major shareholders, of developing the Company's Remuneration Policy.

Natasha Adams joined the Board as a Non-Executive Director in February 2022. As former Group Chief People Officer of Tesco PLC, who previously advised both the Tesco PLC Board and its Remuneration and Nominations & Governance Committees, Natasha brings extensive insight on social governance matters. Additionally, as Chief Executive Officer of Tesco Ireland, Natasha contributes valuable expertise on the customer experience and commercial matters.

During the year, in addition to Peter Vernon, Dame Alison Nimmo and Adrian Li stepped down as Non-Executive Directors at the Company's Annual General Meeting in September 2021. I would like to take this opportunity to extend my thanks to Dame Alison, Adrian and Peter for their outstanding contribution and commitment to Berkeley during the course of their tenure.

As at 30 April 2022, I am pleased that the Board transition process has resulted in Berkeley meeting the targets of the FTSE Women Leaders Review.

I will be stepping down as Chairman and Non-Executive Director at the Company's 2022 Annual General Meeting on 6 September 2022. In concluding the current phase of Board development and transition, Diana Brightmore-Armour, Senior Independent Director, has led the formal and rigorous process of recruiting my successor as Chairman. After a thorough review, Ridgeway were appointed to conduct the process, further details of which are set out on page 125 of this report, which culminated with the appointment, on 8 June 2022, of Michael Dobson as Non-Executive Director and Chairman Designate. Michael is a member of the Nomination Committee and will become Chairman of that Committee on 6 September 2022.

I am enormously delighted to welcome Michael to the Board and in particular to be handing over to such an excellent and distinguished successor, who brings extensive leadership, corporate and financial experience to the Board.

The Board recognises that in the handover period between Michael and myself, there has been a temporary adjustment in how the Board meets the aims of the FTSE Women Leaders Review. This adjustment will, however, be reversed when Michael Dobson formally takes over as Chairman in September 2022.

The past year has been a remarkable year of activity for Berkeley, not least as a result of the Board succession process. Led by the new Chairman, the process of ongoing Board development will continue over coming years.

Other matters overseen by the Board during the year have included the delivery of a significant £451 million Capital Return programme, the completion of the Green Bond and refinancing of Group facilities, and the acquisition of National Grid's 50% interest in St William. Further details of the Board's activities during the year are set out on pages 117 to 119 of this report. Details of Committee activities and matters considered are set out on pages 124, 128 and 132 of this report. All these activities and outcomes have been delivered against a backdrop of unprecedented volatility in the operating environment, and I am grateful to my colleagues on the Board and the Executive team and all of Berkeley's people in delivering such an agile and strong performance.

It has been an enormous privilege to serve on the Berkeley Board and, in particular, most recently as Chairman. I am immensely proud of the progress Berkeley and the Board has made, and I wish Michael, Rob and all the Board every success as they continue to lead and oversee the next phase of Berkeley's development.

Glyn Barker
Chairman

BOARD OF DIRECTORS

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

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

Appointed
Appointed to the Board on 3 January 2012. Independent on appointment as Non-Executive Chairman and Chairman of the Nomination Committee on 23 July 2020

Tenure 10 years

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 Chairman of Interserve plc, Non-Executive Director of Cornerstone FS plc and Deputy Chairman of English National Opera.

Glyn was previously appointed as Senior Independent Director and Deputy Chairman on 18 April 2018 and as Interim Chairman on 26 June 2020. Glyn will be stepping down as Chairman of the Board and Non-Executive Director on conclusion of the Company's Annual General Meeting on 6 September 2022.

Other appointments
Independent Non-Executive Director, Quilter plc
Independent Non-Executive Director, Various Eateries plc
Independent Non-Executive Director, Transocean Ltd
Chairman, Irwin Mitchell LLP

Michael Dobson
Independent Non-Executive Director Chairman Designate
N

Appointed
8 June 2022

Tenure 0 years

Skills, experience and contribution
Michael joined the Board as a Non-Executive Director and Chairman Designate and will succeed Glyn Barker as Chairman following conclusion of the Company's 2022 Annual General Meeting. Michael brings extensive leadership, corporate and financial experience to the Board. He stepped down as Chairman of Schroders plc in April 2022 after six years, following an executive career in the City spanning over 40 years. Michael was Chief Executive of Schroders plc from 2001 to 2016 and previously held a number of leadership positions at Deutsche Bank AG, including Head of Global Asset Management, Head of Global Investment Banking and a Member of the Board of Managing Directors. Prior to this he was Chief Executive of Morgan Grenfell Group and Deutsche Morgan Grenfell.

Other appointments
N/A

Diana Brightmore-Armour FCCA, FCT
Senior Independent Director
N

Appointed
1 May 2014

Tenure 8 years

Skills, experience and contribution
Diana is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Association of Corporate Treasurers. Diana is 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

Rob Perrins BSc (Hons) FCA
Chief Executive

Appointed
1 May 2001

Tenure 21 years

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

Appointed
13 April 2015

Tenure 7 years

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 18 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 PwC, auditing and advising a wide range of clients.

Other appointments
None

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

Appointed
6 December 2013

Tenure 8 years

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.

Andy Kemp BA (Econ) FCA
Independent Non-Executive Director
Chairman of the Remuneration Committee
R A

Appointed
1 July 2021

Tenure 1 year

Skills, experience and contribution
Appointed as a Non-Executive Director on 1 July 2021, following his retirement from PricewaterhouseCoopers LLP after a 39 year career with the firm. Andy is a Chartered Accountant and was a senior partner at PwC in London, advising the boards of some of the UK's largest multinational companies.

Andy brings extensive knowledge of accounting, risk and governance matters having been an audit partner for 27 years and through his chairmanship of the PwC Non-Executive Director Programme. Andy was previously a member of PwC's Audit and Risk Assurance Executive Board. Andy is a Governor and member of the Audit Committee, Birkbeck University of London.

Other appointments
Governor, Birkbeck University of London

Sir John Armitt CBE FREng FICE FIC&G
Independent Non-Executive Director
N

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

Tenure 14 years

Skills, experience and contribution
Sir John is currently Chairman of National Express Group PLC and the National Infrastructure Commission. Sir John was President of the Institution of Civil Engineers (2015 – 2016), Chairman of the City & Guilds Group (2012-2021), Chairman of the Olympic Delivery Authority (2007 – 2014), Chairman of the Engineering and Physical Science Research Council (2007 – 2012), Independent Non-Executive Director of Expo 2020 (until October 2021) 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, National Infrastructure Commission

Rachel Downey ACA
Independent Non-Executive Director
A

Appointed
8 December 2017

Tenure 4 years

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 a 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

William Jackson
Independent Non-Executive Director
N

Appointed
5 January 2021

Tenure 1 year

Skills, experience and contribution
William is Executive Chairman of Bridgepoint Group plc, 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
Executive Chairman, Bridgepoint Group plc
President of the Board, Dorna Sports S.L.
Non-Executive Director, Royal Marsden NHS Foundation Trust
Chairman of Governors, Wellington College

The Ven. Elizabeth Adekunle
Independent Non-Executive Director

Appointed
5 January 2021

Tenure 1 year

Skills, experience and contribution
Liz became a Chaplain to Her Majesty the Queen in April 2017 and until recently was Archdeacon of Hackney in the Diocese of London. 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.

Liz was previously 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
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

Sarah Sands
Independent Non-Executive Director

Appointed
30 April 2021

Tenure 1 year

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 political think tank Bright Blue. She is a Non-Executive Director of Channel 4, Board Member of London First, The Walpole Committee Limited and Index on Censorship, and is a Patron of the National Citizen Service. Sarah is a founder of the Braemar Science Summit and was Chair of the Gender Equality Advisory Council for G7 for 2021. 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
Non-Executive Director, Channel 4
Board Director, Hawthorn Advisors
Chair, Bright Blue
Non-Executive Director, London First
Trustee, Index on Censorship
Patron, National Citizen Service
Board member, The Walpole Committee Limited

Key to Committees
A Audit Committee
N Nomination Committee
R Remuneration Committee
Committee Chairman

Natasha Adams
Independent Non-Executive Director

Appointed
1 February 2022

Tenure 0 years

Skills, experience and contribution
Natasha is Chief Executive Officer, Tesco Ireland since 7 March 2022 and is a member of the Tesco PLC Executive Committee. Immediately prior to her current role, Natasha was Group Chief People Officer of Tesco PLC. Natasha has experience as a Trustee of the Tesco Pension Scheme and is a Trustee of the Institute of Grocery & Distribution. She additionally previously served on Tesco's Cybersecurity Committee and its Privacy & Data Committee. Natasha is a Chartered Companion of CIPD and previously advised both the Tesco Board and the Remuneration and Nominations & Governance Committees on remuneration, succession planning and recruitment. Natasha brings to the Board valuable insight on commercial and social governance matters.

Other appointments
Chief Executive Officer, Tesco Ireland
Executive Committee member, Tesco PLC
Trustee, Institute of Grocery & Distribution

Karl Whiteman BSc (Hons)
Executive Director

Appointed
10 September 2009

Tenure 12 years

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

Appointed
8 December 2017

Tenure 4 years

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

Appointed
8 December 2017

Tenure 4 years

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

Board attendance

Member		Meetings attended	% of meetings attended
Glyn Barker	Non-Executive Chairman	●●●●	100%
Michael Dobson[1]	Non-Executive Director and Chairman Designate	–	N/A
Diana Brightmore-Armour	Senior Independent Director	●●●●	100%
Andy Myers	Non-Executive Director	●●●●	100%
Peter Vernon[2]	Non-Executive Director	●	100%
Andy Kemp[3]	Non-Executive Director	●●●	100%
Rob Perrins	Executive Director	●●●●	100%
Richard Stearn	Executive Director	●●●●	100%
Sean Ellis[4]	Executive Director	●●	100%
Karl Whiteman	Executive Director	●●●●	100%
Justin Tibaldi	Executive Director	●●●●	100%
Paul Vallone	Executive Director	●●●●	100%
Sir John Armitt, CBE	Non-Executive Director	●●●●	100%
Dame Alison Nimmo, DBE[5]	Non-Executive Director	●	100%
Adrian Li[6]	Non-Executive Director	●	100%
Rachel Downey	Non-Executive Director	●●●●	100%
The Ven. Elizabeth Adekunle	Non-Executive Director	●●●●	100%
William Jackson	Non-Executive Director	●●●●	100%
Sarah Sands	Non-Executive Director	●●●●	100%
Natasha Adams[7]	Non-Executive Director	●	100%

1 Appointed as Non-Executive Director and member of the Nomination Committee on 8 June 2022
2 Stood down as Non-Executive Director and Chairman of the Remuneration Committee on 3 September 2021
3 Appointed as Non-Executive Director and member of the Audit and Remuneration Committees on 1 July 2021 and Chairman of the Remuneration Committee on 6 December 2021
4 Resigned as Executive Director on 27 October 2021
5 Stood down as Non-Executive Director and member of the Audit Committee on 3 September 2021
6 Stood down as Non-Executive Director on 3 September 2021
7 Appointed as Non-Executive Director on 1 February 2022

Former Directors who served during the year

Peter Vernon
Independent Non-Executive Director from 6 September 2017 and Chairman of the Remuneration Committee from 18 April 2018 until 3 September 2021.

Dame Alison Nimmo, DBE
Independent Non-Executive Director from 5 September 2011 and member of the Audit Committee from 5 September 2012 until 3 September 2021.

Adrian Li
Independent Non-Executive Director from 2 September 2013 until 3 September 2021.

Sean Ellis
Executive Director from 9 September 2010 until 27 October 2021.

BOARD LEADERSHIP AND COMPANY PURPOSE

A focused and effective Board
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 purpose, values and long-term strategic objectives through the Group's strategy Our Vision 2030. The work of the Board provides direction, support and constructive challenge to the wider Executive team.

The duties of the Board 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 and key responsibilities of the Board can be found on pages 122 to 123 of this report.

During the year the Board has continued with its refreshment programme to add further depth and strength to the composition of the Board across a broad and diverse range of skills, contribution and experience. Two Independent Non-Executive Directors have joined the Board during the year, Andy Kemp and Natasha Adams, replacing three Independent Non-Executive Directors who stood down at the Company's AGM of 3 September 2021, Peter Vernon, Dame Alison Nimmo DBE and Adrian Li. Additionally, Sean Ellis stepped down as an Executive Director on 27 October 2021.

The Board refresh programme has further continued with the Senior Independent Director leading the Chairman succession process, culminating in the appointment of Michael Dobson as Non-Executive Director and Chairman Designate on 8 June 2022. Further details on that process are set out on page 125 of this report.

At the date of this report, the Board comprises 16 Directors: the Non-Executive Chairman, five Executive Directors and nine Independent Non-Executive Directors, including the Chairman Designate and thus complies with the Code requirement that at least half of its Directors, excluding the Chairman, are Independent Non-Executive Directors.

As previously announced, Glyn Barker will step down as Chairman of the Board and Non-Executive Director at the conclusion of the Company's Annual General Meeting on 6 September 2022.

Meetings
The Board met formally four times during the year ended 30 April 2022 and there were no absences.
There were also multiple email exchanges and calls, including in respect of the Green Bond, Capital Return Programme, refinancing of Group facilities, full year and interim results, and the acquisition of National Grid's 50% interest in St William Homes LLP.

In addition to these formal meetings of the Board, the Non-Executive Directors met with the Chairman twice 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 and macro-economic, regulatory and planning developments. Thereafter, the Non-Executive Directors met without the Executive Directors being present.

In 2022, the Non-Executive Directors focused separately on the work of the Remuneration Committee in respect of the development of the Group's new Remuneration Policy. Additionally, the Non-Executive Directors met without the Chairman present, at a meeting chaired by the Senior Independent Director to both review the Chairman's performance and to consider the Chairman succession process. 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.

In addition to formal meetings, both the Nomination Committee and the Remuneration Committee maintained regular contact in respect of the continuation of the Board refresh programme, the Chairman succession process and development of the Group's remuneration policy.

The Board aims to hold the majority of meetings at key sites. 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 as well as other matters of topical interest. These presentations have resumed on a face-to-face basis during the year, with the appropriate safety measures in place.

Following the easing of COVID restrictions, the Board met informally to support the integration of new Non-Executive Directors with the full Board. Additionally, during the year, the Board undertook a collective visit to the Berkeley Modular Factory. Read more on page 120.

Furthermore, as the resumption of face-to-face meetings became possible, Non-Executive Directors have undertaken regular site visits across a number of Berkeley Group developments.

OUR CULTURE

The culture of a business is defined by its behaviours, beliefs and values. 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. Much of Berkeley's unique culture reflects the historic legacy of the Group and its vision for the business. The culture continues to evolve under the leadership of the Chief Executive, guided and supported by the full Board.

Berkeley's culture influences the relationships we hold with all stakeholders and is embedded in the business through our purpose, our values and our vision:

OUR PURPOSE

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

↓

OUR VALUES

Have integrity	Be passionate	Think creatively	Respect people	Excellence through detail
Build trust by being open, clear and credible.	Take pride in what we do and the impact we make.	Find individual solutions for every site and situation.	Work together, empower people and value their contribution.	Deliver the best through attention to detail in everything we do.

↓

OUR VISION

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.

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.

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

How do we embed our culture?

Berkeley believes that a strong, value-based working culture is the key driver for long-term performance, customer loyalty and brand strength. This remains at the very heart of our strategy and the Board continues to actively cultivate, embed and reinforce our culture throughout every area of the business.

Our obsession with culture is everywhere. We talk about it, write about it and celebrate it. It is part of our interviews, inductions, performance reviews, team meetings and staff 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.

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.

1 We are passionate about people and communities

Berkeley develops relationships with local partnerships to ensure that shared objectives for the future of wholly inclusive communities are captured in Community Development plans for all future developments, which are reviewed and signed off by the Board. Read more on pages 43.

2 We strive to enhance quality, in every small detail

Prior to construction, the Executive Board reviews and signs off detailed plans and specifications of each development. Directors undertake regular visits to sites throughout the course of construction to ensure the quality of construction and detailed specification of all homes is of the highest standard. Non-Executive Directors additionally undertake site visits and their feedback in highlighting differing stakeholder perspectives is valued and acted upon at Board level and across the Group.

3 We are sustainable, responsible and always think long-term

Environmental and social issues are incorporated into Our Vision 2030, the strategy set by the Board, along with targets and actions to address them, which are closely monitored. Berkeley's social responsibility does not stop when developments are completed, Berkeley continues to support


Hareshill, Fleet

community projects that enhance how communities will live into the future. For example, Berkeley is a member of the Blue Recovery Leaders Group, working with the Wildfowl & Wetlands Trust (WWT) on a new initiative to help fight the climate, nature and wellbeing crisis by creating networks of healthy wetlands across the UK.

4 We are highly collaborative, flexible and responsive partners

We develop long-term, collaborative partnerships throughout the supply chain, as well as wider stakeholder groups. During COVID the Board espoused the implementation of accelerated payment plans to suppliers to support our supply chain, as well as the implementation of a number of COVID secure working arrangements across our sites to ensure the continued safety of our people.

5 We put our customers at the heart of everything

At the early stages of a development the Board will challenge the business to ensure appropriate innovations and specifications are captured, which will ultimately lead to the highest quality homes. The Board is kept informed of the outcomes of customer engagement on a regular basis throughout their customer journey, and the Board actively seeks to ensure that any issues arising are resolved promptly and effectively.

6 Health and safety always comes first

All Group Health and Safety policies are reviewed at Board level and this remains a core priority for the Board. Berkeley has been awarded the prestigious Diamond Award from RoSPA for our 'outstanding corporate contribution to raising safety standards across the residential building sector'. The Board continues to actively support strengthening of the building safety regime and, during the year, has signed the Developer Pledge Letter with the Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) on Building Safety.

7 We value autonomy, independence and entrepreneurial flair

The Group operates through a network of 21 autonomous divisions and operating companies, as well as a unique network of international offices in key markets across the Globe. Strong central functions support this structure, including Legal, Health & Safety and Corporate Governance.

8 We are agile, decisive and trust our instincts

The Board continually looks for ways to advance the business for the long-term success of the Company for the benefit of all stakeholders. For example, Berkeley was the first UK homebuilder to publish a Climate Change Policy in 2007, setting our first carbon reduction targets in 2010 and achieving carbon neutral business operations for the first time in 2018. This was achieved by launching a climate adaptation policy which has changed the way we work for the better.

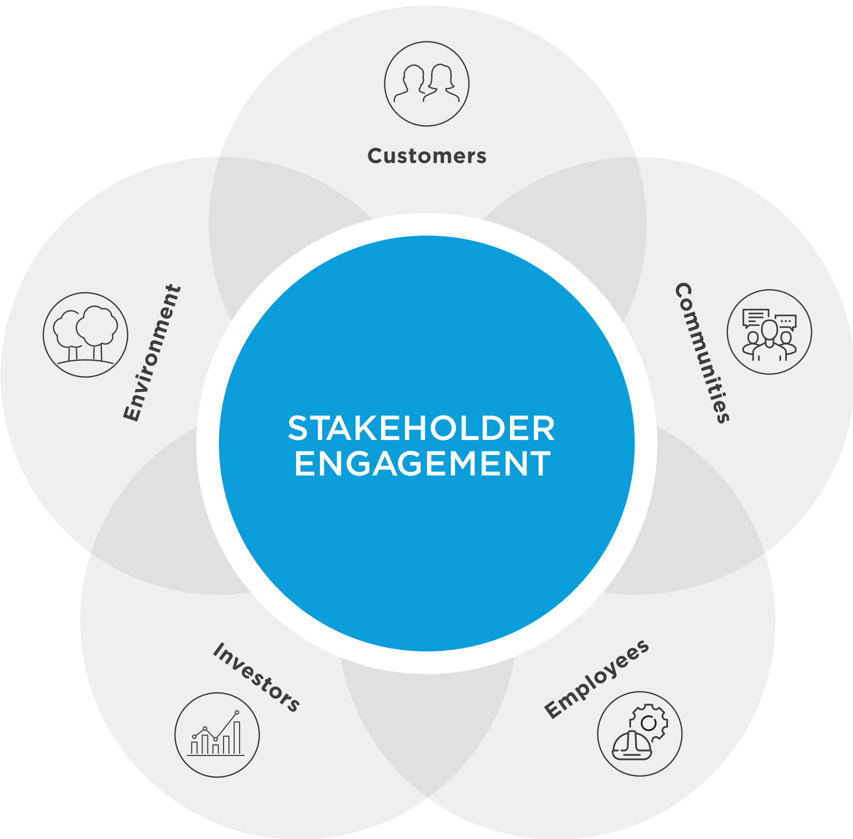
9 We lead by example, innovate and break the mould

Berkeley is 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 place-making approach needed to patiently transform these challenging sites into highly connected, accessible and welcoming neighbourhoods, where homes are conveniently served by a high concentration of new and existing local infrastructure and amenities.

STAKEHOLDER ENGAGEMENT

The role of the Board is to deliver value to all stakeholders and promote the long-term sustainable 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. Our stakeholders influence the decision making of the Board across all aspects of the Company's activities and the impact of the Board's decisions is always considered in applying the long-term strategy for the business, Our Vision 2030.

The Directors engage directly with stakeholders in a number of different ways. For more details on how the Board has considered the s.172 requirements, see pages 76 to 83.



HOW THE BOARD ENGAGES WITH SHAREHOLDERS AND EMPLOYEES:

Shareholders
The Company undertakes active dialogue with its current and prospective institutional shareholders through meetings and calls.
During 2021/22 discussions focused around the half year and year end, and covered topics such as the Surplus Capital Return, funds raised through the Green Bonds, operations, performance, markets, business strategy and capital allocation, interim and full year results and governance matters. In addition to these meetings, Directors continue to engage with a number of shareholders and proxy advisory agents in order to discuss specific queries raised.

The Remuneration Committee has additionally consulted with major investors ahead of the finalisation of the Group's new remuneration policy.

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 shareholder views 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 talented and skilled workforce that will work together in a safe, healthy and supportive environment, and take pride in delivering outputs of the highest quality that deliver value to customers, local communities and other stakeholders. 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 through 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; 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. Non-Executive Directors regularly undertake site visits and engage directly with local teams.

The People Engagement Forum was established in 2020 and is a single platform for reviewing employee matters, sharing best practice and capturing its output for the Executive Committee and Board. Following the employee survey at the end of last year, much of this year's activity has focused on working with the local businesses in responding to the outputs of the survey.

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.

Board activities during the year and key focus areas
The governance structure on pages 122 to 123 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 focus of Board activities falls in to four areas: strategy, operations finance and governance.

TIMELINE

2021

23 June 2021
Board approved the 2021 Full Year Results

1 July 2021
Appointment of Andy Kemp as Non-Executive Director and member of the Audit and Remuneration Committees

30 July 2021
Publication of the 2021 Annual Report and Accounts

2 August 2021
Notice of AGM and Publication of Circular, including proposed shareholder return of £451 million by way of a B Share Scheme and related share consolidation

11 August 2021
Following Board approval, Berkeley issued £400 million of Green Bonds to trading on the International Securities Market of the London Stock Exchange plc

3 September 2021
In-person AGM held at the offices of Herbert Smith Freehills LLP in London. For Board changes see page 112

7 September 2021
Berkeley completes B Share Purchase offer and £451 million Surplus Capital Return

6 December 2021
Non-Executive Director Andy Kemp appointed as Chairman of the Remuneration Committee

8 December 2021
Board approved the 2021/22 Interim Results

2022

1 February 2022
Appointment of Natasha Adams as Non-Executive Director

17 February 2022
Board site visit to Millbank development to welcome new Non-Executive Directors to the Board

18 February 2022
Group completes the renewal of the Group banking facilities

3 March 2022
Board site visit to the Modular Factory. See page 120 for more details

15 March 2022
Group announces the acquisition of National Grid's 50% interest in St William Homes LLP

8 June 2022
Michael Dobson appointed by the Board as Independent Non-Executive Director and Chairman Designate

STRATEGY

Our Vision 2030
The Board has continued to monitor performance against the strategy's targets and long-term goals, holding monthly Our Vision 2030 Board meetings to review progress against targets and drive performance.

Macro-environment, financial strength, capital allocation and shareholder return strategy
Reflecting both the critical nature of the residential property market and the current heightened macro volatility, the Board regularly reviews and considers the optimal weighting of Balance Sheet strength and liquidity, financing and shareholder returns, ensuring also the ability to retain flexibility and agility to respond effectively to market factors and opportunities.

St William acquisition
The Board approved the acquisition of National Grid's 50% interest in its St William Homes LLP joint venture, which is now a wholly owned subsidiary of the Company, for cash consideration of £412.5 million. The detail of the transaction was discussed by the Board a number of times during the year.

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 planning milestones.

Regulatory changes
The Board is provided with regular updates on the changing regulatory landscape and considers the impact of regulatory changes in applying the Board's strategy.

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 complete, with the first prototype modules being tested during the year. In March 2022, the Board visited the Modular factory. See page 120 for more details.

Progress against climate change commitments and approach to sustainability
In line with the Group strategy, Our Vision 2030, the Board reviewed the 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 36 to 70 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. Protocols are in place to allow rapid responses in the event that specific cyber security threats to the Group are identified.

OPERATIONS

Monitoring and responding to COVID-19
The Board closely monitored the Group's strategic response to COVID-19 during the year to ensure the safety and wellbeing of our people, customers, suppliers and local communities, particularly with regard to the frequency of changes to health and safety guidance.

Health and safety incidents
The Board reviewed the Company's health and safety approach. The Group currently has an industry leading AIIR of 0.72, compared with the Health and Safety Executive's industry average of 2.72; see page 47 of the Strategic Report.

Fire safety and developer pledge
As a responsible developer, the safety of our 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 additional Build Quality Assurance Standards across the business to reflect the latest Government regulation and guidance and to reinforce best practice. The Board also signed the Developer Building Safety Pledge and established a process to prioritise and meet these commitments.

Supply chain resilience, including availability of materials and cost inflation
We have dedicated Director-level Trade Sponsors for each of the key trades to provide a platform for engagement and feedback to the Commercial Committee, which is chaired by a member of our Executive Board. This helps us work with our supply chain to mitigate the risks around global supply chain issues, product availability times and increasing costs.

FINANCE

Capital allocation and Surplus Capital Return via B Share Scheme
In 2020, the Board identified £455 million of Surplus Capital to be returned to shareholders by 31 March 2023. During the year the Board approved the first half (£228 million) of this surplus capital as part of a £451 million B Share Capital Return to shareholders. The balance of the £451 million return comprised the remaining £223 million of the ongoing scheduled annual return for 2021/22, with £59 million having already been returned through share buy-backs in the year ended 30 April 2021. The B Share Capital Return was equivalent to £3.71 per share and was followed by a share consolidation which reduced the Company's share capital, net of treasury and EBT shares, by 7.65% from 121.6 million to 112.3 million shares at the time of the consolidation.

The Board has committed to the next ongoing scheduled shareholder return which is the £141 million in respect of the six months ending 30 September 2022, against which £64 million has been spent on share buy-backs in the year, at an average price of £41.64 per share.

Following the acquisition of St William in March 2022, Berkeley has satisfied the return of the £455 million surplus capital.

Funding and liquidity
Green Bonds
Berkeley issued £400 million of 10 year unsecured Green Bonds maturing in August 2031 at a fixed coupon of 2.5% per annum. Berkeley has allocated the proceeds of the Green Bonds to its ongoing development activities in accordance with its Green Finance Framework (www.berkeleygroup.co.uk/about-us/investors/debt-investors); specifically in connection with the development of green buildings (energy efficient homes) on its brownfield regeneration sites.

Bank refinancing
In February 2022, the Board reviewed and approved the refinancing of the Group banking facilities. The revised facility totals £800 million, comprising a £260 million green term loan and a £540 million RCF. The facility is in place for a period of five years to February 2027, with two one-year extension options available.

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, trading updates and the announcement of the St William acquisition.

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.

GOVERNANCE

Board composition
During the year, the Company has appointed two new Non-Executive Directors. Andy Kemp joined the Board on 1 July 2021 and Natasha Adams was appointed as a Non-Executive Director on 1 February 2022. Adrian Li, Dame Alison Nimmo and Peter Vernon stood down as Non-Executive Directors on 3 September 2021, and, on 27 October 2021, Sean Ellis stood down as Executive Director.

Following Peter Vernon's resignation, Andy Kemp was appointed as Chairman of the Remuneration Committee. Recognising that, at the date of his appointment, Andy had served less than 12 months on a Remuneration Committee as required by Provision 32 of the Code, the Board considered that his significant prior experience, in particular as Chairman of PwC's Non-Executive Director Programme, equipped Andy with the relevant skills and experience to best lead the Committee.

Chairman succession
In July 2020, Glyn Barker was appointed Chairman of Berkeley for a two year term to facilitate the effective development and transition of the Board, as envisaged by Provision 19 of the Code. Glyn will step down as Chairman and Non-Executive Director on conclusion of the 2022 AGM of the Company.

Diana Brightmore-Armour, Senior Independent Director, led the process for the appointment of Glyn's successor as Chairman, which concluded with the appointment of Michael Dobson as Non-Executive Director and Chairman Designate on 8 June 2022. Further details about the process are provided on page 125.

Non-Executive Director independence
In accordance with Provision 10 of the Code, the Board has reviewed the independence and contribution of Sir John Armitt, who continues to maintain and contribute an independent view in all Board deliberations, consistently providing robust challenge and scrutiny. Furthermore, his extensive construction and urban regeneration expertise and experience continue to be of significant value to the Board. His experience has been particularly valuable over the period of Board transition. Accordingly, the Board has concluded that Sir John Armitt continues to be independent.

Remuneration policy
The Remuneration Committee reviewed and considered proposals for a revised remuneration policy. Separately, the Remuneration Committee reported to the Non-Executive Directors, who considered and provided feedback on the proposed policy. The Remuneration Committee has subsequently engaged with the Company's largest shareholders in respect of the new policy. Further details are set out in the Remuneration Report on pages 132 to 156.

Board evaluation
The Code requires that the Board undertakes an annual evaluation which is externally facilitated at least once every three years. As the Board review for 2020/21 was undertaken externally, the review for 2021/22 was conducted internally. For full details of the Board evaluation, see page 126.

BOARD SITE VISIT TO THE MODULAR FACTORY

In March 2022, the Board visited the site of the new Berkeley Modular factory in Northfleet, Kent.

The site has been developed to produce volumetric modular housing and the visit gave the Board the opportunity to view the purpose-built, technologically advanced manufacturing facility.

Whilst on site, the Board met a number of the highly skilled workforce who are working to produce a range of modular housing products, designed to the high specification and excellent build standards that customers demand from the Berkeley Group.

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 the overall effectiveness of the Board and its Committees, for setting and shaping the culture in the Boardroom and the Company, overseeing high standards of corporate governance, ensuring the Board determines the nature and extent of significant risks the Company is willing to embrace in the implementation of its strategy, 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 116 to 119 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 Corporate Governance, 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.

See pages 122 to 123 for details of the responsibilities of the Board.

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 within the relevant reports on pages 124, 128 and 132.

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.

RESPONSIBILITIES OF THE BOARD

Non-Executive Chairman
Glyn Barker

Responsibilities:
— leading the Board and ensuring its overall effectiveness, setting the agenda and ensuring that 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.

Senior Independent Director
Diana Brightmore-Armour

Responsibilities:
— working closely with the Chairman, serving as a sounding board and providing support and advice in the delivery of objectives;
— leading the Chairman succession process;
— serving as an intermediary for other Directors and shareholders, including meeting with Non-Executive Directors annually, without the Chairman present to evaluate the Chairman's performance, and provide 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.

Non-Executive Directors
Andy Myers
Sir John Armitt
Elizabeth Adekunle
William Jackson
Andy Kemp
Rachel Downey
Sarah Sands
Natasha Adams
Michael Dobson (Chairman Designate)

Responsibilities:
— 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 judgement, objectivity and an appropriate level of constructive challenge and scrutiny of Board decisions;
— serving on Board Committees to ensure that 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.

Chief Executive
Rob Perrins

Responsibilities:
— 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.

Chief Financial Officer
Richard Stearn

Responsibilities:
— 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.

Executive Directors
Karl Whiteman
Justin Tibaldi
Paul Vallone

Responsibilities:
— 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.

BOARD COMMITTEES

A — Audit
Chair: Andy Myers

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 effectiveness of the external auditor.

See page 128 for the Report of the Audit Committee.

R — Remuneration
Chair: Andy Kemp

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.

See page 132 for the Report of the Remuneration Committee.

N — Nomination
Chair: Glyn Barker

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.

See page 124 for the Report of the Nomination Committee.

THE EXECUTIVE COMMITTEE

The Executive Committee meets regularly and reviews the financial and operating performance of all Group divisions and companies. The Committee is chaired by the Chief Executive and comprises the Executive Directors, Piers Clanford, Alison Dowsett, Harry Lewis and Elkie Russell.

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; and
— people.

The Board and the Executive Committee is supported by the General Counsel and the Company Secretary.

Divisional and operating company boards

Responsibilities:
— 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; and
— customer service.

Operational Committees

These include:
— Health and Safety
— IT
— Production
— Customer Service
— Commercial and Technical
— Sales and Marketing
— Sustainability
— Estates Management

Introduction

The Board of Directors presents its Nomination Committee Report for the year ended 30 April 2022.

Glyn Barker, Chairman, Nomination Committee

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.

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; and
— led by the Senior Independent Director, without the Chairman being present, reviewing and implementing Chairman succession.

The Committee's Terms of Reference set out its full remit and can be downloaded from the section dealing with Investor Information on the Berkeley website (www.berkeleygroup.co.uk/about-us/investors/corporate-governance).

Membership, meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance	% of meetings attended
Glyn Barker (Chairman)*	18 April 2018	●●	100%
Diana Brightmore-Armour	15 October 2015	●●	100%
Sir John Armitt	23 July 2020	●●	100%
William Jackson	5 January 2021	●●	100%
Michael Dobson	8 June 2022	-	N/A

* Chairman of the Nomination Committee since 23 July 2020

In addition to formal meetings of the Nomination Committee, the Committee held a number of calls in respect of the ongoing Board refresh programme, including a number of calls led by the Senior Independent Director, without the Chairman present, to consider the Chairman succession process. The Committee also held a number of meetings with prospective Non-Executive Directors as it oversaw the Board refresh programme.

G Barker
Chairman, Nomination Committee

Meeting items discussed

October 2021	— Board and Committees composition — Non-Executive Director succession planning — Approval of appointment of Remuneration Chairman
April 2022	— Board and Committees composition — Skills matrix for Non-Executive Directors — Non-Executive Director succession planning
April 2022	— Separately, all Non-Executive Directors, led by the Senior Independent Director and without the Chairman present, met as a whole to consider Chairman succession

Board and Committee balance, diversity, independence and effectiveness

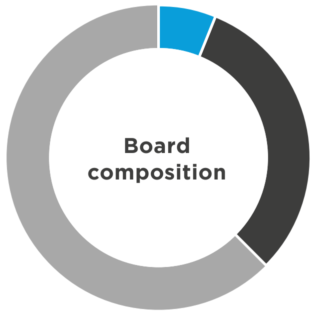
Recognising the benefits that diversity can bring to all areas of the Group and noting the recommendations of the FTSE Women Leaders and Parker Reviews, Berkeley seeks to build a Board which represents a wide range of backgrounds and experience. Female representation on the Board increased to 33% at 30 April 2022, in line with the target set by the Hampton-Alexander and FTSE Women Leaders Reviews and the target set by the Board in 2021. This has temporarily reduced to 31% following the appointment of Michael Dobson as Chairman Designate on 8 June 2022. This position will be reversed when Michael succeeds Glyn Barker as Chairman on 6 September 2022.

Berkeley continues to help lead the development of diversity and inclusion within the construction sector, 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 40% at 30 April 2022, and 38% following the appointment of Michael Dobson as Chairman Designate on 8 June 2022.

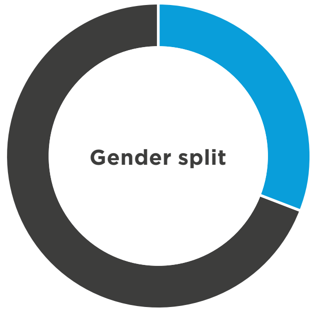
The Group meets the ethnic diversity target set by the Parker Review. Appointments to the Board follow a formal, rigorous and transparent process and are made on the basis of merit and capability and in the best interests of the Group.

The recommendations of the FTSE Women Leaders 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.



Chairman	1
Executive Director	5
Non-Executive Director	10



Female	31%
Male	69%

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

CHAIRMAN SUCCESSION

Glyn Barker was appointed as Chairman of Berkeley in July 2020 for a two year period to oversee the transition of the Board following the passing of the Company's founder and previous Chair, Tony Pidgley. Recognising that Glyn would be stepping down at the Company's 2022 AGM, the Nomination Committee, led by the Senior Independent Director and, to ensure due independence, without the involvement of the Chairman, undertook a thorough and structured process on behalf of the Board of identifying and appointing the successor to Glyn Barker as Chairman of the Group to oversee the next phase of Berkeley's development.

STAGE 1 The Nomination Committee undertook a review of executive search agencies in order to identify a firm with the appropriate proficiency and cultural fit for Berkeley, whilst at the same time ensuring there were no conflicts of interest.

STAGE 2 Pursuant to this process, Ridgeway were appointed by the Nomination Committee to assist with the process for identifying a new Chairman. Ridgeway are an independent executive search consultancy, who are a signatory to the Enhanced Code of Conduct for Executive Search Firms on gender diversity and best practice, are accredited by the Hampton-Alexander/FTSE Women Leaders Review and have no connections to the Company or any of its individual Directors.

STAGE 3 Following engagement, a timetable was drawn-up establishing the key milestones. An outline brief and detailed candidate specification, which set out key capabilities, experience and skills required was agreed, after which a comprehensive external search process was undertaken.

STAGE 4 Ridgeway reviewed a wide range of potential candidates, which resulted in an initial long list of 12 candidates, 50% of whom were female and 8% of whom identified as belonging to a UK ethnic minority. Following discussions among the Nomination Committee, five candidates (including one woman) were approached for the role.

STAGE 5 A shortlist of three candidates was selected. These candidates then partook in a robust interview process. Ridgeway held discussions with the candidates to assess compatibility with the specification, interest in the role, future commitments and time availability, independence and any potential conflicts of interest. Short-listed candidates met with the Senior Independent Director and members of the Nomination Committee and also had the opportunity to meet with the Chief Executive.

STAGE 6 Following this process, Michael Dobson was considered by the Committee to be the most suitable candidate for the role due to his substantial leadership, financial and investor experience and his appreciation of the Berkeley culture. The Board approved the recommendation of the Committee, agreeing that he was independent on appointment and that Michael Dobson be appointed to succeed Glyn Barker as Group Chairman following conclusion of the Company's AGM on 6 September 2022.

Michael's appointment was announced on 8 June 2022.

2020/21 EVALUATION

Following the 2020/21 Board evaluation, the Board set itself the following goals, progress against which is as follows:

Focus area	Progress against each goal
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.	Non-Executive Directors held a number of meetings with the Chief Executive, the Chief Financial Officer, and other Executive Directors and senior management within the business. Additionally, Non-Executive Directors undertook a number of site visits across a wide range of Berkeley developments, including both brownfield and greenfield regeneration sites, acquiring a deeper understanding of the Berkeley culture.
Embedding Our Vision 2030 throughout the Company.	The Company's Our Vision 2030 strategy was launched in February 2021. Following the launch, the Board has regularly monitored the implementation, tracking progress against key metrics and targets. Board and Executive-level sponsors have played an active role throughout the year in embedding the strategy throughout the business.
Building on and consolidating the Company's work on staff engagement and diversity.	The Board has continued to oversee the Company's progress in building on and consolidating its work on staff engagement and diversity, monitoring the Company's approach to Employee Engagement. This has included information on the output of the 2021 employee engagement survey and performance on diversity matters such as gender balance.
As soon as Government restrictions allow, to resume face to face meetings and less formal engagement between Board members.	Following the easing of COVID restrictions, the Board were able to increasingly resume face-to-face contact as the year progressed, reverting to full face-to-face meetings for the second half of the year. The Board met informally at Berkeley's Millbank development and a full-Board presentation, tour and dinner was held at Berkeley's Modular Factory.

2021/22 EVALUATION

The 2021/22 Board evaluation was conducted earlier this year. Details of the process, focus and resulting goals are set out in the table below:

Process	The 2021/2022 Board evaluation focused on the following areas
— The internal Board evaluation for 2021/22 was conducted by the Company Secretary through private one-to-one discussions with each Director and also the Group Solicitor. — All participants have embraced the exercise, making themselves available, preparing for and engaging in the conversations. — Interviews of up to two hours were held with each participant. The conversations were searching, free-flowing and covered a wide range of topics.	— Board role, performance and effectiveness; — Leadership; — Board composition and succession planning, including Chairman and executive succession; — Relationships, environment and dynamics, including new Non-Executive Director integration and transition from COVID-19 restrictions; — Strategy, culture and purpose; — Stakeholder oversight and engagement; — Risk and performance monitoring; — Committee effectiveness; and — Board process and information flow.

2021/22 Outcome

Feedback from the evaluation, has demonstrated confidence in the overall performance and effectiveness of the Board during the period to 30 April 2022.

There was particular acknowledgement of the quality and strength of leadership in navigating the combined challenges of recent years and in leading the Board in progressing significant achievements over the past year, including the launch and embedding of the Group's Our Vision 2030 Strategy, developing and transitioning Board composition, delivery of the Group's £451 million Surplus Capital Return and acquiring National Grid's interest in St William.

Directors were positive about the performance of the Board Committees. Directors were cognisant of the importance of succession planning and recognised that, while the most recent Board refresh phase was successful, the importance of maintaining continued focus remains key.

Directors brought a fresh perspective on Board reporting, commenting positively on the assurance and additional scope for scrutiny and discussion current reporting provided, but also noting opportunities for further concentrating the focus in support of maximising the value of the Board's time together.

Goals for 2021/22

— Integration and embedding of the new Chairman within both the Board and the Group.
— A review of standing Board papers to identify opportunities for refinement and more concentrated focus.
— To further progress the next phase of Board and Company succession planning, having regard to mix of skills, experience and diversity and inclusion objectives.
— To turn particular attention to, the Senior Independent Director and Audit Committee Chairman succession planning.

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 also 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, changes to town and country planning legislation, on the Government's advice and legislation on safer buildings, ESG matters and TCFD recommendations.

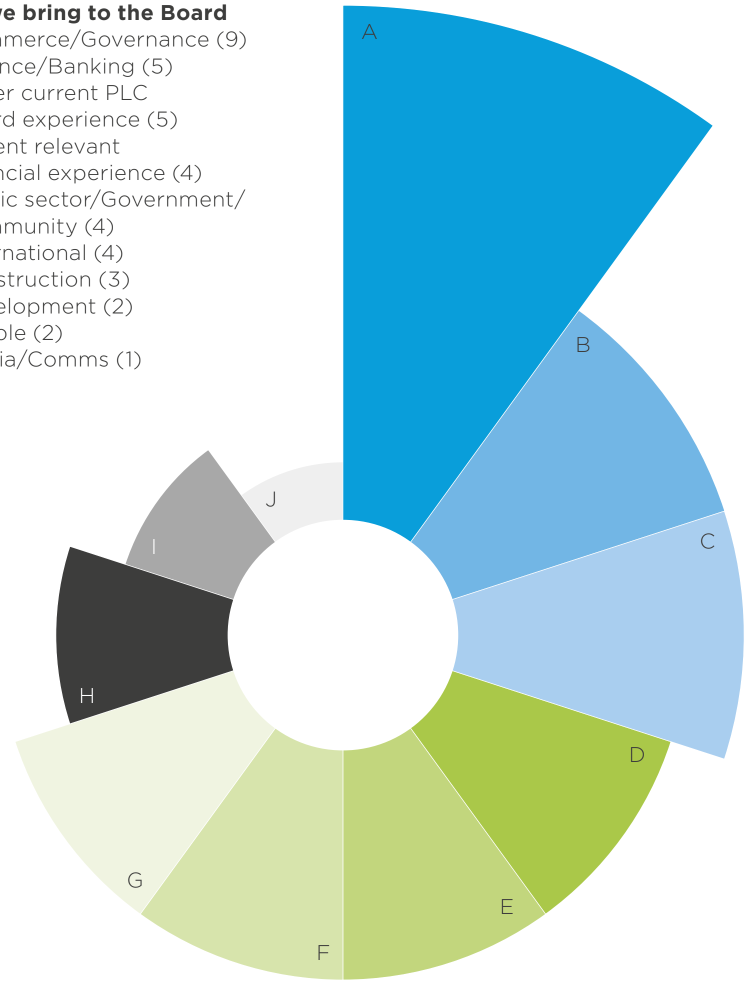
Members of the Audit and Remuneration Committees receive briefings from the Group's auditors and remuneration advisors respectively to ensure that they remain up to date with current regulations and developments. All Directors have access to advice from the Company Secretary and independent professional advisors, at the Company's expense, where specific expertise is required in the course of their duties.

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.

What we bring to the Board

A Commerce/Governance (9)
B Finance/Banking (5)
C Other current PLC board experience (5)
D Recent relevant financial experience (4)
E Public sector/Government/Community (4)
F International (4)
G Construction (3)
H Development (2)
I People (2)
J Media/Comms (1)



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 two new appointments during the year ended 30 April 2022, with Andy Kemp and Natasha Adams joining the Board as Non-Executive Directors.

Peter Vernon, Adrian Li and Dame Alison Nimmo all stood down from the Board at the Company's AGM on 3 September 2021.

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 the Company's Chairman, Glyn Barker, who will be stepping down, will be offering themselves for re-election at the AGM of the Company to be held on 6 September 2022.

Chairman succession

Led by the Senior Independent Director, without the Chairman present, the Nomination Committee undertook the process during the year of identifying and appointing the successor to Glyn Barker as Chairman of the Group. Further details are set out on page 125.

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 Berkeley website (berkeleygroup.co.uk/about-us/investors/corporate-governance/group-policies).

G Barker
Chairman, Nomination Committee
22 June 2022

Introduction

The Board of Directors presents its Audit Committee Report for the year ended 30 April 2022, which has been prepared and recommended by the Audit Committee.

Andy Myers, Chairman, Audit Committee

The report has been prepared in accordance with the requirements of the Code, the Listing Rules, Disclosure Guidance 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 108 to 111 of this report and details of the number of meetings of the Committee are reported in the table below.

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 (www.berkeleygroup.co.uk/about-us/investors/corporate-governance).

The key responsibilities of the Committee are as follows:

- 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; and
- monitoring and mitigating emerging and principal risks.

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

Membership meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance	% of meetings attended
Andy Myers (Chairman)*	6 December 2013	●●●	100%
Dame Alison Nimmo DBE**	5 September 2012	●	100%
Rachel Downey	18 April 2018	●●●	100%
Diana Brightmore-Amour***	23 July 2020	●	100%
Andy Kemp	1 July 2021	●●	100%

* Chairman of the Audit Committee since 1 September 2014

** Stood down as Non-Executive Director and member of the Audit Committee on 3 September 2021

*** Stood down as a member of the Audit Committee on 1 July 2021

Meeting items discussed

June 2021	— Draft results for the year ended 30 April 2021 — 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 2021 Annual Report — The FRC's review of the 2020 Annual Report
December 2021	— Draft interim results for the six months ended 31 October 2021 — KPMG's Report on the interim review period — KPMG's Report on the Audit Plan and Strategy for the year ending 30 April 2022 — Internal audit report — Auditor independence and non-audit fees and services
March 2022	— KPMG's Report on updates to the Audit Strategy for the year ending 30 April 2022 — Annual review of risk management and internal control framework — Internal audit report — KPMG audit partner rotation — Auditor independence and non-audit fees and services — Financial reporting update

Meetings
The Committee met formally three times during the year with no absences from members of the Committee. Berkeley's external auditor was also present at all meetings, together with the Chief Financial Officer and Head of Finance, with the internal auditor in attendance as appropriate.

In addition to formal meetings, the Chairman of the Audit Committee has one-on-one updates with the Chief Financial Officer and approves any fees for additional work undertaken by the external auditor as permitted by the Group's policy on non-audit fees. The Chairman of the Audit Committee also meets separately with the external auditor, as required, ahead of each meeting.

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 judgements relevant to this.

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

The Committee reviewed the Annual Report and Accounts and considered whether, taken as a whole, it is fair, balanced and understandable and provides 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 were taken into account in reaching its conclusions on these matters.

In relation to the St William acquisition, the Committee considered the following critical accounting judgements during the year:

— **Asset acquisition**
The Group has elected to apply the optional 'concentration test' under IFRS 3 in relation to the acquisition of the outstanding 50.0% partnership interest in its St William Homes LLP joint venture from National Grid plc on 15 March 2022. The concentration test permits the transaction to be accounted for as the acquisition of a set of assets, rather than a business combination, if substantially all of the fair value of the gross assets acquired are concentrated in a group of similar identifiable assets.

The Committee considered the judgement by management that the fair value of substantially all of the gross assets acquired was concentrated in the inventory acquired. All sites acquired have similar risk profiles and are primarily redundant gas holder sites being redeveloped for residential-led development in London and the South East. It was therefore deemed appropriate to account for the transaction as an asset acquisition.

Other significant matters considered by the Committee during the 2021/22 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. Following review of the paper, the Committee concluded that it was satisfied that the assumptions adopted were appropriate.

— **Post completion development provisions**
The Committee recognises that accounting for provisions relies on management judgement in estimating the quantum and timing of outflows of resources to settle any associated legal or constructive obligations.

The Group holds provisions for post completion development obligations in respect of the construction of the Group's portfolio of complex mixed use property developments which are expected to be incurred in the ordinary course of business, based on 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.

European Single Electronic Format (ESEF) Reporting
The Committee reviewed the ESEF reporting requirements for the Group to prepare the consolidated accounts in digital form for the first time for the year ended 30 April 2022. The Committee confirmed the Group has put in measures to enable this to be completed, in line with the regulations.

TCFD and climate related disclosures
The Committee received updates on the Group's approach to reporting on the recommendations of the TCFD and the progress against these requirements, noting that external consultants had been engaged early in the process to assist with the 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 2022 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 86 to 88 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 86 to 88 of the Strategic Report. The key features of the system of internal control include the following:

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 and covered:

- the assessment of the principal and emerging risks facing the Group;
- the key elements of the Group's control processes, covering financial, operational and compliance controls, to mitigate these risks; and
- the operations and effectiveness of internal audit.

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

The Committee 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 89 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 continued to be updated during the year as operating procedures on site have evolved in light of changes to 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 by 2024, in compliance with the Statutory Auditors and Third Country Auditors Regulations 2016. This exercise is due to be undertaken following the conclusion of the 2022 audit, to allow for the external auditor to be in place for the audit for the financial year ended 30 April 2024.

Audit partner rotation
During the year, the Committee was involved in the rotation of the audit partner. The Chairman of the Audit Committee, alongside the Chief Financial Officer, met with several candidates from KPMG. Each partner offered a mix of experience and delivery styles with Anna Jones being selected to take over from Mike Harper in relation to the audit for the year ending 30 April 2022.

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 announcement of the Company's results, in which it set out its assessment of the Company's accounting judgements and estimates in respect of these key audit risks and any other findings arising from its work.

The external auditor has open recourse to the Non-Executive Directors should it consider it necessary. There is private dialogue between the Chairman of the Committee and the external auditor prior to each Committee meeting. After each meeting there is 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 2022 was 0.23:1, well within this limit, and mostly related to fees for the interim review, which are closely related to the annual audit process, and verification of financial data contained in the Offering Circular prepared for the issue of the Green Bonds during the year. 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.

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 2022 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
22 June 2022

DIRECTORS' REMUNERATION REPORT
ANNUAL STATEMENT OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Introduction

The Board of Directors presents its Directors' Remuneration Committee Report for the year ended 30 April 2022.

Andy Kemp, Chairman, Remuneration Committee

Key responsibilities of the Committee
Key responsibilities include:

- 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.

Remuneration Committee membership

Committee member	Date of appointment to Committee	Meeting attendance	% of meetings attended
Andy Kemp, Chairman*	1 July 2021	●●	100%
Glyn Barker	13 June 2012	●●●	100%
Andy Myers	1 May 2014	●●●	100%
Peter Vernon**	18 April 2018	●●	100%

* Andy Kemp was appointed as Chairman of the Remuneration Committee on 6 December 2021. He also attended the June 2021 meeting as an observer.

** Peter Vernon stepped down from the Board and from his role as Chairman of the Remuneration Committee on 3 September 2021.

Contents of the Directors' Remuneration Report

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. Fees of £92,000 (2021: £50,000) were provided to PwC during the year in respect of remuneration advice received. The Committee is comfortable that the members of the PwC team who provide remuneration advice have no connections with the Company or its Directors that may impair their independence.

Financial highlights of 2021/22
The company has had another strong year reflected in the following components of performance:

- Net cash of £269 million (2021: £1,128 million) after making £515.2 million of shareholder return payments, including the Surplus Capital Return of £451 million in September 2021 via a B Share Scheme, and the £413 million acquisition of the remaining 50% of St William
- Pre-tax return on shareholders' equity of 17.5% (2021: 16.5%)
- Net asset value per share increased by 7.9% to £28.18 (2021: £26.12)
- Cash due on forward sales increased to £2.2 billion (2021: £1.7 billion)
- Future anticipated gross margin in the land bank up 20.0% to £8.3 billion (2021: £6.9 billion)
- Profit before tax of £551.5 million (2021: £518.1 million)

As was the case in 2020/21, we did this without furloughing any employees or accessing Government funding support. In the course of another exceptional year, we continued to keep our people engaged and safe, as well as providing support to our colleagues, customers and local communities.

ESG highlights

- 15 embodied carbon assessments completed to better understand the main contributors to carbon in the construction process and shape our carbon reduction plans
- 43 Net biodiversity plans in place covering over 500 acres of natural habitat
- Invited to be a founding partner of the Blue Recovery Leaders Group
- Industry leading NPS (over 70) and Health & Safety performance
- 63 new construction apprenticeships created
- Platinum member of Women in Construction and member of The 5% Club
- Industry leading performance in key sustainability indices: CDP A- and MSCI AAA
- Over £3 million contributed to the Berkeley Foundation last year with over 50% of staff involved with the work of the Foundation.
- Recently awarded the Transformation Award at the Better Society Awards 2022

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:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 Restated	2018/19	2019/20	2020/21	2021/22	10 year average
Berkeley	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	27.9%	16.6%	16.5%	17.5%	27.7%
Sector highest	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	34.1%	32.3%	23.1%	27.1%	27.7%
Sector lowest	3.4%	3.5%	12.2%	16.0%	15.7%	11.0%	15.9%	15.0%	5.7%	13.9%	12.8%
Sector average* (excluding Berkeley)	**8.5%**	**11.4%**	**18.2%**	**22.3%**	**24.2%**	**23.3%**	**24.9%**	**23.8%**	**10.5%**	**17.7%**	**18.5%**

*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.

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 2021, following the return to shareholders of £281.2 million 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:

- The appointment of a new Chair of the Remuneration Committee.
- The Committee consulted with the Company's largest shareholders over a new Remuneration Policy.

Decisions made during the year
The Committee determined the following during the year:

- Reviewed the Directors' Remuneration Policy, including information from a remuneration benchmarking exercise using external market data.
- Consideration of and approval of vesting of the 2011 LTIP tranche in September 2021, including consideration of the extent to which financial and individual performance conditions were met.

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 163 to 171 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.

Dear Shareholder,
I am pleased to introduce our Directors' Remuneration Report for the year ended 30 April 2022.

2021/22 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. In this letter I have set out further detail on the work of the Committee in these areas.

As set out earlier in the Annual Report, the business has performed well in the year, increasing delivery as the wider economy has recovered from the effects of COVID-19. The highlights of this performance (both financial and non-financial) are set out on page 133 and demonstrate the positive outcomes for shareholders and all our stakeholders including the communities in which we operate, our people, the wider economy and the environment.

Our colleagues, customers and communities continue to be faced with ongoing volatility, both at home and internationally. Our challenge going forward, which we are well placed to address, is to ensure we continue to optimise our business and create a sustainable long-term model that benefits all stakeholders.

At this time we are conscious of the ongoing cost of living challenges and the average pay award for staff was 6.2%, following on from 5.3% last year.

Our remuneration principles, which cascade throughout the business, underpin our Remuneration Policy (the "2019 Policy") and can be found on page 138. The Remuneration Committee is committed to ensuring that remuneration structure and outcomes reflect these principles.

The 2019 Directors' Remuneration 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.

This Policy has been in force for three years and therefore a new Directors' Remuneration Policy is due to be put to a shareholder vote during 2022. The Remuneration Committee has completed a thorough review of remuneration arrangements for the Executive Directors in the context of the Company's ambitious strategy and evolving market practice. The Remuneration Committee is undertaking a consultation exercise and the resulting Policy will be included within the 2022 Notice of Annual General Meeting and, if approved, take effect from the date of the 2022 AGM.

Vesting of the sixth tranche of the 2011 LTIP (30 September 2021)
This tranche of the LTIP was the second 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 2021 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 12 months to 30 September 2021: £281 million (approximately). Cumulative return target since 2011: £1,396.8 million.	Actual returns made in respect of the 12 months to 30 September 2021: £281.2 million. Actual cumulative return since 2011: £1,396.8 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 2021 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 first half of the enhanced return (£228 million) was made in September 2021 and the Company held net cash at 30 September 2021 significantly in excess of the remaining Enhanced Return due of £227 million. The second half of the Enhanced Return was satisfied in March 2022 by the £413 million acquisition of National Grid's 50% interest in Berkeley's St William joint venture, representing additional investments in land interests. This was delivered over one year ahead of the required date of 30 April 2023.
Vesting	50% of the 2011 LTIP tranche will be capable of vesting at the 2021 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 2021 will lapse.	This element of the award vested in full on 30 September 2021.
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 17.2%. 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 £518 million for the year ended 30 April 2021. Full vesting of the 20% of the tranche subject to this performance condition.
	Vesting of the 2011 LTIP tranche on 30 September 2021	**100%**

ANNUAL STATEMENT OF THE CHAIR OF THE REMUNERATION COMMITTEE

As detailed on page 128 of the 2020/21 Report and Accounts, the tranches of the 2011 LTIP which vest from 2021 onwards are subject to additional performance conditions based on the individual performance of the Executive Directors. The Committee assessed the individual contribution of the Executive Directors and determined that no adjustment to the formulaic outcome, as detailed in the table above, was appropriate.

The sixth 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]
R C Perrins	5,000,000		£1,396.8m of shareholder returns from 1 October 2016 to 30 September 2021 – 100% achieved	670,000	25,565,190	7,321,985	191,891	18,243,205
R J Stearn	954,328	13.4%		127,879	4,879,477	2,797,763	73,322	2,081,714
K Whiteman	1,000,000			134,000	5,113,038	2,815,588	73,789	2,297,450
S Ellis	2,250,000			301,500	11,504,336	4,565,588	119,652	6,938,748
J Tibaldi[5]	450,000	33.33%		150,000	5,723,550	1,965,588	51,513	3,757,962
P Vallone[5]	450,000			150,000	5,723,550	1,965,588	51,513	3,757,962

Notes

1. The value of gain on the options at vesting is calculated using the opening share price of £43.46 on 30 September 2021 (the date the options vested and became exercisable) less the exercise price of £5.3030 per share.
2. The Total Remuneration Cap limits the value of the LTIP vesting in the year. The Total Remuneration Cap operated for the 2021/22 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 2021 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. 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 2021, 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.

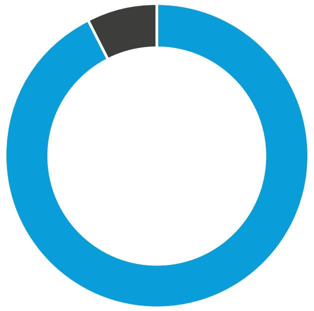
Compliance with the 2018 UK Corporate Governance Code

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 with effect from 31 December 2022, thereby ensuring compliance with Provision 38 of the Code.
Extended malus and clawback	The current malus and clawback provisions already exceed the best practice suggested in relation to the new Code.

Shareholder support

The results of the shareholder votes on the 2019 Remuneration Policy and 2021 Annual Report on Remuneration are set out below.

2021 Annual Report on Remuneration



Votes For	92.5%
Votes against	7.5%

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 has undertaken a review of the Policy during the year, and consulted with shareholders on this ahead of seeking approval for it at the 2022 Annual General Meeting.

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 2021/22 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. Any questions can also be submitted in advance of the Annual General Meeting as set out on page 161. Alternatively, I can be contacted via the Company Secretary, Ann Dibben.

Andy Kemp
Chairman of Remuneration Committee
22 June 2022

BERKELEY'S REMUNERATION PHILOSOPHY

Our remuneration philosophy

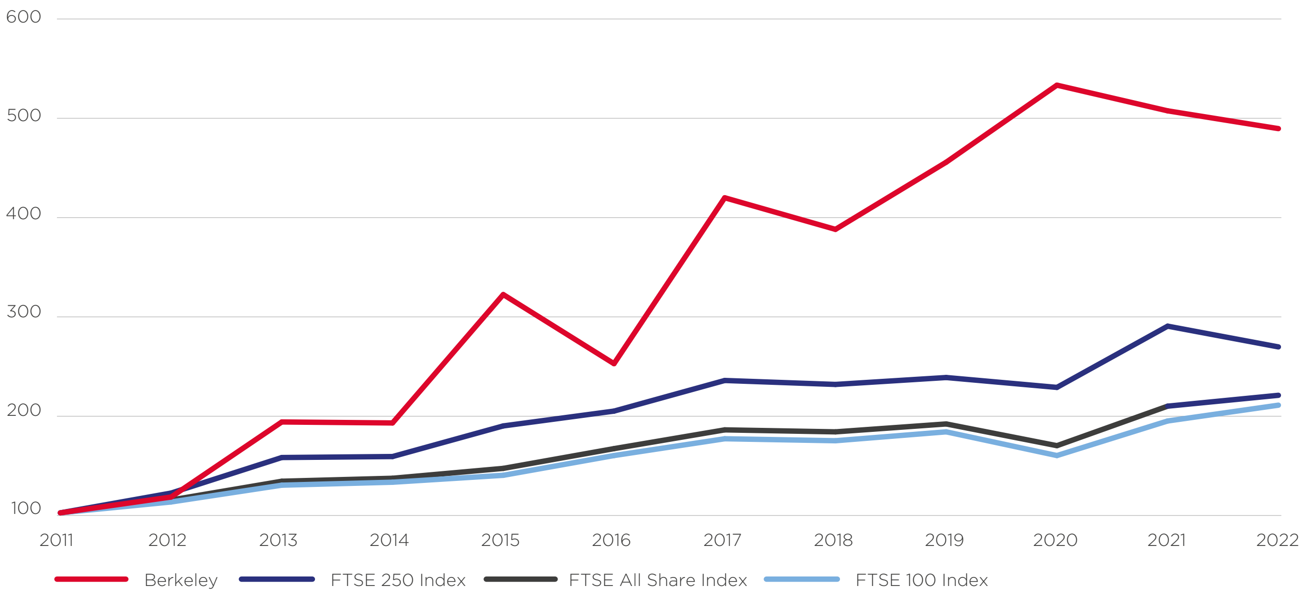
We have developed a clear set of principles which embed our strategy into how we deliver remuneration to our Executive Directors.

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 2022	Pension 2022[1]	Annual bonus 2022[2]	Total Remuneration LTIP[3]	Total Remuneration Cap[4]	Total Remuneration Actual[5]	Benefits 2022[6]	**Total 2022**	Total 2021
R C Perrins	580	98	–	7,322	8,000	8,000	43	**8,043**	7,971
R J Stearn	393	59	–	2,798	3,250	3,250	23	**3,273**	3,236
K Whiteman	378	56	–	2,816	3,250	3,250	32	**3,282**	3,239
S Ellis[7]	189	28	–	4,566	5,000	4,783	9	**4,792**	4,984
J Tibaldi	378	56	–	1,966	2,400	2,400	14	**2,414**	2,379
P Vallone	378	56	–	1,966	2,400	2,400	14	**2,414**	2,379

Notes

1. P Vallone is 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, S Ellis, K Whiteman, R J Stearn and J Tibaldi during the year ended 30 April 2022, who instead received payments in lieu of a pension contribution from the Company (2021/22: percentages of salary 17%, 15%, 15%, 15%, and 15% respectively).
2. The Company does not operate a Bonus Plan for Executive Directors.
3. This represents the sixth tranche of the 2011 LTIP that vested on 30 September 2021 at a share price of £43.46 subject to the operation of the Total Remuneration Cap (see table on page 153 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 2021/22 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. S Ellis stepped down from the Board on 27 October 2021. He remains employed in a non-Director capacity.

The following table sets out the total fixed pay and total variable pay in 2021/22 and 2020/21:

£'000	Total Fixed **2022**	Total Fixed 2021	Total Variable **2022**	Total Variable 2021
R C Perrins	**721**	626	**7,322**	7,345
R J Stearn	**475**	423	**2,798**	2,813
K Whiteman	**466**	409	**2,816**	2,830
S Ellis	**226**	404	**4,566**	4,580
J Tibaldi	**448**	399	**1,966**	1,980
P Vallone	**448**	399	**1,966**	1,980

Strategic Report
Corporate Governance
Financial Statements

Annual Bonus

In line with the Remuneration Policy, the Company does not operate a bonus plan for the Executive Directors of the Company. The final accrued deferred balances in participant Bonus Plan accounts under the legacy Bonus Plan paid out in the prior year.

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 on pages 154 to 155.

% of salary	Shareholding requirement	Value of beneficially owned shares
R C Perrins	400%	7,696%
R J Stearn	200%	2,157%
K Whiteman	200%	3,541%
S Ellis[1]	200%	3,698%
J Tibaldi	200%	956%
P Vallone	200%	998%

1. S Ellis ceased to be a Director on 27 October 2021 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.

HOW THE REMUNERATION POLICY WAS OPERATED IN 2021/22 AND HOW IT WILL BE OPERATED IN 2022/23

Element and key features of current Remuneration Policy | **How the Remuneration Policy was implemented in 2021/22** | **How we plan to implement the Remuneration Policy in 2022/23**

Base salary

Element and key features of current Remuneration Policy

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.

How the Remuneration Policy was implemented in 2021/22

The salaries for 2021/22 are set out below:

	£000's	% Increase
R C Perrins	579.5	3.5%
R J Stearn	393.25	3.5%
K Whiteman	377.75	3.5%
J Tibaldi	377.75	3.5%
P Vallone	377.75	3.5%

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%.

How we plan to implement the Remuneration Policy in 2022/23

Base salary levels for 2022/23 will be as follows:

	£000's	% Increase
R C Perrins	597.0	3.0%
R J Stearn	405.0	3.0%
K Whiteman	389.0	3.0%
J Tibaldi	389.0	3.0%
P Vallone	389.0	3.0%

In reviewing the salaries of the Executive Directors for FY 2022/23, the Committee took account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 6.2%.

Benefits

Element and key features of current Remuneration Policy

Benefits include a fully expensed car or car allowance alternative, and medical insurance.

Additional benefits may be offered such as relocation allowances on recruitment.

How the Remuneration Policy was implemented in 2021/22

Normal company benefit provision.

How we plan to implement the Remuneration Policy in 2022/23

Normal company benefit provision.

Pension

Element and key features of current Remuneration Policy

The Company provides either a contribution to a pension arrangement or a payment in lieu of pension.

How the Remuneration Policy was implemented in 2021/22

The pension contributions for 2021/22 were as follows:

	% salary
R C Perrins	17%
R J Stearn	15%
K Whiteman	15%
J Tibaldi	15%
P Vallone	15%

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.

How we plan to implement the Remuneration Policy in 2022/23

The pension contribution levels for 2022/23 will be as follows.

% salary	Until 31 December 2022	From 31 December 2022
R C Perrins	17%	6%
R J Stearn	15%	6%
K Whiteman	15%	6%
J Tibaldi	15%	6%
P Vallone	15%	6%

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 with effect from 31 December 2022.

HOW THE REMUNERATION POLICY WAS OPERATED IN 2021/22 AND HOW IT WILL BE OPERATED IN 2022/23

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2021/22	How we plan to implement the Remuneration Policy in 2022/23
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 sixth vesting of options under the 2011 LTIP occurred on 30 September 2021. Changes were made to the operation of vesting under the 2011 LTIP and these were effective for the 30 September 2021 vesting and in particular the performance conditions were strengthened. Full details of the performance conditions are set out on pages 112 to 114 of the 2020 Annual Report. In summary: 1. Return performance conditions: 50% of the 2011 LTIP Tranche capable of vesting at the 2021 vesting date will vest on the satisfaction of the Base and Enhanced Return performance condition (Base return: £280 million approximately and Enhanced return: £455 million 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 £500 million or being on target to achieve a cumulative level of Profit before Tax ("PBT") of a minimum of £3 billion 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 2021/22 are set out on page 135 in the Committee Chairman's letter.	Same performance conditions apply for any vesting to occur on 30 September 2022. The Enhanced Return was satisfied in full during 2021/22. As described in the Annual Statement of the Chair of the Remuneration Committee on page 134, we are undergoing a review of the new Directors' Remuneration Policy. To the extent that there are any changes, these are expected to relate to the long-term incentive arrangements only.
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 2021/22 were as follows: Total cap p.a. £'000 R C Perrins 8,000 R J Stearn 3,250 K Whiteman 3,250 J Tibaldi 2,400 P Vallone 2,400	The Total Remuneration Caps remain unchanged.

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2021/22	How we plan to implement the Remuneration Policy in 2022/23
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.	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. This should be achieved within three years of appointment.	Non-Executive Director fee levels for 2021/22 were increased by 3.5% as follows: — Chairman: £362.25k; — SID fee: £85.8k; — Basic fee: £70.35k; — Additional fee for chairmanship of Committee: £13k. The average employee rise in salaries was 5.3%.	Non-Executive Director fee levels for 2022/23 will be increased by 3.0% as follows: — Chairman: £373k; — SID fee: £88.5k; — Basic fee: £72.5k; — Additional fee for chairmanship of Committee: £13k. The average employee rise in salaries was 6.2%. As announced on 8 June 2022, Michael Dobson will succeed Glyn Barker as Chairman of the Board effective from the date of the 2022 AGM. His annual fee has been set at £400,000.

Key elements of Berkeley's Remuneration Policy for 2022/23

Policy elements	Purpose	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	→			
2011 LTIP	No new grants of the 2011 LTIP 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	→	→	→	→

Strategic Report
Corporate Governance
Financial Statements

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.

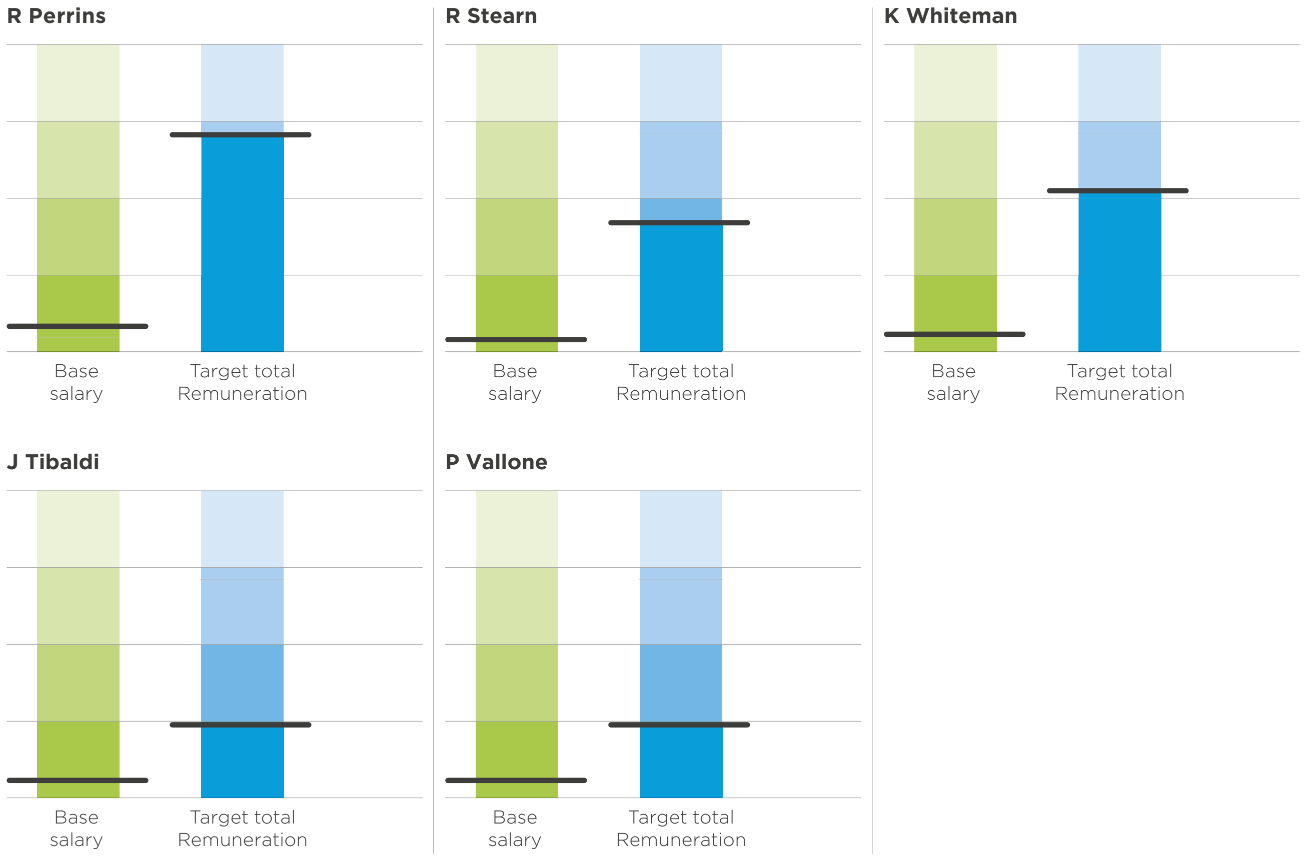
Base salary	Pension	Benefits	Incentives
Experience & role	Lower quartile	Market practice	Upper decile

The comparator group of companies comprised:

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

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

EMPLOYMENT AT BERKELEY

The Remuneration Committee's remit

The Committee remit includes 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 47 to 53, 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 2021/22 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
- Whether the approach seems 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 the pension for Executive Directors with effect from 31 December 2022.
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.

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 pay 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 Berkeley is 34.6%. Like much of our industry, this is primarily driven by the composition of our workforce, with a lower proportion of women in senior, higher paid roles, and more women occupying junior, lower paid roles, alongside Berkeley's strategy for procurement whereby construction labour is procured through subcontractor packages and not directly employed. The composition 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 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 2021 we launched two new commitments within Our Vision, Berkeley's long-term strategy, to help achieve this.

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.

We have implemented enhanced maternity and paternity policies, with the view of attracting and retaining more women. In addition to this, we have 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 to help with the progression of women within the business. 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. 75% of all hires that have 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.

The health and wellbeing of our staff is also at the core of our values. All staff receive a suite of health and wellbeing benefits and those that have been in the business for two years are eligible for a free comprehensive health check that includes tests specific to female health such as breast cancer screening.

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.

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, and this year we have seen 36% of positions filled by female candidates. This will naturally take a period of time but we are investing for the long term. We are also focused on providing apprenticeships and in 2021 we hired our largest intake of production apprentices of which 24% were female, significantly above the national average for such roles.

We have a number of affiliations with organisations that promote women to work in the built environment. We have enhanced a long standing relationship with Women into Construction by becoming a Platinum Member and are a founding partner for the Mayor's Fund for London Firm Foundations diversity pledge.

Pay comparisons

The following table provides the ratio of the ratio of the Chief Executive to that of the median, 25th and 75th percentile total remuneration of full-time equivalent UK employees.

Chief Executive pay ratio

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021/22[1]	Option B	200:1	109:1	85:1
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 the financial year end

The median pay ratio for 2021/22 is 109:1. The Company considers that the median pay ratio for 2021/22 is consistent with the pay, reward and progression policies for the Company's UK employees as a whole.

The Committee determined that it would be appropriate to use Option B of The Companies (Miscellaneous Reporting) Regulations 2018, where the latest available gender pay gap data (i.e. from April 2022) 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.

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.

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	5th percentile
Salary	38,000	57,000	77,000
Total pay and benefits	40,293	73,571	94,820

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, excluding S Ellis, who stepped down from the Board during the year. 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
J Tibaldi	3.3:1
P Vallone	3.3:1

Shareholders expect the Chief Executive to have a significant proportion of his pay based on performance and paid in shares. It is this element of his package which will provide any observed volatility in his remuneration when comparing on a year to year basis to the wider employee population. The Committee is comfortable that the underlying picture is not one of a greater divergence of the Chief Executive's remuneration from employees, i.e. excluding the volatility of the LTIP, the relationship will be consistent. There is likely to be significant volatility in this ratio year on year, and we believe that this is likely to be caused by the following factors:

- Our Chief Executive's pay is made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our shareholders. This introduces a higher degree of 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 – 18:1
  - To employee at the 50th percentile – 10:1
  - To employee at the 75th percentile – 8:1

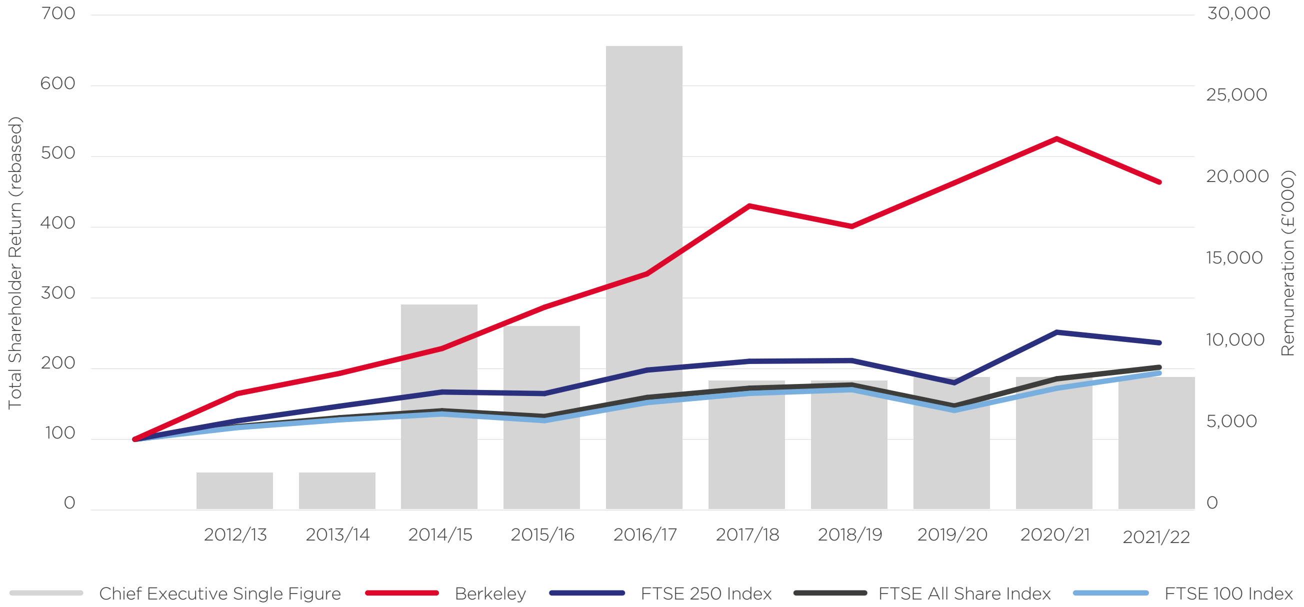
External pay comparisons

On page 144 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.



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)		
	R C Perrins Chief Executive	Annual bonus pay-out (as % maximum opportunity)	Multi-year incentive vesting awards (as % maximum opportunity)
2021/22	8,000	–	100%/See Note 1
2020/21	7,971	–	100%
2019/20	8,030	–	100%
2018/19	7,809	100%	100%
2017/18	7,806	100%	100%
2016/17	27,963	100%	100%
2015/16	10,993	100%	100%
2014/15	12,357	100%	100%
2013/14	2,271	100%	100%
2012/13	2,198	100%	100%

Notes

1. 2021/22 Multi-year vesting represents the 2011 LTIP sixth tranche that vested during the year (see page 153).

Strategic Report
Corporate Governance
Financial Statements

Percentage change in Directors' remuneration

The following table compares Directors' pay (including salary, taxable benefits and annual bonus) 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:

	Base salary/fees		Taxable benefits		Annual Bonus	
Director	2022	2021	2022	2021	2022	2021
Executive Directors[1]						
R C Perrins	3.5%	0%	64%	-37%	n/a	n/a
R J Stearn	3.5%	0%	1%	1%	n/a	n/a
K Whiteman	3.5%	0%	32%	-2%	n/a	n/a
S Ellis[2]	3.5%	0%	2%	-9%	n/a	n/a
J Tibaldi	3.5%	0%	1%	0%	n/a	n/a
P Vallone	3.5%	0%	-1%	-23%	n/a	n/a
Non-Executive Directors[3]						
J Armitt	3.5%	0%	n/a	n/a	n/a	n/a
A Nimmo	3.5% (Note 4)	0%	n/a	n/a	n/a	n/a
G Barker	3.5%	Note 5	n/a	n/a	n/a	n/a
A Li	3.5% (Note 4)	0%	n/a	n/a	n/a	n/a
A Myers	3.5%	0%	n/a	n/a	n/a	n/a
D Brightmore-Armour	3.5%	Note 6	n/a	n/a	n/a	n/a
P Vernon	3.5% (Note 4)	Note 7	n/a	n/a	n/a	n/a
R Downey	3.5%	0%	n/a	n/a	n/a	n/a
E Adekunle	3.5%	n/a	n/a	n/a	n/a	n/a
W Jackson	3.5%	n/a	n/a	n/a	n/a	n/a
S Sands	3.5%	n/a	n/a	n/a	n/a	n/a
A Kemp[8]	n/a	n/a	n/a	n/a	n/a	n/a
N Adams[8]	n/a	n/a	n/a	n/a	n/a	n/a
Average percentage increase for employees[9, 10]	5.3%	0.2%	4%	4%	5%	7%

Notes

1. Executive Director salaries were reduced by 20% between 1 April and 30 September 2020.
2. S Ellis stepped down from the Board on 27 October 2021 and the figure is based on FTE fees and benefits.
3. Non-Executive Director fees were reduced by 20% between 1 April and 30 September 2020.
4. A Nimmo, A Li and P Vernon all retired from the Board on 3 September 2021 and the figure is based on FTE fees.
5. On appointment as Group Chairman on 26 June 2020, G Barker's salary increased from £123.1k to £350k per annum.
6. On appointment as Senior Independent Director on 23 July 2020 D Brightmore-Armour's salary increased from £68k to £83k per annum.
7. On appointment as Chairman of the Remuneration Committee on 23 July 2020 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.

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 2022. An advisory resolution to approve this report (including the Chair's Annual Statement) will be put to shareholders at the AGM in September 2022.

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 2021/22 financial year. The components of the single figure for 2021/22 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.

					Total Remuneration					
Executive Director £'000	Salary 2022	Pension 2022	Annual bonus 2022[1]	LTIP[2]	Cap[3]	Actual[4]	Benefits 2022[5]	Total fixed 2022	Total variable 2022	**Total 2022**
R C Perrins	580	98	–	7,322	8,000	8,000	43	721	7,322	**8,043**
R J Stearn	393	59	–	2,798	3,250	3,250	23	475	2,798	**3,273**
K Whiteman	378	56	–	2,816	3,250	3,250	32	466	2,816	**3,282**
S Ellis[6]	189	28	–	4,566	5,000	4,783	9	226	4,566	**4,792**
J Tibaldi	378	56	–	1,966	2,400	2,400	14	448	1,966	**2,414**
P Vallone	378	56	–	1,966	2,400	2,400	14	448	1,966	**2,414**

Notes

1. The Company no longer operates a Bonus Plan.
2. This represents the sixth tranche of the 2011 LTIP that vested on 30 September 2021 at a share price of £43.46 subject to the operation of the Total Remuneration Cap (see table on page 153 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 2021/22 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. S Ellis stepped down from the Board on 27 October 2021. He remains employed in a non-Director capacity.

Comparative figures for 2020/21, as disclosed in last year's Directors' Remuneration Report, are set out in the table below.

Note that Executive Director salaries were reduced by 20% between 1 April and 30 September 2020 and this is reflected in the table below.

					Total Remuneration					
Executive Director £'000	Salary 2021	Pension 2021	Annual bonus 2021[1]	LTIP[2]	Cap[3]	Actual[4]	Benefits 2021[5]	Total fixed 2021	Total variable 2021	**Total 2021**
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. The company no longer operates a Bonus Plan.
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. 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.

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.

Non-Executive Director (£'000)	**2022**	2021	**2022**	2021	**2022**	2021
J Armitt[2]	**85.3**	75.5	**–**	–	**85.3**	75.5
A Nimmo[4]	**24.3**	62.3	**–**	–	**24.3**	62.3
G Barker[3]	**362.3**	290.6	**–**	–	**362.3**	290.6
A Li[4]	**24.3**	62.3	**–**	–	**24.3**	62.3
A Myers	**70.4**	62.3	**13.0**	12.0	**83.4**	74.3
D Brightmore-Armour[3]	**85.9**	74.1	**–**	–	**85.9**	74.1
P Vernon[3, 4]	**24.2**	62.3	**4.5**	10.2	**28.7**	72.5
R Downey	**70.4**	62.3	**–**	–	**70.4**	62.3
E Adekunle[5]	**70.4**	22.1	**–**	–	**70.4**	22.1
W Jackson[5]	**70.4**	22.1	**–**	–	**70.4**	22.1
S Sands[5]	**70.4**	0.3	**–**	–	**70.4**	0.3
A Kemp[5]	**58.6**	–	**5.4**	–	**64.0**	–
N Adams[5]	**17.6**	–	**–**	–	**17.6**	–

Notes

1. Additional fees represent fees paid for the role of Committee Chairmanship.
2. J Armitt receives a base fee of £85,250 to reflect his experience and pre-eminent standing in construction and infrastructure, and the value he continues to add to the Board.
3. Changes to fees reflect changes to roles during 2020/21 year for these individuals. G Barker was appointed as Chairman on 26 June 2020; D Brightmore-Armour as Senior Independent Director on 23 July 2020 and P Vernon as Remuneration Committee Chair on 23 July 2020.
4. A Nimmo, A Li and P Vernon all retired from the Board on 3 September 2021.
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; A Kemp was appointed to the Board on 1 July 2021 and to the role of Remuneration Committee Chair on 6 December 2021; N Adams was appointed to the Board on 1 February 2022.

Long-term incentives (Audited)

The sixth vesting of options under the 2011 LTIP occurred on 30 September 2021. The maximum level of options capable of vesting was 13.4% (33.3% for Tibaldi and Vallone) of the total grant provided that £1,396.8 million of shareholder returns had been made from 1 October 2016 to 30 September 2021, 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.

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]	Banked options[5]	Cumulative Banked options[6]
R C Perrins	5,000,000	13.4%	£1,396.8m of shareholder returns from 1 October 2016 to the 30 September 2021 – 100% achieved	670,000	25,565,190	7,321,985	191,891	18,243,205	478,109	2,363,617
R J Stearn	954,328			127,879	4,879,477	2,797,763	73,322	2,081,714	54,557	269,212
K Whiteman	1,000,000			134,000	5,113,038	2,815,588	73,789	2,297,450	60,211	298,383
S Ellis	2,250,000			301,500	11,504,336	4,565,588	119,652	6,938,748	181,848	870,080
J Tibaldi[7]	450,000	33.33%		150,000	5,723,550	1,965,588	51,513	3,757,962	98,487	247,516
P Vallone[7]	450,000			150,000	5,723,550	1,965,588	51,513	3,757,962	98,487	247,516

Notes

1. The value of gain on the options at vesting is calculated using the opening share price of £43.46 on 30 September 2021 (the date the options vested and became exercisable) less the exercise price of £5.3030 per share.
2. The Total Remuneration Cap limits the value of the LTIP vesting in the year. The Total Remuneration Cap operated for the 2021/22 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 2021 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. 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 2021, 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.
8. Each Executive Director exercised all the options that vested on 30 September 2021. 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)

There were no payments for loss of office to Directors during the year.

Directors' shareholding and share interests (Audited)

The Company has a shareholding requirement for both Executive and Non-Executive Directors, linked to base salary or net fee they receive from the Company. In the case of the 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 £40.80 on 30 April 2022, compliance with these requirements was as follows:

	Obligation (% base salary)	Actual Shareholding as % base salary at 30 April 2022	Achievement at 30 April 2022
Executive Director[1]			
R C Perrins	400%	7,696%	✓
R J Stearn	200%	2,157%	✓
K Whiteman	200%	3,541%	✓
S Ellis[2]	200%	3,698%	✓
J Tibaldi	200%	956%	✓
P Vallone	200%	998%	✓
Non-Executive Director[3]	**(% NED net fees)**	**% net fees**	**% net fees**
J Armitt	100%	554%	✓
A Nimmo[4]	100%	255%	✓
G Barker	100%	223%	✓
A Li[4]	100%	2,548%	✓
A Myers	100%	256%	✓
D Brightmore-Armour	100%	80%	✗
P Vernon[4]	100%	215%	✓
R Downey	100%	130%	✓
E Adekunle	100%	0%	✗
W Jackson	100%	1,516%	✓
S Sands	100%	0%	✗
A Kemp[5]	100%	0%	✗
N Adams[5]	100%	0%	✗

Notes
1. To be achieved within five years of appointment.
2. S Ellis stepped down from the Board on 27 October 2021 and his shareholding is shown as at that date.
3. To be achieved within three years of appointment.
4. A Nimmo, A Li and P Vernon ceased to be directors on 3 September 2021 and their shareholdings are shown as at that date.
5. A Kemp was appointed to the Board on 1 July 2021; N Adams was appointed to the Board on 1 February 2022.

	Beneficially owned shares[1]	2011 LTIP Option interests subject to conditions[2]	Banked LTIP options[3]	Total interests held
Executive Director				
R C Perrins	1,093,156	–	2,363,317	3,456,473
R J Stearn	207,854	–	269,212	477,066
K Whiteman	327,831	–	298,383	626,214
S Ellis[4]	319,944	–	870,080	1,190,024
J Tibaldi	88,489	–	247,516	336,005
P Vallone	92,388	–	247,516	339,904
Non-Executive Director				
J Armitt	6,363	–	–	6,363
A Nimmo	2,000	–	–	2,000
G Barker	10,907	–	–	10,907
A Li	20,000	–	–	20,000
A Myers	2,770	–	–	2,770
D Brightmore-Armour	923	–	–	923
P Vernon	2,000	–	–	2,000
R Downey	1,191	–	–	1,191
E Adekunle	–	–	–	–
W Jackson	13,852	–	–	13,852
S Sands	–	–	–	–
A Kemp[5]	–	–	–	–
N Adams[5]	–	–	–	–

Notes
1. Beneficial interests include shares held directly or indirectly by connected persons.
2. The sixth tranche of the 2011 LTIP awards vested and were exercised during the year by the Executive Director participants (see page 154 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. S Ellis stepped down from the Board on 27 October 2021 and his share interests are shown as at that date.
5. A Kemp was appointed to the Board on 1 July 2021; N Adams was appointed to the Board on 1 February 2022.

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	141
Total pension entitlements (Audited)	Yes	141
Payments to past Directors (Audited)	No payments	–
Payments for loss of office (Audited)	No payments	–
Directors' shareholding and share interests (Audited)	Yes	154 to 155
Statement of the Implementation of the new Remuneration Policy for 2021/22	Yes	141 to 143

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2020/21 and 2021/22 financial years compared with distributions to shareholders.

	2021/22 (£m)	2020/21 (£m)	% change
Remuneration of Group employees (including Directors)	239	196	22%
Distributions to shareholders by way of dividends and share buy-backs	515	334	54%

Service contracts

Details of the service contracts or letters of appointment 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
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
G Barker	3 January 2012	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
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
A Kemp	1 July 2021	Renewal annually on 1 May	n/a
N Adams	1 February 2022	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 2022.

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 2022.

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	159
Unaudited financial information	–	N/A
Long-term incentive schemes	Remuneration Report	132 to 156
Waiver of Directors' emoluments	Remuneration Report	132 to 156
Allotments of equity securities	–	N/A
Contracts of significance	Directors' Report	161
Controlling shareholders	–	N/A
Dividend waivers	Directors' Report	157 (i.e. EBT)

The Corporate Governance section on pages 104 to 156 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 119 and 136 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 25 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 90 to 101 of the Strategic Report and in note 2.23 of the Consolidated Financial Statements, and is incorporated into this report by reference.

Dividends

During the year no dividends have been paid.

On 7 September 2021, a Capital Return of 371 pence per share was paid to shareholders by way of a B Share Scheme, and thereby effecting a £451 million return of capital to shareholders, comprising £228 million of surplus capital and £223 million of scheduled annual shareholder returns for the period to 30 April 2022. Details of the Capital Return are set out on page 12. The next Shareholder Return period runs for the six months ending 30 September 2022, of which £63.7 million has already been returned to shareholders through share buy-backs in the year to 30 April 2022.

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 these activities can be found in the Strategic Report on page 48.

Share capital

As at 30 April 2022, the Company had 120,589,892 ordinary shares of 5.4141 pence each in issue (2021: 132,236,668 ordinary shares of 5 pence each), which are fully paid.

The share capital of the Company was reduced by 7.65% as a result of the Share Consolidation undertaken in the year, immediately following the completion of the B Share Scheme, which saw £451 million returned to shareholders. The Share Consolidation involved a reduction in the total number of Ordinary Shares in issue by the consolidation of the existing Ordinary Shares, with a nominal value of 5 pence each, into a smaller number of New Ordinary Shares, each at a nominal value of 5.4141 pence each. See note 2.18 on page 194.

During the year to 30 April 2022, and in accordance with the authority provided by shareholders at the 2020 and 2021 AGMs, the Company has purchased through the market for cancellation 1,530,670 ordinary shares with a nominal value of £82,872, which equated to 1.36% of the called-up share capital of the Company immediately following the Share Consolidation in the year, excluding treasury shares. The aggregate consideration paid for these shares was £63.7 million.

As at 30 April 2022, the Company held 9,234,264 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 2021 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 2021 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 £2,028,267.40 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 £304,240.10. These authorities will apply until the conclusion of the 2022 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 132 to 156.

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. At the Company's AGM of 3 September 2021, revised Articles were adopted in substitution for, and to the exclusion of, all previously existing Articles of the Company. The Articles are available on the Company's website (berkeleygroup.co.uk/about-us/investors/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 108 to 111 and are incorporated into this report by reference. During the year under review, Andy Kemp and Natasha Adams were appointed as Directors on 1 July 2021 and 1 February 2022 respectively; Peter Vernon, Adrian Li and Dame Alison Nimmo resigned as Non-Executive Directors on 3 September 2021; Sean Ellis resigned as an Executive Director on 27 October 2021; and, on 8 June 2022, following the end of the year under review, Michael Dobson was appointed as a Non-Executive Director. All other directors served throughout the year under review and up to the date of this report.

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 Glyn Barker, who will be stepping down as Chairman of the Board and Non-Executive Director on conclusion of the AGM, will offer themselves for re-election at the forthcoming AGM to be held on 6 September 2022.

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 internally this year. Further information relating to the evaluation is set out on page 126.

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 2022 each of the Executive Directors was deemed to have a non-beneficial interest in 73,732 (2021: 55,247) 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 2022 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 2022 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
Egerton Capital (UK) LLP	6,297,439	5.01
Artisan Partners Limited Partnership	5,616,101	5.01

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

Other than as discussed above, between 30 April 2022 and 21 June 2022 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 (2021: £nil) during the year.

Capitalised interest
No interest has been capitalised by the Group (2021: £nil) during the year 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 47 and 79 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 page 76 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 targets 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. Group Sustainability Standards cover our activities, supported by a detailed Sustainability Management System.

Scopes 1 and 2 greenhouse gas emissions and energy consumption
The Group has reported on GHG emissions for which it is responsible and energy use associated with these GHG 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 based on the operational boundary of the Group covering regional offices, sales suites, development sites, our modular factory and business vehicle travel; include 100% of joint venture emissions for these activities; and are considered material to the business. They have the following parameters:

Scope 1 – direct emissions from natural gas consumed for office, sales and development site activities; gas oil, biodiesel HVO, diesel, petrol and liquefied petroleum gas (LPG) purchased directly for development site and modular factory activities; and travel (business and other travel where expensed) in company owned and company leased vehicles utilising conventional fuels as an energy source. Fugitive emissions resulting from air conditioning leakages are excluded, as this source of potential emissions is currently considered immaterial.

Scope 2 – indirect emissions from electricity and heat consumed for office, sales, development site and modular factory activities; and travel (business and other travel where expensed) in company owned and company leased vehicles utilising electricity as an energy source. The Group has reported both location-based and market-based emissions for scope 2, with the market-based emissions taking into account Berkeley's purchase of REGOs to certify that 100% of UK electricity is from a renewable source (i.e. solar, wind or hydro power).

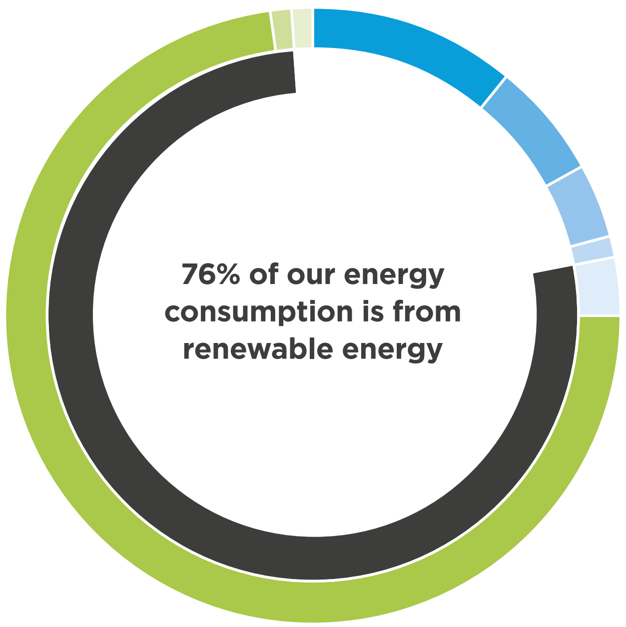
Emission intensity – the emissions intensity ratios have been calculated using the floor area of legally completed homes and commercial space during the year (in square metres), including our joint ventures.

The Group creates homes and neighbourhoods across London, Birmingham and the South of England. As a result, the majority of emissions and energy consumption are UK-based. Global emissions and energy consumption result from electricity usage in eight international offices. In addition to the below reported emissions, in 2022 biogenic CO_2 (considered 'outside of scopes') amounted to 3,186 tCO_2.

		2022			2021 (restated)		
	Unit	**Total**	**UK**	**Global (excluding UK)**	Total	UK	Global (excluding UK)
Scope 1 emissions	tCO_2e	**1,974 Ⓐ**	**1,974**	**–**	2,353	2,353	–
Scope 2 (location-based) emissions	tCO_2e	**5,858 Ⓐ**	**5,702**	**156**	6,385	6,268	117
Scope 2 (market-based) emissions	tCO_2e	**237 Ⓐ**	**81**	**156**	196	79	117
Scopes 1 and 2 (location-based) emissions	tCO_2e	**7,832 Ⓐ**	**7,676**	**156**	8,738	8,621	117
Scopes 1 and 2 (location-based) emissions intensity	tCO_2e/100sqm	**2.17**	**–**	**–**	3.27	–	–
Scopes 1 and 2 (market-based) emissions	tCO_2e	**2,211 Ⓐ**	**2,055**	**156**	2,549	2,432	117
Scopes 1 and 2 (market-based) emissions intensity	tCO_2e/100sqm	**0.61**	**–**	**–**	0.95	–	–
Energy consumption associated with scope 1 emissions	MWh	**9,133 Ⓐ**	**9,133**	**–**	9,624	9,624	–
Energy consumption associated with scope 2 emissions	MWh	**27,202 Ⓐ**	**26,941**	**261**	27,209	27,007	202
Energy consumption associated with scopes 1 and 2 emissions	MWh	**36,335 Ⓐ**	**36,074**	**261**	36,833	36,631	202

Ⓐ 2022 information has been separately subject to limited assurance by KPMG LLP. For further details of the assurance provided in 2022 and prior years, see the independent assurance reports found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

Energy Consumption by Fuel Type

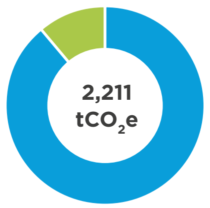


Scope 1
- Gas Oil 11%
- Natural Gas 6%
- Vehicle Travel 4%
- Diesel 1%
- Biodiesel 3%
- LPG 0%
- Petrol 0%

Scope 2
- Purchased Electricity – UK 73%
- Purchased Electricity – Global exc UK 1%
- Purchased Heat 1%
- On-site Generated Renewable Electricity 0%
- Vehicle Travel 0%

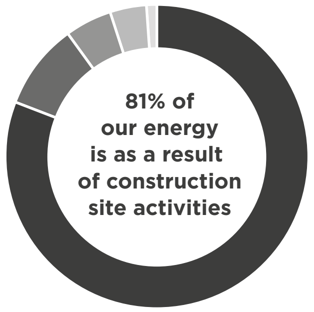
Carbon emissions by scope

Location-based
- Scope 1 25%
- Scope 2 75%



Market-based
- Scope 1 89%
- Scope 2 11%

Energy Consumption by Activity Type



- Development Site 81%
- Divisional Office 9%
- Sales Suite 5%
- Business Travel 4%
- Factory Site 1%

UK Government Environmental Reporting Guidelines 2019 have been used as the basis for disclosures. UK Government GHG Conversion Factors for Company Reporting and International Energy Agency conversion factors have been used to convert raw data units into GHG emissions and energy consumption.

The Directors confirm that reported GHG 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 2021 has been restated based on the following:

— Emissions: updated data made available within the latest reporting period accounts for a +1.6% adjustment of the total scopes 1 and 2 (location-based) emissions and a +0.1% adjustment of the total scopes 1 and 2 (market-based) emissions reported in 2021.

— Energy consumption: updated data made available within the latest reporting period and a move to report energy consumption on a net calorific value (CV) basis rather than a gross CV basis has led to an adjustment of -2.9% compared to total energy consumption reported in 2021. This change in methodology has taken place as the UK Government's GHG Conversion Factors for Company Reporting include conversion factors to calculate energy use from road vehicle mileage on a net calorific value (CV) basis only.

Further details on our methodology for reporting emissions and energy consumption can be found in our established reporting criteria available at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

A range of energy efficiency actions have been implemented in the year to reduce emissions. The most significant change has been the increased use of biodiesel HVO on our construction sites; in 2022, 38% of construction sites directly procuring fuels utilised biodiesel HVO. The use of this alternative fuel has reduced scope 1 emissions by 338 tCO_2e compared to an equivalent use of gas oil. Other actions include the introduction of passive infrared (PIR) sensors for communal temporary lighting during construction works at Grand Union; the installation of these sensors reduces energy consumption when corridors are not active. At Hartland Village, solar powered toilet units have been procured for use on site; the units are self-sufficient and provide hot water for handwashing.

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.

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 Company's AGM will take place at 11 .00a.m. on 6 September 2022. 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.

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 UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period.
In preparing each of the Group and parent Company financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;
— make judgements and estimates that are reasonable, relevant, reliable and prudent;
— for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
— 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.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

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 2022, the Group has net cash of £268.9 million and total liquidity of £1,468.9 million when this net cash is combined with banking facilities of £800 million, (which expire in February 2027) and £400 million listed Green Bonds (with a term to August 2031). Furthermore, the Group has cash due on forward sales of £2,171 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

22 June 2022

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
22 June 2022

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 2022 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 2022 and of the Group's profit for the year then ended;
— the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
— 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.

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 nine financial years ended 30 April 2022. 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	£26.0 million (2021: £25.0 million) 4.7% (2021: 4.8%) of Group profit before tax	
Coverage	97% (2021: 94%) of Group profit before tax	
Key audit matters		**vs 2021**
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 judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2021), 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 (included within cost of sales of £1,683.2 million; 2021: £1,566.9 million) *Refer to page 129 (Audit Committee Report), and note 2.12 page 190 (accounting policy) and financial disclosures).*	**Subjective estimate:** 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 macroeconomic factors and uncertainties over associated costs. The effect of this matter is that, as part of our risk assessment, we determined that cost of sales 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. The financial statements (note 2.12) disclose the sensitivity estimated by the Group in respect of the approach taken for cost of sales.	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 observation and operation:** We attended a selection of the Group's build cost meetings that are held for each site or inspected minutes and relevant documentation used in the meetings to assess the discussion and review of site forecasts. Our testing of this control included assessing whether the appropriate individuals attended the meetings, assessing that the site forecast costs for developments were challenged 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 the Group's inputs and assumptions by performing the following procedures: — **Historical comparisons and benchmarking assumptions:** Compared forecast sales prices for units available for sale in the previous year against recent prices achieved for those units that have been exchanged, reserved or sold in the current year. We also benchmarked forecast sales prices against third party forecasts for the housing market and considered economic factors that may impact the achievable price on forecast future sales; — **Test of detail:** Agreed a sample of costs incurred in the year to invoices and/or payments; — **Benchmarking assumptions:** Assessed, based on the risks highlighted through our inquiries with Group and divisional management and our inspection of industry costs indices and sales price forecasts, the appropriateness of allowances made for cost increases in longer-term developments and contingencies held for specific sites; — **Our sector experience:** Utilised the audit team's experience, supported as appropriate by our own property experts, as part of our risk assessment, 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. We also performed sensitivity analysis over the Group's method for recognising cost of sales for longer-term sites. These evaluations included applying severe, but plausible downside scenarios. — **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 result:** We found the amount of cost of sales recognised in the year to be acceptable (2021: acceptable).

	The risk	Our response
Post completion development provision (£157.2 million; 2021: £124.7 million) *Refer to page 129 (Audit Committee Report), and note 2.16 on page 192 (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 judgemental by its nature as it requires the Group to make a number of estimates, including the forecast costs to rectify identified issues and whether prior claims experience is reflective of future issues. Therefore, there is a risk that the estimate is materially misstated. The effect of these matters is that, as part of our risk assessment, we determined that post completion development provisions have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 2.16) disclose 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 and compared to the Group's provision assessments; — **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 estimation of the provision; — **Historical comparisons:** For a sample of post completion development provisions, we performed a retrospective review, comparing actual rectification costs incurred to the Group's previously estimated cost to evaluate the Group's forecasting accuracy. — **Our sector experience:** Utilised the audit team's experience to consider the appropriateness of the rectification cost assumptions; — **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 amount of post completion development provision to be acceptable (2021: acceptable).
Recoverability of the parent Company's investment in subsidiary and amounts due from, its subsidiaries Investment carrying value (£1,435.7 million; 2021: £1,433.9 million) and amounts due from subsidiaries £532.7 million (2021: £593.8 million) *Refer to page 129 (Audit Committee Report), and note C2.4 on page 211 (accounting policy) and financial disclosures).*	**Low risk, high value:** The carrying amount of the parent Company's investment and amounts due from its subsidiaries represents 72.5% and 26.9% (2021: 70.2% and 29.1%) of the parent Company's total assets, respectively. Their recoverability is not at 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: — **Test of detail:** Comparing the carrying amount of 100% of the investment with the subsidiaries' draft balance sheet to identify whether its net assets, being an approximation of 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 parent Company's conclusion that there is no impairment of its investment in subsidiary and the amounts due from subsidiaries balance to be acceptable (2021: 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 £26.0 million (2021: £25.0 million), determined with reference to a benchmark of Group profit before tax of £551.5 million, of which it represents 4.7% (2021: 4.8%).

Materiality for the parent Company financial statements as a whole was set at £16.0 million (2021: £21.0 million), which is component materiality for the parent company. This is lower than the materiality we would otherwise have determined with reference to a benchmark of Company total assets of £1,980.0 million, of which it represents 0.8% (2021: 1%).

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% (2021: 75%) of materiality for the financial statements as a whole, which equates to £19.5 million (2021: £18.75 million) for the Group and £12.0 million (2021: £15.75 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 £1.30 million (2021: £1.25 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scoping and coverage

Of the Group's 16 (2021: 17) reporting components, we subjected 6 (2021: 8) to full scope audits for group purposes and 3(2021: 5) to specified risk-focused audit procedures. We subjected two (2021: five) components to specified risk-focused audit procedures over cost of sales recognition and post completion development provisions, and one (2021: none) to specified risk-focused audit procedures over cash and borrowings. 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 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 work on all components (2021: all components) within the scope of our work, including the audit of the parent Company was performed by the Group team.

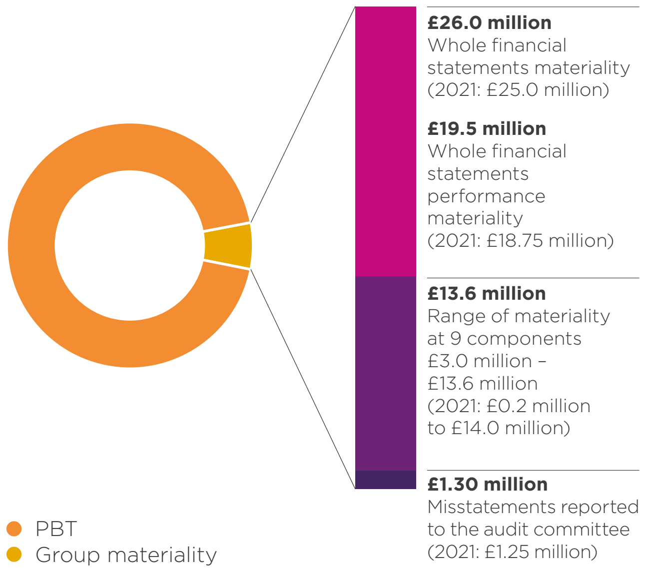
The components within the scope of our work accounted for the percentages illustrated opposite.

The component materiality ranged from £3.0 million to £13.6 million (2021: £0.2 million to £13.5 million), having regard to the mix of size and risk profile of the Group across the components.

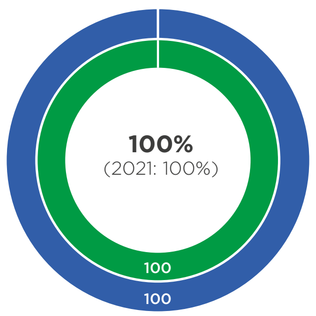
We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

Group profit before tax
£551.5 million
(2021: £518.1 million)

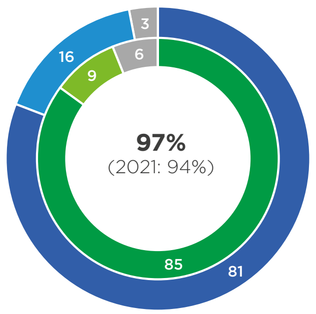
Group materiality
£26.0 million
(2021: £25.0 million)



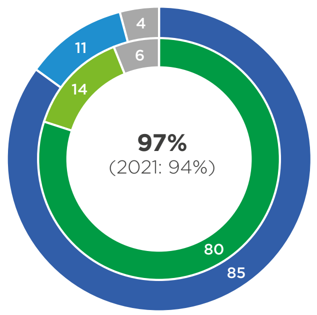
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Full scope for group audit purposes 2021
- Specified risk-focused audit procedures 2021
- Residual components

4. The impact of climate change on our audit

In planning our audit, we considered the potential impact of climate change on the Group's business and its financial statements.

The Group's core activities of designing, building and selling new homes is a carbon intensive process.
This includes developing large-scale regeneration projects to transform mainly brownfield sites into new homes and communal spaces by using heavy machinery to demolish existing structures and constructing new buildings using carbon intensive materials, such as steel and concrete. The Group emits greenhouse gases directly from energy used in its construction operations.

As part of the Group's Our Visions 2030, the Group has set targets of reducing greenhouse gas emissions and becoming a net zero business by 2040. Whilst the Group has set targets to be carbon neutral by 2040, the full impact on its cost base and on cashflows are still being assessed as the Group considers how it will work towards meeting these targets. Further information is provided in the Strategic Report on pages 42 and 46 and the Group's sustainability accounting standards board disclosures on pages 56 to 57 of the annual report.

Climate change initiatives and commitments could impact the Group's future cash flows, although the full extent is uncertain. This could potentially affect these financial statements, particularly in relation to forecasts of future build costs used in the estimate of cost of sales allocation, for example in relation to materials, new building technologies, regulatory changes, and changes in specifications.

As part of our audit, we have performed a risk assessment, including enquiries of Group and divisional management to understand how the impact of commitments made by the Group in respect of climate change, as well as the physical or transition risks of climate change, may affect the financial statements and our audit. We also held discussions with our own climate change professionals to challenge our risk assessment.

Our risk assessment procedures also included comparing operational plans for the group's existing climate related initiatives, such as the installation of air source heat pumps and EV charging points on sites, to the group's forecast of future build costs.

Taking into account our risk assessment procedures we have assessed that the forecasts of future build costs could be impacted by a range of market factors, including climate impacts,. The potential effect of climate on build costs in the future is not separately identifiable. Our work on the total forecasts of future build costs as they apply to the estimates of the cost of sales recognition is discussed in our Cost of sales recognition Key Audit Matter.

We have also read the Group's disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

.

5. 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 positions 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 prices and volumes as a consequence of changes in the economic environment 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 and delays to construction programmes.

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 tracing a sample of secured sales to customer contracts in order to assess the existence 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;
- assessing the completeness of going concern disclosure in notes 1 and C1.2 to the financial statements.

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;

5. Going concern continued

Our conclusions based on this work (cont'd):

- 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 parent 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 parent 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 162 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 judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. 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, Audit Committee and Remuneration Committee minutes;
- considering remuneration incentive schemes (particularly 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 sales recognition and post completion development provisions.

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 the majority is 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 entities across the group 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 whether the judgements made in making accounting estimates are indicative of a potential bias.

6. Fraud and breaches of laws and regulations – ability to detect continued

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.

7. 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 page 89 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 "How we manage 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 89 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 judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and 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 the 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 162, 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.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

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.

Anna Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 June 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	2022 £m	2021 £m
Revenue	2.1	**2,348.0**	2,202.2
Cost of sales		**(1,683.2)**	(1,566.9)
Gross profit		**664.8**	635.3
Net operating expenses		**(156.9)**	(133.0)
Operating profit		**507.9**	502.3
Finance income	2.3	**2.5**	3.0
Finance costs	2.3	**(15.0)**	(9.6)
Share of results of joint ventures using the equity method	2.11	**56.1**	22.4
Profit before taxation for the year		**551.5**	518.1
Income tax expense	2.6	**(69.1)**	(95.4)
Profit after taxation for the year		**482.4**	422.7
Earnings per share (pence):			
— Basic	2.7	**417.8**	339.4
— Diluted	2.7	**411.4**	332.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April	Notes	2022 £m	2021 £m
Profit after taxation for the year		**482.4**	422.7
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain recognised in the pension scheme	2.5	**(1.6)**	2.7
Total items that will not be reclassified to profit or loss		**(1.6)**	2.7
Other comprehensive (expense)/income for the year		**(1.6)**	2.7
Total comprehensive income for the year		**480.8**	425.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Intangible assets	2.8	**17.2**	17.2
Property, plant and equipment	2.9	**40.5**	46.0
Right-of-use assets	2.10	**5.8**	3.2
Investments in joint ventures	2.11	**190.4**	281.7
Deferred tax assets	2.17	**120.7**	40.1
		374.6	388.2
Current assets			
Inventories	2.12	**5,134.0**	3,652.5
Trade and other receivables	2.13	**145.7**	75.4
Current tax assets		**4.5**	7.9
Cash and cash equivalents	2.14	**928.9**	1,428.2
		6,213.1	5,164.0
Total assets		**6,587.7**	5,552.2
Liabilities			
Non-current liabilities			
Borrowings	2.23	**(660.0)**	(300.0)
Trade and other payables	2.15	**(719.8)**	(330.8)
Lease liabilities	2.10	**(3.8)**	(1.7)
Provisions for other liabilities and charges	2.16	**(98.5)**	(62.3)
		(1,482.1)	(694.8)
Current liabilities			
Trade and other payables	2.15	**(1,904.9)**	(1,614.7)
Lease liabilities	2.10	**(2.1)**	(1.5)
Provisions for other liabilities and charges	2.16	**(62.5)**	(65.8)
		(1,969.5)	(1,682.0)
Total liabilities		**(3,451.6)**	(2,376.8)
Total net assets		**3,136.1**	3,175.4
Equity			
Shareholders' equity			
Share capital	2.18	**6.5**	6.6
Share premium	2.18	**49.8**	49.8
Capital redemption reserve	2.19	**25.0**	24.9
Other reserve	2.19	**(961.3)**	(961.3)
Retained earnings	2.19	**4,016.1**	4,055.4
Total equity		**3,136.1**	3,175.4

The financial statements on pages 172 to 207 were approved by the Board of Directors on 22 June 2022 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 2021		**6.6**	**49.8**	**24.9**	**(961.3)**	**4,055.4**	**3,175.4**
Profit after taxation for the year		**–**	**–**	**–**	**–**	**482.4**	**482.4**
Other comprehensive expense for the year		**–**	**–**	**–**	**–**	**(1.6)**	**(1.6)**
Purchase of own shares	2.18	**(0.1)**	**–**	**0.1**	**–**	**(63.7)**	**(63.7)**
Transactions with shareholders:							
— Charge in respect of employee share schemes	2.5	**–**	**–**	**–**	**–**	**(8.7)**	**(8.7)**
— Deferred tax in respect of employee share schemes	2.17	**–**	**–**	**–**	**–**	**3.8**	**3.8**
— Surplus Capital Return via B Share Scheme	2.20	**–**	**–**	**–**	**–**	**(451.5)**	**(451.5)**
At 30 April 2022		**6.5**	**49.8**	**25.0**	**(961.3)**	**4,016.1**	**3,136.1**
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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	**2022 £m**	2021 £m
Cash flows from operating activities			
Cash generated from operations	2.22	**372.4**	419.4
Consideration paid for 50% share of St William assets	2.22	**(355.6)**	–
Interest received		**1.9**	3.0
Interest paid		**(5.6)**	(8.1)
Income tax paid		**(142.6)**	(90.1)
Net cash flow from operating activities		**(129.5)**	324.2
Cash flows from investing activities			
Purchase of property, plant and equipment	2.9	**(1.3)**	(2.4)
Proceeds on disposal of property, plant and equipment		**0.3**	0.8
Dividends from joint ventures	2.11	**–**	7.5
Increase in loans with joint ventures	2.11	**(26.7)**	(5.0)
Net cash flow from investing activities		**(27.7)**	0.9
Cash flows from financing activities			
Lease capital repayments		**(1.9)**	(1.8)
Proceeds from issue of shares		**–**	0.1
Purchase of own shares	2.19	**(63.7)**	(188.6)
Drawdown of bank borrowings	2.23	**260.0**	–
Issuance of Green Bonds	2.23	**400.0**	–
Dividends paid to Company's shareholders	2.20	**–**	(145.5)
Surplus Capital Return via B Share Scheme	2.20	**(451.5)**	–
Repayment of bank borrowings	2.23	**(300.0)**	(200.0)
Repayment of St William bank borrowings		**(185.0)**	–
Net cash flow from financing activities		**(342.1)**	(535.8)
Net decrease in cash and cash equivalents		**(499.3)**	(210.7)
Cash and cash equivalents at the start of the financial year		**1.428.2**	1,638.9
Cash and cash equivalents at the end of the financial year	2.22	**928.9**	1,428.2

1 Basis of preparation

1.1 Introduction

These Consolidated Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and with UK-adopted International Accounting Standards.

The Consolidated Financial Statements have been prepared under the historical cost convention and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies.

The key areas involving estimation uncertainty, which are significant to the Consolidated Financial Statements, are:

— *cost of sales recognition* which is dependent on an estimate of future selling prices and build costs. See note 2.12; and
— *post completion development provisions* which relies on management judgement in estimating the quantum and timing of outflows of resources to settle any associated legal or constructive obligations. See note 2.16.

The significant areas of judgement exercised by management are detailed below:

Critical area of judgement in applying the Group's accounting policies:

Asset acquisition

On 15 March 2022, the Group acquired the outstanding 50.0% partnership interest in its joint venture St William Homes LLP from National Grid plc, following which St William Homes LLP became a wholly owned subsidiary of the Group. The Directors have applied the optional 'concentration test' under IFRS 3 'Business Combinations', whereby the transaction can be accounted for as an asset acquisition. The concentration test permits the transaction to be accounted for as the acquisition of a set of assets, rather than a business combination, if substantially all of the fair value of the gross assets acquired are concentrated in a group of similar identifiable assets.

The fair value of substantially all of the gross assets acquired was judged by management to be concentrated in the inventory acquired. All sites acquired have similar risk profiles and are primarily redundant gas holder sites being redeveloped for residential-led development in London and the South East of England. Accordingly, the transaction was accounted for as an asset acquisition and the cash consideration paid in excess of National Grid's 50% share of the net assets of St William reflects additional land cost within inventory in the Group's Balance Sheet of £238 million.

Group accounting policies

The significant Group accounting policies are included within the relevant notes to the Consolidated Financial Statements on pages 176 to 207.

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 2022, the Group had net cash of £268.9 million and total liquidity of £1,468.9 million when this net cash is combined with banking facilities of £800 million (which expire in February 2027) and £400 million green listed bonds (with a term to August 2031). Furthermore, the Group has cash due on forward sales of £2,171 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, the Directors continue to adopt the going concern basis of accounting in preparing the 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 in 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 amendments to standards and interpretations are applicable to the Group and are mandatory for the first time for the financial year beginning 1 May 2021:

— Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The Group did not have to change its accounting policies or make retrospective adjustments as a result of these amendments.

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 2022. 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.

For the significant majority of residential and commercial property sales, 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. This is determined as the point of legal completion.

Where revenue arises on contracts where the customer controls the property during construction and for which the Group has a right to payment for work performed, the Group recognises revenue over time. Revenue and costs are recognised with reference to the stage of completion of the contract.

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:

	2022 £m	2021 £m
Residential revenue	**2,302.0**	2,200.3
Commercial revenue	**46.0**	1.9
	2,348.0	2,202.2

Included within revenue is £356.6 million (2021: £279.6 million) of customer deposits for units that legally completed in the year. Also, included within commercial revenue is £14.7 million (2021: £nil) of revenue recognised in relation to the stage of completion of the contract.

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

	2022 £m	2021 £m
Finance income	**2.5**	3.0
Finance costs		
Interest payable on borrowings and non-utilisation fees	**(12.1)**	(7.7)
Amortisation of facility fees	**(1.8)**	(0.9)
Other finance costs	**(1.1)**	(1.0)
	(15.0)	(9.6)
Net finance costs	**(12.5)**	(6.6)

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 judgements around cost recognition.

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants related to assets are deducted from the carrying value of the asset, and are recognised in the Income Statement so as to match with the related costs they are intended to compensate for.

Profit before taxation is stated after charging the following amounts:

	2022 £m	2021 £m
Staff costs (note 2.5)	**280.7**	227.1
Depreciation on property, plant and equipment (note 2.9)	**3.8**	4.1
Depreciation on right-of-use assets (note 2.10)	**1.8**	1.8
Loss on sale of property, plant and equipment	**0.1**	–
Fees paid and payable to the Company's auditor for the audit of the Group and parent Company	**0.9**	0.7
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 and non-audit related assurance services	**0.2**	0.1

The value of inventories expensed and included in the cost of sales is £1,630.3 million (2021: £1,482.2 million).

Fees incurred in the year to the Group's current auditor for audit and non-audit related assurance services relate to the interim review, the issue of the Green Bond and assurance services related to carbon emissions and compliance with Berkeley's Green Financing Framework.

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 was £10,000 (2021: £10,000).

2.5 Directors and employees

Profit before taxation is stated after charging the following amounts:

	2022 £m	2021 £m
Staff costs:		
Wages and salaries	**238.6**	195.6
Social security costs	**31.5**	21.4
Share based payments – equity settled	**2.0**	(1.8)
Share based payments – cash settled	**(0.8)**	3.7
Pension costs	**9.4**	8.2
	280.7	227.1

The average monthly number of persons employed by the Group during the year was 2,911 (2021: 2,627).

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:

	2022 £m	2021 £m
Directors' remuneration	**2.3**	2.4
Amount charged/(credited) under long-term incentive schemes	**1.9**	(1.2)
Company contributions to the defined contribution pension schemes	**0.1**	0.1
	4.3	1.3

The Directors' Remuneration Report includes disclosure of the gains made by Directors on the exercise of share options during the year, which was £21.4 million (2021: £29.5 million) in aggregate.

The number of Directors accruing benefits under defined contribution pension schemes in the year was one (2021: 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 (2021: one) equity settled share based payment scheme. The charge to the Income Statement in respect of share based payments in the year relating to grants of share options awarded under the 2011 Long-term Incentive Plan (2011 LTIP) was £2.0 million (2021: credit of £1.8 million). The charge to the Income Statement attributable to key management is £1.9 million (2021: credit of £1.9 million).

The charge to the reserves during the year in respect of employee share schemes was £8.7 million (2021: £11.9 million), resulting from the non-cash IFRS 2 charge for the year.

There were nil exercisable share options at the end of the year (2021: nil). During the year 815,903 options vested under the 2011 LTIP (2021: 836,466) and 2,129,662 options lapsed (2021: nil).

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 vest is dependent on the shareholder returns and, for the Executive members, the remuneration caps in place. 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 September 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 £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 was 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 fixed option price for tranches expected to vest from September 2022 to 2025 is now £5.30.

2.5 Directors and employees continued

The key features of the plan are as follows:

2016	2017 – 2018	2019 – 2021	2022 – 2025
£2 of return required each year by 30 September for tranche of options to vest.			
Tranche — 33.0% option	Tranche — 13.4% option per annum	Tranche — 13.4% option per annum	
Original option price £16.34, reduced by amount of £2 return provided in dividend each year. Option price fixed at 30 September 2021 at £5.30.			£2 of return required each year for any of the shares subject to tranches from 2022 – 2025 to vest.
	Banked options carried forward.		Banked options vest in equal tranches to value of total rem cap.
	LTIP cap in place →	Total rem cap in place →	Vesting to total rem cap each year.

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:

	2022		2021	
	Option price per share £	**Number of options No.**	Option price per share £	Number of options No.
As at 1 May	**–**	**7,295,254**	–	8,131,720
Exercised during the year	**5.30**	**(815,903)**	5.39	(836,466)
Total options lapsed during the year	**–**	**(2,129,662)**	–	–
As at 30 April	**–**	**4,349,689**	–	7,295,254

The historic options vested, options banked and the option price is shown in the table below:

	2022		
Vesting date	**Option price £**	**Share options vested No.**	**Banked options at 30 April 2022 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	1,096,471
30 September 2021	5.30	815,903	982,628
Banked options lapsed	–	–	(1,327,070)
Total	–	10,181,242	4,349,689

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.

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 2022 was £0.2 million (2021: £0.4 million).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £1.3 million (2021: £9.6 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 £7.9 million (2021: £7.0 million) were paid into the defined contribution schemes during the year. There were no outstanding contributions at 30 April 2022 (2021: £nil).

Defined benefit plan

As at 30 April 2022, 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 (2021: £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 respect of GMP equalisation with regard to members that transferred out of the scheme prior to the ruling. The plan has not yet completed a full review of the impact of GMP equalisation and no additional costs have been recognised during the year (2021: £0.7 million).

For the purpose of IAS 19, the 2019 valuation was updated for 30 April 2022.

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.

2.5 Directors and employees continued

The amounts recognised in the Statement of Financial Position are determined as follows:

	2022 £m	2021 £m
Present value of defined benefit obligations	**(19.1)**	(23.2)
Fair value of plan assets	**21.4**	26.4
Net surplus recognised in the Statement of Financial Position	**2.3**	3.2

	Defined benefit obligations		Fair value plan assets		Net defined benefit asset	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Balance at 1 May	**(23.2)**	(22.4)	**26.4**	23.0	**3.2**	0.6
Included in Income Statement:						
Past service costs	**–**	(0.7)	**–**	–	**–**	(0.7)
Net interest	**(0.4)**	(0.4)	**0.5**	0.4	**0.1**	–
Included in Other Comprehensive Income:						
Re-measurements:						
Actuarial gain/(loss) arising from:						
— Demographic assumptions	**0.2**	–	**–**	–	**0.2**	–
— Scheme experience	**0.1**	0.3	**–**	–	**0.1**	0.3
— Financial assumptions	**2.9**	(1.1)	**–**	–	**2.9**	(1.1)
Return on plan assets	**–**	–	**(4.8)**	3.5	**(4.8)**	3.5
Other:						
Contributions by the employer	**–**	–	**0.6**	0.6	**0.6**	0.6
Benefits paid out	**1.3**	1.1	**(1.3)**	(1.1)	**–**	–
Balance at 30 April	**(19.1)**	(23.2)	**21.4**	26.4	**2.3**	3.2

Cumulative actuarial gains and losses recognised in equity:

	2022 £m	2021 £m
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 1 May	**(4.8)**	(7.5)
Net actuarial (loss)/gain recognised in the year	**(1.6)**	2.7
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 30 April	**(6.4)**	(4.8)

The fair value of the assets were as follows:

	30 April 2022 Long-term value £m	30 April 2021 Long-term value £m
UK equities	**–**	1.1
Global equities	**–**	7.9
Emerging market equities	**–**	2.5
High yield bonds	**–**	2.0
Diversified growth fund	**5.1**	5.3
Government bonds (over 15 years)	**–**	1.3
Index linked gilts (over 5 years)	**–**	2.5
Absolute return bonds	**7.7**	2.0
Liquidity-driven investment	**5.0**	–
Corporate bonds	**–**	1.7
Cash	**3.6**	0.1
Fair value of plan assets	**21.4**	26.4

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 2022 £m	30 April 2021 £m	30 April 2020 £m	30 April 2019 £m	30 April 2018 £m
Fair value of plan assets	**21.4**	26.4	23.0	22.5	21.5
Present value of defined benefit obligations	**(19.1)**	(23.2)	(22.4)	(20.9)	(19.4)
Net surplus in the plan	**2.3**	3.2	0.6	1.6	2.1

Actuarial assumptions

The major assumptions used by the actuary for the 30 April 2022 valuation were:

	30 April 2022	30 April 2021
Discount rate	**3.00%**	1.90%
Inflation assumption (RPI)	**3.80%**	3.50%
Inflation assumption (CPI)	**3.30%**	3.00%
Rate of increase in pensions in payment post 97 (Pre 97 receive 3% p.a. increases)	**3.90%**	3.75%

The mortality assumptions are the standard [S3PMA/S3PFA_M CMI_2021_X (1.25%)] (2021: S3PMA/S3PFA_M CMI_2020_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 21.7 years and 23.5 years respectively (2021: 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 22.9 years and 25.0 years respectively (2021: 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.**	£(0.7)m
Rate of inflation	**+0.25% p.a.**	£0.3m
Rate of mortality	**+1 year**	£0.8m

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 2023, albeit it has no obligation to do so.

2.6 Taxation

The Group applies IAS 12 'Income Taxes' in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. In the autumn Budget 2021, a new 4% RPDT was introduced which is effective from 1 April 2022. RPDT is intended to fund the cost of remedial cladding works borne by the Government and is treated as income tax.

The taxation expense represents the sum of current tax payable and deferred tax including RPDT. Current tax and deferred tax is provided at the amounts expected to be paid (or received) using the tax rules and laws that have been enacted, or substantially enacted by the reporting date.

2.6 Taxation continued

The tax charge for the year is as follows:

	2022 £m	2021 £m
Current tax including RPDT		
UK current tax payable	**(148.2)**	(93.1)
Adjustments in respect of previous years	**2.3**	1.9
	(145.9)	(91.2)
Deferred tax including RPDT		
Deferred tax movements	**73.0**	(5.4)
Adjustments in respect of previous years	**3.8**	1.2
	76.8	(4.2)
	(69.1)	(95.4)

Tax on items recognised directly in equity is as follows:

	2022 £m	2021 £m
Deferred tax in respect of employee share schemes (note 2.17)	**3.8**	(5.6)
Realisation of deferred tax asset in respect of employee share schemes (note 2.17)	**–**	(3.7)
	3.8	(9.3)

Corporation Tax is calculated at 19.0% (2021: 19.0%) of the estimated assessable profit for the year. With effect from 1 April 2022, the Group is subject to RPDT at a rate of 4%, and results in a weighted statutory rate of corporate income tax of 19.3% for the year.

The tax charge assessed for the year differs from the weighted statutory rate of corporate income tax of 19.3% (2021: 19.0%). The differences are explained below:

	2022 £m	2021 £m
Profit before tax	**551.5**	518.1
Tax on profit at standard UK corporation tax rate	**106.6**	98.4
Effects of:		
Expenses not deductible for tax purposes	**1.5**	0.6
Tax effect of share of results of joint ventures	**(0.2)**	(0.1)
Adjustments in respect of previous years	**(6.1)**	(3.1)
Effect of change in rate of tax (note 2.17)	**(32.1)**	–
Other	**(0.6)**	(0.4)
Tax charge	**69.1**	95.4

The Group has an overall tax charge for the period of £69.1 million (2021: £95.4 million) including UK Current Tax Payable of £148.2 million (2021: £93.1 million). UK current tax payable includes £45.3m in relation to the acceleration of trading profits arising on the acquisition of St William in respect of which there is a corresponding deferred tax asset.

The effective tax rate for the period is 12.5% (2021: 18.4%) and includes a £32.1 million credit arising from the re-measurement, in part, of the Group's UK deferred tax assets at 29% following the changes to the corporation tax rate substantially enacted in May 2021 and the introduction of RPDT on 1 April 2022. The adjustments in respect of prior years relate to removal of residual uncertainties and tax relief claims.

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	2022	2021
Profit attributable to shareholders (£m)	**482.4**	422.7
Weighted average no. of shares (million)	**115.5**	124.6
Basic EPS (pence)	**417.8**	339.4

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 2022, the Group had one (2021: two) category of potentially dilutive ordinary shares: 1.6 million (2021: 2.3 million) share options under the 2011 LTIP and nil (2021: 30,912) share options under the 2015 Bonus Banking Plan which was paid out in full during the year.

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	2022	2021
Profit used to determine diluted EPS (million)	**482.4**	422.7
Weighted average number of shares (million)	**115.5**	124.6
Adjustments for:		
— Share options – 2011 LTIP	**1.8**	2.5
Shares used to determine diluted EPS (million)	**117.3**	127.1
— Diluted EPS (pence)	**411.4**	332.5

The prior period earnings per share has not been restated for the capital return and share consolidation as the overall commercial effect is that of a share repurchase at fair value.

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 2021 and 30 April 2022	**17.2**
Accumulated impairment:	
At 1 May 2021 and 30 April 2022	**–**
Net book value:	
At 1 May 2021 and 30 April 2022	**17.2**
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

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 9.3% (2021: 8.9%) 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 de-recognised. 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 2021	**33.5**	**21.1**	**2.1**	**56.7**
Additions	**0.1**	**1.0**	**0.2**	**1.3**
Transfer to inventory	**(3.1)**	**–**	**–**	**(3.1)**
Disposals	**–**	**(1.1)**	**(0.4)**	**(1.5)**
At 30 April 2022	**30.5**	**21.0**	**1.9**	**53.4**
Accumulated depreciation:				
At 1 May 2021	**3.3**	**6.3**	**1.1**	**10.7**
Charge for the year	**0.7**	**2.9**	**0.2**	**3.8**
Transfer to inventory	**(0.4)**	**–**	**–**	**(0.4)**
Disposals	**–**	**(0.9)**	**(0.3)**	**(1.2)**
At 30 April 2022	**3.6**	**8.3**	**1.0**	**12.9**
Net book value:				
At 1 May 2021	**30.2**	**14.8**	**1.0**	**46.0**
At 30 April 2022	**26.9**	**12.7**	**0.9**	**40.5**

	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

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 re-measurements 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 2021	**6.2**	**0.7**	**6.9**
Additions	**4.4**	**–**	**4.4**
At 30 April 2022	**10.6**	**0.7**	**11.3**
Accumulated depreciation:			
At 1 May 2021	**3.3**	**0.4**	**3.7**
Charge for the year	**1.7**	**0.1**	**1.8**
At 30 April 2022	**5.0**	**0.5**	**5.5**
Net book value:			
At 1 May 2021	**2.9**	**0.3**	**3.2**
At 30 April 2022	**5.6**	**0.2**	**5.8**

Lease liabilities included in the Consolidated Statement of Financial Position:

	2022 £m	2021 £m
Current	**2.1**	1.5
Non-current	**3.8**	1.7
Total	**5.9**	3.2

Amounts recognised in the Consolidated Income Statement:

	2022 £m	2021 £m
Depreciation charged on right-of-use assets – Office buildings	**1.7**	1.6
Depreciation charged on right-of-use assets – Motor vehicles	**0.1**	0.2
Interest on lease liabilities	**0.1**	0.1
Total	**1.9**	1.9

The total cash outflow for leases in 2022 was £1.9 million (2021: £1.8 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.

	2022 £m	2021 £m
Loans	**29.3**	182.2
Share of post acquisition reserves	**161.1**	99.5
	190.4	281.7

Details of the joint ventures are provided in notes 2.25 and 2.26.

	2022 £m	2021 £m
At 1 May	**281.7**	261.8
Group's share of profit after taxation for the year	**56.1**	22.4
Increase in loans to joint ventures	**26.7**	5.0
Dividends from joint ventures	**–**	(7.5)
Disposal of equity share in joint venture	**(174.1)**	–
At 30 April	**190.4**	281.7

The disposal relates to the acquisition of the outstanding 50.0% partnership interest in St William Homes LLP, following which St William Homes LLP is a wholly owned subsidiary of the Berkeley Group. The Group recognised its 50% share of St William Home LLP's profit up to acquisition date of 15 March 2022. Subsequently, 100% of St William Homes LLP's Income Statement is included within the Consolidated Income Statement. See note 1.1 for details.

The Group's share of joint ventures' net assets, income and expenses is comprised as follows:

2022	St Edward £m	St William £m	SEGRO £m	Total £m
Cash and cash equivalents	**251.0**	**–**	**–**	**251.0**
Other current assets	**594.7**	**–**	**13.4**	**608.1**
Current assets	**845.7**	**–**	**13.4**	**859.1**
Current liabilities	**(440.2)**	**–**	**–**	**(440.2)**
Non-current financial liabilities*	**(83.3)**	**–**	**(13.4)**	**(96.7)**
Net assets (at 100%)	**322.2**	**–**	**–**	**322.2**
Group share of net assets (50%)	**161.1**	**–**	**–**	**161.1**
Loans to joint ventures	**22.6**	**–**	**6.7**	**29.3**
Total interest in joint ventures	**183.7**	**–**	**6.7**	**190.4**
Revenue	**279.6**	**262.4**	**–**	**542.0**
Costs	**(192.8)**	**(224.7)**	**–**	**(417.5)**
Operating profit	**86.8**	**37.7**	**–**	**124.5**
Net finance income/(costs)	**0.6**	**(12.3)**	**–**	**(11.7)**
Profit before taxation for the year	**87.4**	**25.4**	**–**	**112.8**
Tax charge	**(0.5)**	**–**	**–**	**(0.5)**
Profit after taxation and total comprehensive income (100%)	**86.9**	**25.4**	**–**	**112.3**
Group share of post tax profit of joint ventures (50%)	**43.4**	**12.7**	**–**	**56.1**

During the year, the Group entered into a new 50/50 joint venture agreement with SEGRO V-Park Grand Union LLP.

* Non-current liabilities includes amounts owed to joint venture partners

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

* 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 in determining each sites margin which is used to estimate cost of sales when revenue is recognised for each unit, 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 all 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 that 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 £16.3 million in the current financial year (2021: £14.8 million). 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 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 2022, 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 5% (2021: 6%) of the future estimated revenue for the specific sites. As with all judgements involving estimation over a long-term horizon, the outcome of future events may affect the eventual accounting outcome.

	2022 £m	2021 £m
Land not under development	**738.1**	331.4
Work in progress: Land cost	**1,952.5**	1,134.7
Total land	**2,690.6**	1,466.1
Work in progress: Build cost	**2,302.6**	2,081.0
Completed units	**140.8**	105.4
Total inventories	**5,134.0**	3,652.5

During the year, inventory of £1,146.2 million was acquired through the acquisition of the outstanding 50.0% partnership interest in St William. See note 1.1 for details.

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. 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 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.

	2022 £m	2021 £m
Trade receivables	**45.9**	44.1
Other receivables	**81.9**	23.9
Prepayments and accrued income	**17.9**	7.4
	145.7	75.4

Included within other receivables are VAT amounts recoverable in the ordinary course of business. 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.

	2022 £m	2021 £m
Cash and cash equivalents	**928.9**	1,428.2

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 as control is passed to the customer, which has either been determined as the point of legal completion or, on contracts where the customer controls the property during construction, over time with reference to the stage of completion.

	2022 £m	2021 £m
Current		
Trade payables	**(635.5)**	(509.2)
Deposits and on account contract receipts	**(931.4)**	(790.6)
Other taxes and social security	**(25.6)**	(28.6)
Deferred income	**(148.3)**	(140.5)
Accruals	**(164.1)**	(145.8)
	(1,904.9)	(1,614.7)
Non-current		
Trade payables	**(719.8)**	(330.8)
Total trade and other payables	**(2,624.7)**	(1,945.5)

All amounts included above are unsecured. The total of £25.6 million (2021: £28.6 million) for other taxes and social security includes £9.0 million (2021: £11.6 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, including matters relating to building fire-safety, 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 including matters relating to building fire-safety. 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 (2021: ten) 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 £16.1 million in the current financial year (2021: £12.8 million).

	Post completion development provisions £m	Other provisions £m	Total £m
At 1 May 2021	(124.7)	(3.4)	(128.1)
Utilised	31.0	0.7	31.7
Released	10.1	0.7	10.8
Increase on acquisition of St William	(7.6)	–	(7.6)
Charged to the Income Statement	(66.0)	(1.8)	(67.8)
At 30 April 2022	**(157.2)**	**(3.8)**	**(161.0)**

	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)

	2022 £m	2021 £m
Non-current	(98.5)	(62.3)
Current	(62.5)	(65.8)
Total	**(161.0)**	(128.1)

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	Other timing differences £m	Total £m
At 1 May 2021	(2.9)	43.0	40.1
Adjustments in respect of previous years	(0.2)	4.0	3.8
Credited to the Income Statement in the year	0.2	40.7	40.9
Adjustment in respect of change of tax rate for future periods (note 2.6)	(1.6)	33.7	32.1
(Charged)/credited to Income Statement in the year	(1.4)	74.4	73.0
Credited to equity in year (note 2.6)	–	3.8	3.8
At 30 April 2022	**(4.5)**	**125.2**	**120.7**

	Accelerated capital allowances £m	Other 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
Credited/(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

Other timing differences primarily relates to deferred tax assets held in relation to acceleration of trading profits arising on the acquisition of St William during the financial year, 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. The deferred tax credit for the full year includes a £32.1 million credit arising from the re-measurement, in part, of the Group's UK deferred tax assets at 29% following the changes to both the corporation tax rate substantially enacted in May 2021 and the introduction of RPDT on 1 April 2022.

All deferred tax assets are available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2022 is £120.7 million (2021: £40.1 million).

Deferred tax assets of £95.8 million (2021: £29.7 million) are expected to be recovered after more than one year.

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 there will be sufficient available profits to offset all or part of the asset. There are no unrecognised deferred tax assets as at 30 April 2022.

The deferred tax credited to equity during the year was as follows:

	2022 £m	2021 £m
Deferred tax movement in the year in respect of employee share schemes (note 2.6)	3.8	(9.3)
Cumulative deferred tax credited to equity at 1 May	22.3	31.6
Cumulative deferred tax credited to equity at 30 April	**26.1**	22.3

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	
	2022 No '000	2021 No '000	2022 £m	2021 £m	2022 £m	2021 £m
Issued						
At start of year	132,237	136,649	6.6	6.8	49.8	49.8
Shares cancelled	(1,531)	(4,412)	(0.1)	(0.2)	–	–
Share consolidation	(10,116)	–	–	–	–	–
At end of year	**120,590**	132,237	**6.5**	6.6	**49.8**	49.8

On 6 September 2021, in order to complete the Surplus Capital Return 136.6 million B Shares were issued at a nominal value of 0.1 pence per share. These were repurchased and cancelled on 7 September 2021.

On 17 September 2021, following the Surplus Capital Return, a share consolidation was undertaken which reduced the Company's ordinary share capital, net of treasury and EBT shares, by 7.65%.The share consolidation replaced the total number of existing ordinary shares of 132.2 million, with a nominal value of 5 pence each, into a reduced number of new ordinary shares of 122.1 million, each at a nominal value of 5.4141 pence at the time of the consolidation.

Each ordinary share of 5.4141 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 16 September 2021, 0.5 million ordinary shares (2021: 0.3 million) were allotted and issued to the Employee Benefit Trust.

On 30 September 2021, 0.5 million ordinary shares (2021: 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 2022, there were 0.1 million shares held in trust (2021: 0.1 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2022 was £3.0 million (2021: £2.6 million).

During the 2022 financial year, 1.5 million shares were repurchased (2021: 4.4 million) for a total consideration of £63.7 million, excluding transaction costs (2021: £188.6 million). These shares were subsequently cancelled (2021: 4.4 million).

At 30 April 2022, there were 9.2 million (2021: 10.6 million) treasury shares held by the Group. The market value of the shares at 30 April 2022 was £376.8 million (2021: £491.2 million).

2.19 Reserves

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 174.

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, 1.5 million (2021: 4.4 million) shares were repurchased to the value of £63.7 million (2021: £188.6 million). These shares were subsequently cancelled (2021: 4.4 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 (2021: 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 16 September 2021, the Company allotted and issued to the Employee Benefit Trust 0.5 million ordinary shares (2021: 0.3 million ordinary shares). On 30 September 2021, 0.5 million ordinary shares were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP (2021: 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.

	2022		2021	
	Dividend per share pence*	£m	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2020	–	–	107.00	134.3
March 2021	–	–	9.13	11.2
September 2021 – Surplus Capital Return	371.00	451.5	–	–
Total dividends		**451.5**		145.5

*Surplus Capital Return paid to shareholders via B Share Scheme

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 £29.4 million which are guaranteed by third parties (2021: £27.1 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:

	2022 £m	2021 £m
Profit for the financial year	**482.4**	422.7
Adjustments for:		
— Taxation	**69.1**	95.4
— Depreciation	**5.6**	5.9
— Loss on sale of property, plant and equipment	**0.1**	–
— Finance income	**(2.5)**	(3.0)
— Finance costs	**15.0**	9.6
— Share of results of joint ventures after tax	**(56.1)**	(22.4)
— Non-cash charge in respect of pension scheme	**–**	0.7
— Non-cash charge in respect of share awards	**(8.6)**	(12.3)
Changes in working capital:		
Increase in inventories	**(332.5)**	(97.6)
Increase in trade and other receivables	**(61.0)**	(5.1)
Increase in trade and other payables	**260.9**	25.5
Cash generated from operations	**372.4**	419.4

Reconciliation of net cash flow to net cash:

	2022 £m	2021 £m
Net decrease in cash and cash equivalents, including bank overdraft	**(684.3)**	(210.7)
Increase in borrowings	**(660.0)**	–
Decrease in borrowings	**485.0**	200.0
Movement in net cash in the financial year	**(859.3)**	(10.7)
Opening net cash	**1,128.2**	1,138.9
Closing net cash	**268.9**	1,128.2

Net cash as at 30 April:	2022 £m	2021 £m
Cash and cash equivalents	**928.9**	1,428.2
Non-current borrowings	**(660.0)**	(300.0)
Total borrowings	**(660.0)**	(300.0)
Net cash*	**268.9**	1,128.2

* IFRS 16 lease liabilities are detailed in note 2.10.

The £412.5 million consideration for National Grid's 50% share of St William has been shown as a cash flow from operating activities in line with the accounting for the transaction as an asset acquisition as set out in note 1.1, net of £56.9 million of cash held by St William at the date of acquisition. The changes in working capital above reflect the underlying Group cash flows, excluding the impact of the acquisition of St William in the year. Concurrent with the acquisition, Berkeley refinanced the St William bank borrowings which resulted in a £185.0 million settlement of St William debt, which is presented in financing cash flows.

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 12, 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 2022 was £2,867.2 million (2021: £2,047.2 million). The increase in capital employed in the year of £820.0 million reflects an increase in the borrowing facilities of the Group during the year (2021: increase of £84.5 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 represented by floating borrowings 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:

	2022 £m	2021 £m
Current:		
Trade receivables	**45.9**	44.1
Cash and cash equivalents	**928.9**	1,428.2
Total financial assets	**974.8**	1,472.3

Trade receivables are non-interest bearing. Of the current trade receivables balance of £45.9 million (2021: £44.1 million) none of the balance was overdue by more than 30 days (2021: £nil).

Cash and cash equivalents are short-term deposits held at either floating rates linked to the Bank of England base rate or fixed rates. There are currently no Group assets that are measured at fair value.

Financial instruments: financial liabilities
The Group's financial liabilities can be summarised as follows:

	2022 £m	2021 £m
Current		
Trade payables	**(661.1)**	(509.2)
Deposits and on account contract receipts	**(931.4)**	(790.6)
Lease liabilities	**(2.1)**	(1.5)
Deferred income	**(148.3)**	(140.5)
Accruals	**(164.1)**	(145.8)
	(1,907.0)	(1,587.6)
Non-current		
Trade payables	**(719.8)**	(330.8)
Lease liabilities	**(3.8)**	(1.7)
Borrowings	**(660.0)**	(300.0)
	(1,383.6)	(632.5)
Total trade and other payables	**(3,290.6)**	(2,220.1)

All amounts included above are unsecured.

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:

	2022 £m	2021 £m
Amounts due:		
In more than one year but not more than two years	**(31.8)**	(55.3)
In more than two years but not more than five years	**(1,054.8)**	(511.5)
In more than five years	**(297.0)**	(65.7)
	(1,383.6)	(632.5)

2.23 Capital management, financial instruments and financial risk management continued
The carrying amounts of the Group's financial assets and financial liabilities approximate their fair value.

Current trade receivables and current trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year).

Non-current trade payables comprise long-term land payables, which are held at their discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate), and borrowings. The discount rate applied reflects the Group's credit risk, which is considered to be aligned to a nominal, low risk pre-tax rate, on initial recognition of the financial liability, applied to the maturity profile of the individual land creditors within the total. Non-current bank loans approximate to fair value as they are held at variable market interest rates.

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:

	2022 £m	2021 £m
Amounts due:		
In less than one year	**(949.9)**	(797.2)
In more than one year but not more than two years	**(32.4)**	(55.5)
In more than two years but not more than five years	**(1,065.4)**	(512.5)
In more than five years	**(332.7)**	(66.1)
	(2,380.4)	(1,431.3)

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 2022, profit after tax for the year would have been £3.3 million higher (2021: £4.8 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 2022.

Credit risk
The Group's exposure to credit risk encompasses the financial assets being: trade receivables, loans to joint ventures and cash and cash equivalents. The Group has assessed expected credit losses and the loss allowance for trade and other receivables and loans to joint ventures 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 (2021: £nil), nor are there any material provisions held against trade receivables (2021: £nil), and £nil trade receivables are past their due date (2021: £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:

	2022				2021			
	Available £m	Drawn/ issued £m	Undrawn £m	Termination £m	Available £m	Drawn/ issued £m	Undrawn £m	Termination £m
Bank facilities								
Green term loan	**260**	**(260)**	**–**	**Feb-27**	300	(300)	–	Nov–23
Revolving credit facility	**540**	**–**	**540**	**Feb-27**	450	–	450	Nov–23
Listed debt								
Green Bonds	**400**	**(400)**	**–**	**Aug-31**	–	–	–	–
	1,200	**(660)**	**540**		750	(300)	450	

The Group's committed borrowing facilities currently total £1,200 million (2021: £750 million). On 11 August 2021, £400 million of unsecured Green Bonds were issued at a fixed coupon of 2.5%, repayable in August 2031. These are listed on the International Securities Market of the London Stock Exchange plc.

On 18 February 2022, the Group also refinanced its banking facilities to provide £800 million of facilities, split between a £260 million green term loan, which was drawn down in March 2022 and bears interest at a rate linked to SONIA plus a fixed margin, and a £540 million RCF which remains undrawn. These facilities are in place until February 2027, with two one year extension options.

The committed bank 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.

At 30 April 2022, the total drawn down balance of the combined borrowing facilities was £660.0 million (2021: £300.0 million). In addition, at 30 April 2022 there were bank bonds in issue of £9.4 million (2021: £18.8 million), of which £9.4 million is due within one year (2021: £9.4 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 ancillary facilities available as part of the Group's RCF.

Strategic Report
Corporate Governance
Financial Statements

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.

	2022	2021
Net assets (£m)	**3,136.1**	3,175.4
Total shares in issue (million)	**120.6**	132.2
Less:		
Treasury shares held (million)	**(9.2)**	(10.5)
Employee Benefit Trust shares held (million)	**(0.1)**	(0.1)
Net shares used to determine NAVPS (million)	**111.3**	121.6
Net asset per share attributable to shareholders (pence)	**2,818.2**	2,612.1

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.

	2022 £m	2021 £m
Operating profit	**507.9**	502.3
Share of joint ventures using equity method	**56.1**	22.4
Profit used to determine ROCE	**564.0**	524.7
Opening capital employed:		
Net assets	**3,175.4**	3,101.6
Net cash	**(1,128.2)**	(1,138.9)
Opening capital employed	**2,047.2**	1,962.7
Closing capital employed:		
Net assets	**3,136.1**	3,175.4
Net cash	**(268.9)**	(1,128.2)
Closing capital employed	**2,867.2**	2,047.2
Average capital employed	**2,457.2**	2,005.0
Return on capital employed (%)	**23.0%**	26.2%

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.

	2022 £m	2021 £m
Opening shareholders' equity	**3,175.4**	3,101.6
Closing shareholders' equity	**3,136.1**	3,175.4
Average shareholders' equity	**3,155.8**	3,138.5
Profit before tax	**551.5**	518.1
Return on equity before tax (%)	**17.5%**	16.5%

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 R C Perrins paid £57,703 (2021: £255,980) and Mr S Ellis paid £19,922 (2021: £26,978) 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.

Transactions with joint ventures

During the financial year, the joint ventures paid management fees and other recharges to the Group of £40.2 million (2021: £38.6 million). Other transactions in the year include the movements in loans of £26.7 million (2021: £5.0 million) and the receipt of dividends of £nil (2021: £7.5 million). The outstanding loan balances with joint ventures at 30 April 2022 total £29.3 million (30 April 2021: £182.2 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 2022 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, unless otherwise stated, 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.

2.26 Subsidiaries and joint ventures continued
(a) Subsidiaries continued

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(i)
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

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
Battersea Reach Estate Company Limited
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
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 (Hertfordshire & Cambridgeshire) Limited
Berkeley Homes (Kent) Limited
Berkeley Homes (North Western) Limited(i)
Berkeley Homes (PCL) Limited
Berkeley Homes (South) Limited
Berkeley Homes (Southall) Limited
Berkeley Homes (Stanmore) Limited
Berkeley Homes Group Limited
Berkeley Homes Public Limited Company(iii)
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
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 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

2.26 Subsidiaries and joint ventures continued

(a) Subsidiaries continued

Berkeley One Hundred and Thirty-Six Limited
Berkeley One Hundred and Thirty-Three Limited
Berkeley One Hundred and Thirty-Two Limited
Berkeley One Hundred and Three Limited
Berkeley One Hundred and Twenty-Eight Limited
Berkeley One Hundred and Twenty-Five Limited
Berkeley One Hundred and Twenty-Four Limited
Berkeley One Hundred and Twenty Limited
Berkeley One Hundred and Twenty-Nine Limited
Berkeley One Hundred and Twenty-One Limited
Berkeley One Hundred and Twenty-Seven Limited
Berkeley One Hundred and Twenty-Six Limited
Berkeley One Hundred and Twenty-Three Limited
Berkeley One Hundred and Twenty-Two Limited
Berkeley One Hundred and Two Limited
Berkeley Portsmouth Harbour Limited
Berkeley Portsmouth Waterfront Limited
Berkeley Properties Limited[i]
Berkeley Residential Limited[i]
Berkeley Ryewood Limited
Berkeley 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
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 Forty Limited
Berkeley Two Hundred and Forty One Limited
Berkeley Two Hundred and Forty Two 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 Thirty-Eight Limited
Berkeley Two Hundred and Thirty-Five Limited
Berkeley Two Hundred and Thirty-Four Limited
Berkeley Two Hundred and Thirty-Nine Limited
Berkeley Two Hundred and Thirty-One Limited
Berkeley Two Hundred and Thirty-Seven Limited
Berkeley Two Hundred and Thirty-Six Limited
Berkeley Two Hundred and Thirty-Three Limited
Berkeley Two Hundred and Thirty-Two 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-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
Paddington Green Propco 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
St. George's Hill Property Company Limited
St James Group Limited
St James Homes (Grosvenor Dock) Limited
St James Homes Limited
St William Eight Limited
St William Eighteen Limited
St William Eleven Limited
St William Fifteen Limited
St William Five Limited
St William Four Limited
St William Fourteen Limited
St William Holdings Limited
St William Homes LLP
St William Nine Limited
St William Nineteen Limited
St William One Limited
St William Seven Limited
St William Seventeen Limited
St William Six Limited
St William Sixteen Limited
St William Ten Limited
St William Thirteen Limited
St William Three Limited
St William Twelve Limited
St William Twenty Limited
St William Twenty-Eight Limited
St William Twenty-Five Limited
St William Twenty-Four Limited
St William Twenty-One Limited
St William Twenty-Seven Limited
St William Twenty-Six Limited
St William Twenty-Three Limited
St William Twenty-Two 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

2.26 Subsidiaries and joint ventures continued

(a) Subsidiaries continued

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 Real Estate Consulting (Beijing) Co., Limited*	China	Suite 1901-1903, North Kerry Centre, 1 Guanghua Road, ChaoYang District, Beijing, China
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
* Accounting date of 31 December

(b) Joint ventures

At 30 April 2022, 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, unless otherwise stated, 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 Edward Strand Partnership Freeholds Limited
Berkeley Sutton Limited(ii)	St George Little Britain (No 1) Limited(ii)
Diniwe One Limited	St George Little Britain (No 2) Limited(ii)
Diniwe Two Limited	St Katharine Homes LLP(i)
Segro V-Park Grand Union LLP*†	STKM Limited
SEH Manager Limited	Strand Property Unit Trust (unregistered)
SEH Nominee Limited	The St Edward Homes Partnership (unregistered partnership)(i)
SES Manager Limited(ii)	The St Edward (Strand) Partnership (unregistered partnership)(i)
SES Nominee Limited	U B Developments Limited(iv)
St Edward Homes Limited(iii)	
St Edward Homes Number Five Limited**	
St Edward Homes Number Four Limited**	
St Edward Homes Number One Limited**	
St Edward Homes Number Three Limited**	
St Edward Homes Number Two Limited**	
St Edward Homes Partnership Freeholds 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 December
** 100% owned by St Edward Homes Limited
† Registered office address is 1 New Burlington Place, London, United Kingdom, W1S 2HR

COMPANY BALANCE SHEET

As at 30 April	Notes	2022 £m	2021 £m
Fixed assets			
Investments	C2.4	**1,435.7**	1,433.9
		1,435.7	1,433.9
Current assets			
Debtors	C2.5	**543.4**	606.4
Cash at bank and in hand		**0.9**	0.9
		544.3	607.3
Current liabilities			
Creditors (amounts falling due within one year)	C2.6	**(860.6)**	(828.7)
Net current liabilities		**(316.3)**	(221.4)
Total assets less current liabilities and net assets		**1,119.4**	1,212.5
Capital and reserves			
Called-up share capital	C2.7	**6.5**	6.6
Share premium account	C2.7	**49.8**	49.8
Capital redemption reserve		**25.0**	24.9
Profit and loss account		**1,038.1**	1,131.2
Total shareholders' funds		**1,119.4**	1,212.5

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 £422.9 million (2021: £223.2 million).

The financial statements on pages 208 to 213 were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:

R J Stearn
Chief Financial Officer

Registered no: 5172586

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 2021	**6.6**	**49.8**	**24.9**	**1,131.2**	**1,212.5**
Profit after taxation for the year	**–**	**–**	**–**	**422.9**	**422.9**
Purchase of ordinary shares	**(0.1)**	**–**	**0.1**	**(63.7)**	**(63.7)**
Charge in respect of employee share schemes	**–**	**–**	**–**	**(2.7)**	**(2.7)**
Deferred tax in respect of employee share schemes	**–**	**–**	**–**	**1.9**	**1.9**
Surplus Capital Return via B Share Scheme	**–**	**–**	**–**	**(451.5)**	**(451.5)**
At 30 April 2022	**6.5**	**49.8**	**25.0**	**1,038.1**	**1,119.4**
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

C1 Basis of preparation

C1.1 Introduction

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 ('FRS 101') issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. In preparing these financial statements, the Company applies the recognition measurement and disclosure requirements of UK-Adopted International Accounting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006.

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 176 to 207.

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 annual return of £0.3 billion to shareholders set out to 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 at least 12 months from the date of signing the accounts, notwithstanding its net current liability position of £316.3 million (2021: £221.4 million). For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

C2 Notes to the Company accounts

C2.1 Profit on ordinary activities before taxation

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Profit on ordinary activities before taxation is stated after charging the following amounts:

	2022 £m	2021 £m
Auditor's remuneration	**0.1**	0.1

There were no non-audit services provided by the Company's current auditor during the year (2021: £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.

	2022 £m	2021 £m
Staff costs:		
Wages and salaries	**2.2**	1.6
Social security costs/(credit)	**1.3**	(3.9)
Share based payments – equity settled	**0.2**	(5.1)
Share based payments – cash settled	**–**	0.4
	3.7	(7.0)

The average monthly number of persons employed by the Company during the year was 16, all of whom are Directors (2021: 12).

Directors

Details of Directors' emoluments are set out in the Remuneration Report on pages 132 to 156.

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 (2021: £nil) were paid into the defined contribution scheme during the year.

Share based payments

The charge to the profit and loss account in respect of equity settled share based payments in the year, relating to grants of shares, share options and notional shares awarded under the 2011 LTIP was £0.2 million (2021: credit of £5.1 million). The charge to the profit and loss account in respect of cash settled share based payments under the Bonus Banking Plan was £nil (2021: £0.4 million). The charge to the reserves during the year in respect of employee share schemes was £2.7 million (2021: £6.2 million) which includes the corresponding entry to the cost of investment of £1.8 million (2021: £3.4 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 132 to 156 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 £422.9 million (2021: £223.2 million).

C2.4 Investments

Investments in subsidiary undertakings are included in the Balance Sheet at cost less provision for any impairment.

	2022 £m	2021 £m
Investments at cost:		
Investments in shares of subsidiary undertaking at 1 May	**1,433.9**	1,430.5
Additions	**1.8**	3.4
Investments in shares of subsidiary undertaking at 1 April	**1,435.7**	1,433.9

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.

	2022 £m	2021 £m
Current		
Amounts owed from subsidiary undertakings	**532.7**	593.8
Deferred tax	**10.7**	12.6
	543.4	606.4

All amounts owed from subsidiary undertakings are unsecured, bear no interest and are payable on demand. The Company does not intend to seek repayment of the amounts owed in the next 12 months. 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:

	2022 £m	2021 £m
At 1 May	**12.6**	22.7
Deferred tax in respect of employee share schemes charged/(credited) to reserves	**1.1**	(7.5)
Realisation of deferred tax asset on vesting of employee share scheme	**(3.0)**	(2.6)
At 30 April	**10.7**	12.6

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% and 25% as appropriate (2021: 19%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2021: £nil) at the Balance Sheet date.

The deferred tax asset of £10.7 million relates to short-term timing differences (2021: £12.6 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.

	2022 £m	2021 £m
Current		
Amounts owed to subsidiary undertakings	**(855.4)**	(821.9)
Other taxation and social security	**(5.1)**	(5.9)
Accruals and deferred income	**(0.1)**	(0.9)
	(860.6)	(828.7)

All amounts included above are unsecured. The interest rate on £855.4 million (2021: £821.9 million) of the balance owed to subsidiary undertakings is 4.0% (2021: 4.0%), with no fixed repayment date.

C2.7 Called-up share capital

The movements on allotted and fully paid share capital for the Company in the year were as follows:

	Ordinary shares		Share capital		Share premium	
	2022 No '000	2021 No '000	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Issued						
At start of year	**132,237**	136,649	**6.6**	6.8	**49.8**	49.8
Shares cancelled	**(1,531)**	(4,412)	**(0.1)**	(0.2)	**–**	–
Share consolidation	**(10,116)**	–	**–**	–	**–**	–
At end of year	**120,590**	132,237	**6.5**	6.6	**49.8**	49.8

On 6 September 2021, in order to complete the Surplus Capital Return 136.6 million B Shares were issued at a nominal value of 0.1 pence per share. These were repurchased and cancelled on 7 September 2021.

On 17 September 2021, following the Surplus Capital Return, a share consolidation was undertaken which reduced the Company's ordinary share capital, net of treasury and EBT shares, by 7.65%. The share consolidation replaced the total number of existing ordinary shares of 132.3 million, with a nominal value of 5 pence each, into a reduced number of new ordinary shares of 122.1 million, each at a nominal value of 5.4141 pence at the time of the consolidation.

Each ordinary share of 5.4141 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 16 September 2021, 0.5 million ordinary shares (2021: 0.3 million) were allotted and issued to the Employee Benefit Trust.

On 30 September 2021, 0.5 million ordinary shares (2021: 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 2022, there were 0.1 million shares held in trust (2021: 0.1 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2022 was £3.0 million (2021: £2.6 million).

During the 2022 financial year, 1.5 million shares were repurchased (2021: 4.4 million) for a total consideration of £63.7 million, excluding transaction costs (2021: £188.6 million). These shares were subsequently cancelled (2021: 4.4 million).

At 30 April 2022, there were 9.2 million (2021: 10.6 million) treasury shares held by the Group. The market value of the shares at 30 April 2022 was £376.8 million (2021: £491.2 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.

	2022		2021	
	Dividend per share pence*	**£m**	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2020	**–**	**–**	107.00	134.3
March 2021	**–**	**–**	9.13	11.2
September 2021 - Surplus Capital Return	**371.00**	**451.5**	–	–
Total dividends		**451.5**		145.5

*Surplus Capital Return paid to shareholders via B Share Scheme

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

	2022 £m	2021 £m	2020 £m	2019 £m	2018 (*Restated) £m
Income statement					
Revenue from operations	**2,348.0**	2,202.2	1,920.4	2,957.4	2,840.9
Operating profit	**507.9**	502.3	469.7	768.4	817.0
Share of results of joint ventures	**56.1**	22.4	33.3	8.8	162.7
Net finance (costs)/income	**(12.5)**	(6.6)	0.7	(2.0)	(2.7)
Profit before taxation	**551.5**	518.1	503.7	775.2	977.0
Basic earnings per share	**417.8p**	339.4p	324.9p	481.1p	587.4p
Statement of financial position					
Capital employed	**2,867.2**	2,047.2	1,962.7	1,988.3	1,903.9
Net cash	**268.9**	1,128.2	1,138.9	975.0	687.3
Net assets	**3,136.1**	3,175.4	3,101.6	2,963.3	2,591.2
Net assets per share attributable to shareholders(1)	**2,818p**	2,612p	2,472p	2,305p	1,938p
Ratios and statistics					
Return on capital employed(2)	**23.0%**	26.2%	25.5%	39.9%	53.1%
Return on equity after tax(3)	**15.3%**	13.5%	13.5%	22.6%	34.1%
Return on equity before tax(4)	**17.5%**	16.5%	16.6%	27.9%	41.9%
Units sold(5)	**3,760**	2,825	2,723	3,698	3,678
Cash due on forward sales(6)	**£2,171**	£1,712	£1,858	£1,831	£2,193
Gross margin on land holdings(7)	**£8,258**	£6,884	£6,417	£6,247	£6,003

* 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	6 September 2022
Half year end	31 October 2022
Interim Results Announcement for the six months ending 31 October 2022	9 December 2022
Trading Update	March 2023
Year end	30 April 2023
Announcement of Results for the year ending 30 April 2023	June 2023
Publication of 2023 Annual Report	August 2023

REGISTERED OFFICE AND ADVISORS

Registered office and principal place of business
Berkeley House
19 Portsmouth Road
Cobham
Surrey KT11 1JG

Registered number: 5172586

Registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

0871 664 0300 (from the UK)
+44 (0) 371 664 0300 (from overseas)
shareholderenquiries@linkgroup.co.uk

Corporate brokers and financial advisors
UBS Investment Bank
Barclays Bank plc

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
Banco Santander, S.A.
National Westminster Bank plc
Handelsbanken plc

Auditors
KPMG LLP

This report is printed on Amadeus Silk and UPM Fine Offset which are made of FSC® certified and other controlled material.

They also have the European EcoLabel.

Printed sustainably in the UK by Pureprint, a Carbon Neutral® company with FSC® Chain of custody and an ISO 14001-certified environmental management system recycling over 99 per cent of all dry waste.

FSC www.fsc.org MIX Paper from responsible sources FSC® C022913

luminous
Design and production
www.luminous.co.uk

Berkeley Group
Berkeley House
19 Portsmouth Road
Cobham
Surrey KT11 1JG

www.berkeleygroup.co.uk

Registered number: 5172586