OUR VISION 2030
TRANSFORMING TOMORROW

Berkeley Group

TRANSFORMING TOMORROW

2023 Annual Report

Above: Green Park Village, Reading

Front cover top: Aerial view of the former gasworks on Imperial Road, Fulham

Front cover bottom: The site today, now called Chelsea Creek

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ABOUT BERKELEY

OUR PURPOSE

Berkeley's purpose is to **build quality homes, strengthen communities and make a positive difference to people's lives**, using our sustained commercial success to make valuable and enduring contributions that benefit all of our stakeholders.

LONG-TERM STRATEGY

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

This disciplined approach allows Berkeley to deliver sustainable, risk-adjusted returns over the housing market cycle, targeting a sustained pre-tax return on equity of 15%.

Read more on Our Business Model on pages 10 to 11 and Our Investment Case on page 12.

BROWNFIELD REGENERATION

Berkeley is the only UK homebuilder delivering urban regeneration at scale. We believe that reviving brownfield land is the only sustainable way to solve the housing crisis, strengthen left behind communities and re-energise our towns and cities to meet the challenges of tomorrow.

Read more on pages 04 to 09.

OPERATING STRATEGY

Our Vision 2030: Transforming Tomorrow sets 10 strategic priorities for the business over the current decade designed to drive our performance, spur innovation and reinforce our position as the country's most sustainable developer.

Read more on pages 36 to 54.

FINANCIAL STRATEGY

Reflects the cyclical nature and complexity of brownfield development, protecting and enhancing long-term value for shareholders and using our development expertise to maximise the return from each of our assets.

Read more on page 11.

OUR VISION 2030

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.

HIGHLIGHTS OF THE YEAR

Berkeley's operating model is uniquely long-term, deploying capital to unlock large-scale brownfield regeneration projects. The outcomes we are reporting today reflect investment and placemaking strategies applied over many years.


Grand Union, Brent

FINANCIAL AND SHAREHOLDER RETURN HIGHLIGHTS

Year ended 30 April	2023	2022
Earnings		
Profit before tax	**£604.0m**	£551.5m
Basic earnings per share	**426.8p**	417.8p
Pre-tax return on equity	**18.7%**	17.5%
Shareholder Returns		
Share buy-backs undertaken	**£155.4m**	£63.7m
B-Share capital return	**-**	£451.5m
Dividends paid	**£98.5m**	–
Total shareholder returns	**£253.9m**	£515.2m
Share buy-backs – volume	**4.0m**	1.5m
Average price paid for share buy-backs	**£38.25**	£41.81
Dividends/B-Share return per share	**£0.91**	£3.71

As at 30 April	2023	2022
Financial Position		
Net cash	**£410m**	£269m
Net asset value per share	**£31.01**	£28.18
Cash due on forward sales	**£2,136m**	£2,171m
Land holding plots	**58,045**	66,163
Land holding sites	**73**	89
Land holdings future gross margin	**£7,629m**	£8,258m
Pipeline plots (approximate)	**14,000**	8,000
Pipeline sites	**14**	6

DELIVERING FOR ALL STAKEHOLDERS

Homes delivered

4,043

homes delivered (plus 594 in joint ventures), including 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

Brownfield regeneration

86%

of the homes delivered during the year are on regenerated brownfield land

Communities

£560m

of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefit

Customers

+79.2

Net Promoter Score (NPS) from our customers, compared to an industry average of 42 (HBF, March 2023)

Climate action

A-

Rated 'A-' by CDP for climate action and transparency

Scopes 1 and 2 science-based target (SBT) for emissions reduction met well ahead of our 2030 goal

Nature recovery

>550 acres

of new or measurably improved natural habitats across 54biodiversity net gain sites

Accreditations

CDP DISCLOSURE INSIGHT ACTION

MSCI ESG RATINGS AAA

FTSE4Good

Corporate ESG Performance Prime RATED BY ISS ESG

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

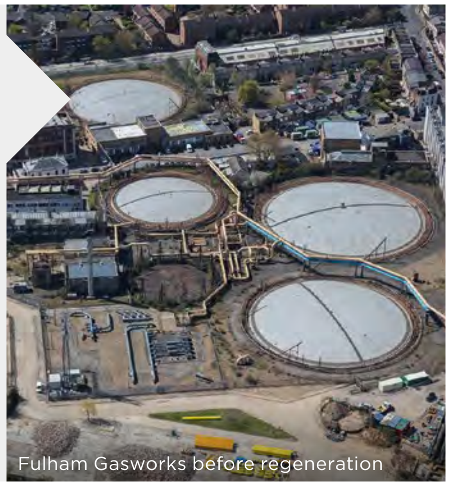

Woodberry Down, Hackney

COMMITTED TO BROWNFIELD REGENERATION

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

Large-scale brownfield sites present unique challenges compared to typical greenfield sites on the edge of built up places:

- Very high capital requirements deployed over the long-term
- Operating in busy built-up areas with multiple land ownerships
- Mix of sensitive neighbours
- Extensive demolition and land remediation
- Complex unknown ground conditions
- Complex planning environment, including protected views, conservation areas and listed buildings
- Restoring sensitive heritage assets and listed buildings
- Delivering strategic infrastructure and enabling works
- Complex planning, regulatory and legal process, with greater number of stakeholders and statutory consultees


Fulham Gasworks before regeneration

Successful brownfield regeneration can deliver significant lasting positive change:

- Bringing direct investment into existing communities
- Removing run-down sites and giving a visible lift to a local area, creating the catalyst for a wider cycle of renewal
- Delivering new amenities and public infrastructure within existing neighbourhoods where they support the wider community such as schools, health facilities, community centres, wetlands and parks
- Deliver homes alongside existing public transport and social infrastructure networks, reducing car dependence and supporting sustainable, low carbon living
- Support nature recovery through bringing accessible green space and biodiverse habitats back into urban areas

Computer generated image of King's Road Park


Berkeley is the only large UK homebuilder delivering brownfield regeneration at scale:

- We focus on complex sites within the most severely under-supplied housing markets
- We focus on unlocking these large-scale urban brownfield sites over the long-term, through housing market cycles
- We maintain the strong capital base needed to deliver multiple highly capital intensive programmes
- We retain the unique in-house expertise and experience to overcome the complex inter-related challenges surrounding planning, community engagement, regulation, remediation, third parties, infrastructure, development, sustainability and placemaking
- We take a bespoke approach to the design of each of our developments and the homes we build with an unerring focus on quality of design and place


London Dock, Wapping

32 LARGE REGENERATION SITES

Berkeley is the only large UK homebuilder to align with the Government on prioritising brownfield land, as we progress 32 of the country's most challenging regeneration projects.

Land holdings at 30 April 2023	Large, complex regeneration sites		Other sites		**Total land holdings**	
Delivery of developments:						
In construction	26	87%	25	58%	**51**	**70%**
Not yet in construction – owned	4	13%	18	42%	**22**	**30%**
Not yet in construction – contracted	–	–	–	–	**–**	**–**
Total developments	30	100%	43	100%	**73**	**100%**
Pipeline regeneration sites	2					
Land status:						
Plots – Owned	41,448	71%	16,597	29%	**58,045**	**100%**
Plots – Contracted	–	–	–	–	**–**	**–**
Plots with outline planning	**93%**		**85%**		**91%**	
Brownfield – percentage	**100%**		**51%**		**86%**	

Berkeley also has approximately 14,000 plots on 14 sites that constitute its pipeline.

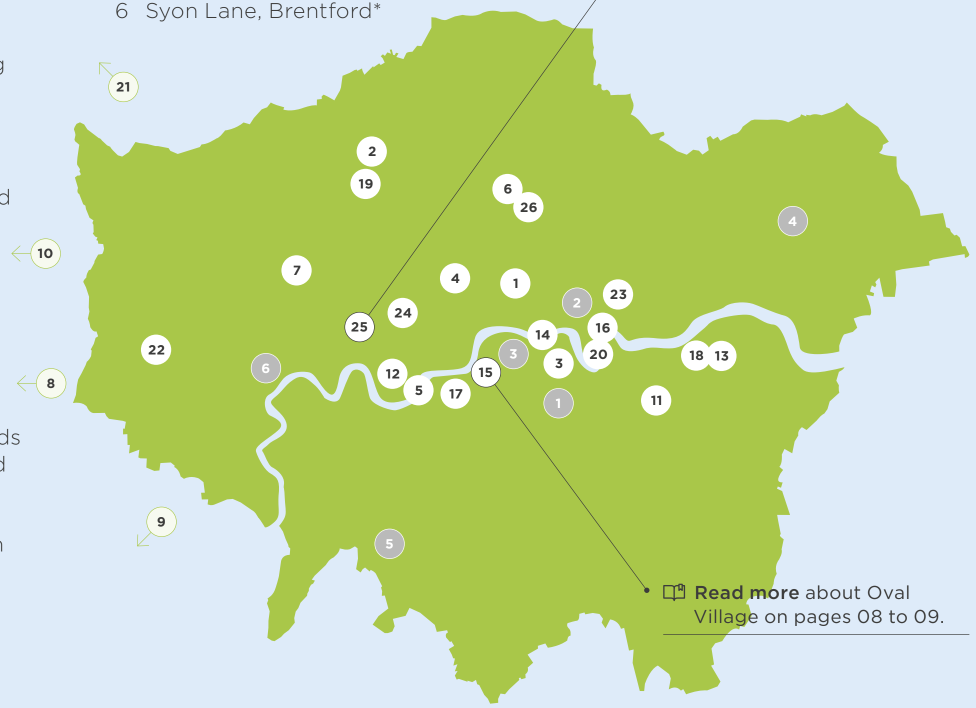
In production

1 250 City Road, Islington
2 Beaufort Park, Hendon
3 Bermondsey Place, Southwark
4 Camden Goods Yard
5 Chelsea Creek
6 Clarendon, Haringey
7 Grand Union, Brent
8 Green Park Village, Reading
9 Hartland Village, Fleet
10 Horlicks Quarter, Slough
11 Kidbrooke Village
12 King's Road Park, Fulham
13 Lombard Square, Plumstead
14 London Dock, Wapping
15 Oval Village
16 Poplar Riverside
17 Prince of Wales Drive, Wandsworth
18 Royal Arsenal Riverside, Woolwich
19 Silkstream, Barnet
20 South Quay Plaza, Docklands
21 The Eight Gardens, Watford
22 The Green Quarter, Ealing
23 TwelveTrees Park, Newham
24 West End Gate, Paddington
25 White City Living
26 Woodberry Down, Finsbury Park

Future sites

1 Aylesham Centre, Peckham
2 Bow Common
3 Borough Triangle
4 Romford*
5 Sutton
6 Syon Lane, Brentford*

Read more about White City Living on pages 06 to 07.



Read more about Oval Village on pages 08 to 09.

* Pipeline site

CASE STUDY: BROWNFIELD REGENERATION IN ACTION

WHITE CITY LIVING

White City Living is one of Berkeley's 32 long-term brownfield regeneration projects. Unlocking this isolated 11-acre former Marks & Spencer warehouse site required complex enabling infrastructure, a broad range of expertise and an upfront capital investment of more than £200 million. The initial investment phase was six years, from site purchase to the completion of the first homes.

Today, the site has been re-connected to its surroundings and is fulfilling its potential as a highly sustainable mixed use neighbourhood, centred around a beautiful 5-acre park and with new pedestrian links to Wood Lane, Westfield Shopping Centre and Imperial College London campus. This growing community is located alongside two existing Tube stations and was named Best Regeneration Scheme at the 2022 WhatHouse? Awards.

Challenges

- Isolated 11-acre warehousing site
- Rail and Tube lines along three boundaries
- Single point of access over a narrow bridge
- 25 utility services required diversions
- Contaminated land with complex below ground conditions
- Provision of public park serving the wider White City Opportunity Area

An 11-acre warehousing site cut-off by railway viaducts and a wide Tube cutting

Part of the 5-acre public park at White City Living

Solutions

- Over £200 million upfront capital investment to unlock the site prior to delivering the first homes
- 3-year engagement and planning process to develop the design and infrastructure solutions
- 4-year infrastructure delivery programme to create access and deliver the park
- New bridges and pedestrian decks built over an open Tube line cutting with work only permitted late at night once the Central Line stopped running
- Partnered with Transport for London (TfL) to convert closed-up Victorian railway arches to create multiple pedestrian routes to neighbouring Westfield Shopping Centre and 24 unique office/retail spaces
- Key Landowner Partnerships with Westfield, Imperial College London, Network Rail, Transport for London and London Underground to enable the delivery of the access infrastructure

Outcomes

Homes for all

2,500

homes including over 650 affordable homes onsite and £34 million contribution to offsite affordable homes

Community investment

£77m

contribution through Community Infrastructure Levy and S106

Natural open space

86%

biodiversity net gain, with half the site becoming public open space

Local amenities

56,000

square feet of commercial space including, shops, cafés, restaurants and community space

Low carbon living

energy efficient building fabric, communal heat and power network, electric car charging

Driving growth and renewal

a catalyst for the wider regeneration of the White City Opportunity Area

Scan the code to find out more about the regeneration of White City Living

CASE STUDY: BROWNFIELD REGENERATION IN ACTION

OVAL VILLAGE

Oval Village is one of Berkeley's 32 long-term brownfield regeneration projects. Unlocking this 8-acre inner London site (which includes four derelict gasholders and an adjacent supermarket and warehouse) required a complex package of enabling works, highly sensitive working practices and extensive engagement with the surrounding community, the London Borough of Lambeth, local businesses, the Greater London Authority, Tesco, SGN and Surrey County Cricket Board.

The upfront capital investment was over £150 million, with the initial investment phase of seven years, from site purchase to delivery of the first homes.

The first residents moved in to Oval Village in 2022, with the total masterplan on course to deliver more than 1,300 homes set around car-free streets, public squares and biodiverse landscaping. This low carbon, mixed use neighbourhood is located a short walk from the transport hubs at Vauxhall interchange station and Kennington and Oval stations on the Northern Line. It will deliver more than 1,000 permanent jobs across 160,000 square feet of commercial and community space, including Oval Works; an innovative flexible workspace being delivered in partnership with Landsec.

Challenges

- Closed-off and contaminated site including four gasholders
- Close residential and commercial neighbours
- Retention of listed gasholder
- Retaining an active gas network pressure reduction station
- Early delivery of a new Tesco store to release previous supermarket footprint
- Utility services diversions
- Working with London Borough of Lambeth to create the Oval and Kennington Development Area Masterplan, which led to the area's designation as a new mixed use community

An 8-acre brownfield site, including four derelict gasholders

Solutions

- Over £150 million upfront capital investment to unlock site prior to delivering the first homes
- Close working with surrounding community to co-create a locally influenced masterplan
- Sensitive operational approach respecting close neighbours
- Re-integrating the site with surrounding street network
- On site restoration of listed gasholder which forms the historic centrepiece of Oval Village
- Partnership working with neighbouring housing estates to enhance local environment and maximise local employment and skills training

Ben is among the first residents to enjoy an affordable home at Oval Village

Computer generated image of Oval Village

Outcomes

Homes for all

1,300

homes including around 500 affordable homes

Community investment

£28m

contribution through Community Infrastructure Levy and S106

Natural open space

179%

biodiversity net gain through a green and pedestrian-friendly landscape, with car-free streets, trees and public squares

Local amenities

160,000

square feet of commercial and community space including shops, cafés, supermarket, restaurants, flexible office space and community space

Low carbon living

energy efficient building fabric, communal heat and power network, electric car charging, close to transport hubs

Awards

Best Housing Scheme Award at the Planning Awards 2023

Mayor of London's Award for Good Growth at the London Planning Awards 2020

PLANNING AWARDS 2023 WINNER

OUR BUSINESS MODEL

OUR CORE ACTIVITIES

Land acquisition

- Acquire land at the right time in the cycle, targeting sites where we can add value over the long-term through our regeneration and place-making expertise
- Adopt an innovative approach to partnering with land owners, such as joint venture partners, local authorities or other third party landowners
- Focus on complex, large-scale brownfield sites in under-supplied markets where we can take a bespoke approach to each development

Building new homes and places

- Consistent health and safety and build quality standards embedded into operations
- Highly experienced and expert in-house site management teams and direct partnerships with building trades, rather than main contractor led sites
- Investing in advanced manufacturing and digital technologies to enhance and modernise our production processes

Marketing and selling new homes

- Berkeley's brand leadership and reputation for lasting product quality provides a clear competitive advantage in core markets
- Diversified sales channels across owner occupiers, private and institutional investors, retirement living and affordable housing providers

Designing and planning new homes and places

- Reputation for successful regeneration delivery underpins the planning process
- Embrace a highly collaborative approach to placemaking
- Design unique and beautiful places in partnership with local authorities and communities

Sustainability and climate action

- Ambitious, sustainable and long-term business strategy Our Vision 2030: Transforming Tomorrow
- Strong focus on climate action, nature recovery and strengthening communities
- Focus on urban brownfield regeneration, which is inherently sustainable, socially inclusive and supports a lower carbon model for modern living

Placekeeping and stewardship

- Demonstrable long-term track record of outstanding customer service and satisfaction
- Long-term strategies for effective estate and community management, working in partnership with residents and managing agents

OUR OPERATIONAL STRUCTURE

Berkeley's operational structure is decentralised, with a number of core operating teams located in London and the South East that are focused on individual asset returns.

Each team is autonomous, entrepreneurial and highly collaborative, with significant expertise and local market knowledge. Consequently, we are agile and responsive to changes in the operating environment.

Our teams operate across six market leading brands:

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

OUR FINANCIAL STRATEGY AND CAPITAL ALLOCATION

The financial strategy reflects the cyclical nature of the housing market and the complex and capital intensive nature of large-scale brownfield development.

Berkeley finances its operations by a combination of shareholders' funds, working capital and, where appropriate, net borrowings.

Our approach to capital management is to maximise the returns from our assets, whilst maintaining the financial flexibility to respond to the prevailing market conditions and operating environment through the pace of new land and construction investment. We thereby protect and enhance long-term value for shareholders.

Berkeley's capital allocation policy is clear:

1. **Ensure financial strength is appropriate to the prevailing operating environment**
2. **Invest in the business (new land and construction activity) at the right time and pace**
3. **Make returns to shareholders through dividends and share buy-backs**

Our key performance indicators are aligned to our strategy and are used to actively monitor business performance and delivery for our stakeholders.

Read more on pages 14 to 15.

UNDERPINNED BY OUR CULTURE 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.

Excellence through detail
Deliver the best through attention to detail in everything we do

Be passionate
Take pride in what we do and the impact we make

Respect people
Work together, empower people and value their contribution

Think creatively
Find individual solutions for every site and situation

Have integrity
Build trust by being open, clear and credible

OUR INVESTMENT CASE

Berkeley has a strong track record of delivery, profitability and cash generation through market cycles, reflecting its uniquely long-term business model, which is underpinned by five key features:

1. Only large UK homebuilder focused on brownfield regeneration at scale	— Delivering sustainable homes and neighbourhoods on brownfield land with significant socio-economic benefits — Aligned with Government's brownfield first agenda — Each project individually designed in partnership with local authorities and communities
2. Core London and South East markets are systematically undersupplied	— London has global appeal, with deep and proven demand — Berkeley delivers over 10% of London's new private and affordable homes each year
3. Significant financial strength giving the business strategic optionality	— Net cash of £410 million, with £1,200 million of available debt facilities — Cash due on private forward sales under exchanged contracts of £2.1 billion — Land holdings estimated future gross margin of £7.6 billion across 58,000 homes
4. Unrivalled land holdings sustaining delivery profile for the next 10 years	— Not under pressure to buy land — Over 70% of homes are in London — 91% of homes have outline or full planning consent
5. Added value developer focused on maximising returns on every site	— Bottom-up approach which identifies the best development solution and maximises absolute returns from each site — Sales volumes important on a site-by-site basis, but are not the sole determinant for creating value — Long-term value is created through the land and planning strategy at any point in the cycle — Risk managed through land approach and forward selling — Agile and responsive to the prevailing operating environment

Strong and Sustained Shareholder Returns

Berkeley has a long-term track record of delivering shareholder value through investing in the business, and then generating and returning surplus cash at the right points in the market cycle.

599% TSR

(Total Shareholder Return) over the last 15 years

SHAREHOLDER RETURNS

Berkeley announced a £1.7 billion 10-year shareholder returns programme in 2011, enhanced by £0.6 billion in 2015 and then extended in 2018 by four years and enhanced by £1.1 billion, bringing the total cash returns to £3.4 billion.

In addition, surplus cash of £0.2 billion has been returned to shareholders, bringing the total cash returns since 2011 and planned through 2025 to £3.6 billion.

	Annual Return	Dividend		B-Share Return		Share Buy-backs		
Amounts: £m		Paid	/ share	Paid	/ share	Paid	No.	/ share
1 May 12 – 30 April 13	**20**	20	£0.15	–	–	–	–	–
1 May 13 – 30 April 14	**195**	195	£1.49	–	–	–	–	–
1 May 14 – 30 April 15	**244**	244	£1.80	–	–	–	–	–
1 May 15 – 30 April 16	**260**	260	£1.90	–	–	–	–	–
1 May 16 – 30 April 17	**300**	255	£1.85	–	–	45	1.5m	£29.38
1 May 17 – 30 April 18	**287**	147	£1.09	–	–	140	4.0m	£35.38
1 May 18 – 30 April 19	**252**	53	£0.40	–	–	199	5.6m	£35.59
1 May 19 – 30 April 20	**280**	150	£1.19	–	–	130	3.5m	£37.05
1 May 20 – 30 April 21	**334**	145	£1.16	–	–	189	4.4m	£42.84
1 May 21 – 30 April 22	**516**	–	–	452	£3.71	64	1.5m	£41.81
1 May 22 – 30 April 23	**254**	99	£0.91	–	–	155	4.0m	£38.25
Total cash returns to date	**2,942**	**1,568**	**£11.94**	**452**	**£3.71**	**922**	**24.5m**	**£37.50**
Remaining cash returns	672	to 30 September 2025						
Total cash returns	**3,614**							

£31.01
net asset value per share
up from £7.09 net asset value per share at 1 May 2011

£37.50
per share
average cost of 24.5 million shares acquired since 2016 when share buy-backs were first introduced

£2.63
per share
ongoing annual return under 2011 Programme (originally £2.00 per share)

Delivery of the 2011 Programme

2011

Announced £13.00 per share (c. £1.7 billion) via dividends over a 10-year timeframe to 2021

£4.33 per share was to be returned by each of 30 September 2015, 2018 and 2021

2015

Announced £3.34 increase to £16.34 per share (£2.3 billion)

Remaining £12.00 per share scheduled in equal annual dividends of £2.00 per share (c. £280 million) over remaining 6 years (September 2021)

2016

Announced remaining £10.00 per share returned through share buy-backs and dividends

Annual return of £2.00 per share was re-categorised as an absolute value per annum (c. £280 million)

2018

Announced extension of annual £280 million by a further four years to September 2025

This brought total returns to £3.4 billion. In addition, £0.2 billion of surplus cash was returned in September 2021

KEY PERFORMANCE INDICATORS

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

Key to strategy

Customers | Quality | Communities | Climate Action | Nature

Employee Experience | Modernised Production | Future Skills | Supply Chain | Shared Value

FINANCIAL KPIs

Profit before tax
£m

2023	604.0
2022	551.5
2021	518.1
2020	503.7
2019	775.2

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

Definition
Profit earned by the Group 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
%

2023	18.7
2022	17.5
2021	16.5
2020	16.6
2019	27.9

This is the efficiency of the returns generated from shareholder equity in the business.

Read more on remuneration: page 133.

Definition
This is measured by calculating profit before tax as a percentage of the average of opening and closing shareholders' funds. See page 204.

Link to strategy

Net cash
£m

2023	410.4
2022	268.9
2021	1,128.2
2020	1,138.9
2019	975.0

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

The £0.4 billion of net cash at 30 April 2023 combined with £1.2 billion of borrowing capacity provides the Group with total liquidity of £1.6 billion.

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

Link to strategy

Net asset value per share
£

2023	31.01
2022	28.18
2021	26.12
2020	24.72
2019	23.05

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 203.

Link to strategy

Cash due on forward sales
£m

2023	2,136
2022	2,171
2021	1,712
2020	1,858
2019	1,831

This measures cash due from customers under unconditional contracts and reflects the strength and financial stability of the Group 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, commercial properties and institutional sales, and forward sales within the Group's joint ventures. See page 204.

Link to strategy

Future gross margin in land holdings
£m

2023	7,629
2022	8,258
2021	6,884
2020	6,417
2019	6,247

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 (NPS)
Rate

2023	79.2
2022	77.2
2021	77.9
2020	78.8
2019	73.5

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 42 (HBF, March 2023) 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 (AIIR)
Rate per 100,000 people

2023	79
2022	72
2021	124
2020	117
2019	114

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 326 (HSE, October 2022).

Definition
This rate is calculated by taking the number of reportable injuries across our operations throughout the year, multiplied by 100,000, divided by the average number of people working across our activities in the year.

Link to strategy

Direct apprentices and training
%

2023	10
2022	9
2021	7
2020	9
2019	10

This measure shows the proportion of our employees who are an apprentice, graduate or sponsored student. On average, we had 160 apprentices, 70 graduates and around 80 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 (GHG) emissions intensity
tCO_2e/100 sq m

2023	0.27
2022	0.61
2021	0.95
2020	1.24
2019	1.16

This measure relates to our annual scopes 1 and 2 (market-based) 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 science-based target (SBT).

Definition
This is calculated by dividing the absolute market-based GHG emissions resulting from our activities by the floor area legally completed in the year.

Link to strategy

Affordable housing subsidies and wider contributions
£m

2023	560
2022	556
2021	204
2020	270
2019	525

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 financial value of community and infrastructure benefits committed to under section 106 agreements during the year, together with the affordable housing subsidy on affordable homes delivered in the year with reference to open market value.

Link to strategy

Brownfield regeneration
%

2023	86
2022	86
2021	87
2020	89
2019	91

This measure shows the proportion of our homes delivered during the year (including joint ventures) on brownfield regeneration land.

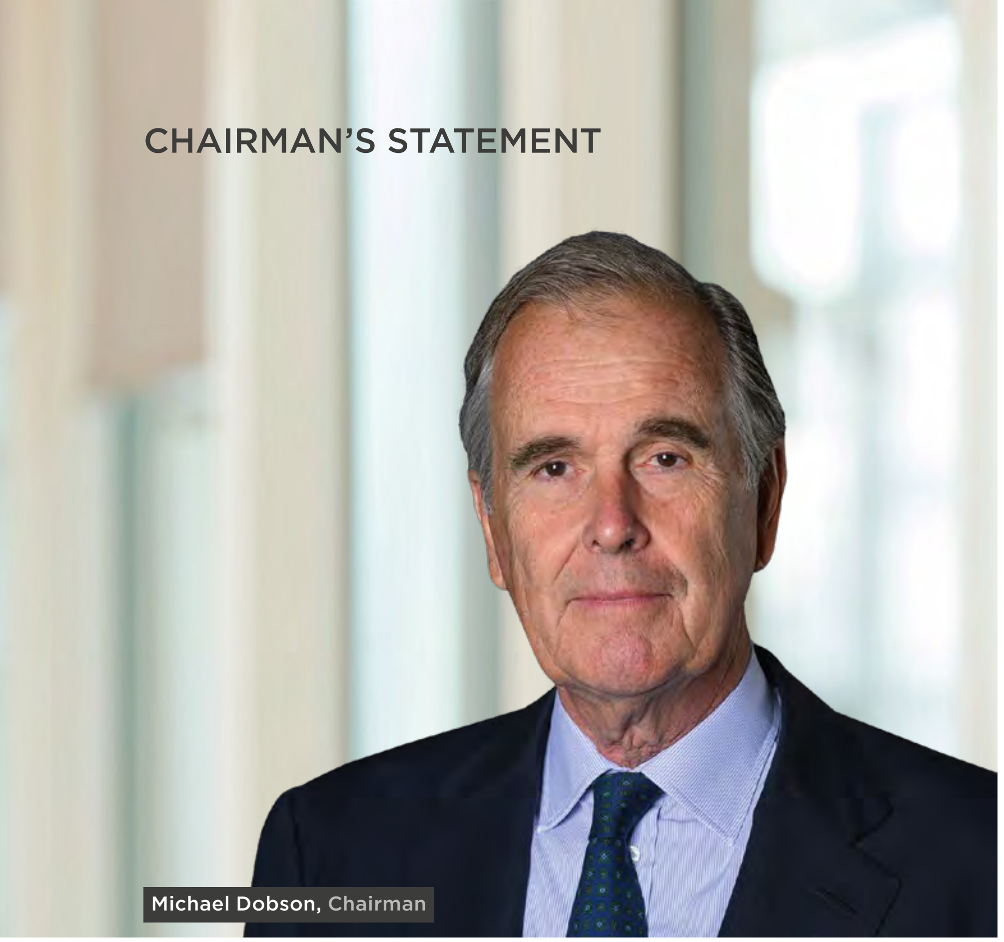
Definition
This is measured by calculating the number of homes delivered during the year on brownfield regeneration land as a percentage of total homes delivered during the year.

Link to strategy

FULHAM REACH
HAMMERSMITH & FULHAM

Above: The brownfield site before regeneration
Right: After regeneration, Fulham Reach today

CHAIRMAN'S STATEMENT



Michael Dobson, Chairman

I am delighted to present this first Annual Report since becoming Chairman of Berkeley in September last year following the Annual General Meeting, having joined the Board in June.

Over the course of the past year, Berkeley's uniquely long-term model has again demonstrated its resilience, with the Company achieving the full year profit guidance of £600 million pre-tax that we provided at the start of the year, while maintaining our programme of shareholder returns. We achieved this in spite of sharply increasing interest rates and high levels of cost inflation, a strong performance in the context of the prevailing operating environment.

Purpose, culture and strategy

Berkeley is a deeply purpose-driven business with a clear set of values and a unique culture, which has been key to our performance over the period since the start of the pandemic.

Throughout this Annual Report, you will read about Berkeley's business model and what it is that makes Berkeley different and able to deliver on our commitments to all stakeholders. Our strategy is designed to withstand the rigours of a cyclical industry and to make enduring, positive contributions to society, the economy and the natural world, while delivering sustained, risk-adjusted returns for our shareholders. Our objective of building quality homes and vibrant, inclusive communities is embedded among senior management and all employees, and shows through in the passion and attention to detail with which they execute the Group's strategy.

During the past year, particularly in the context of the current uncertain operating environment, the Board has focused on our strategy and what we can deliver for shareholders over the long-term, and the risks to that strategy. We endorsed a business model which is agile and able to adapt to market conditions, invest in new opportunities or focus on existing assets and cash generation, depending on the opportunities available at any point in the economic cycle.

Shareholder returns

Berkeley's policy under our long-term shareholder returns programme is to deliver returns of £282 million each year (measured between 1 October and 30 September) through either dividends or share buy-backs, on a bi-annual basis in March and September. This is part of a programme which was put in place in 2011 and which is scheduled to continue until September 2025, at which stage it will be reviewed. The return for the twelve months ended 30 September 2022 was completed on schedule on payment of the September 2022 dividend.

During the course of the financial year ended 30 April 2023, we delivered shareholder returns of £254 million, £99 million by way of dividends and £155 million through share buy-backs, executed at an average price of £38.25 per share. Of the next bi-annual payment of £141 million, to be paid by 30 September 2023, £35 million has already been made through share buy-backs. The amount to be paid as a dividend in September 2023 will be announced on 10 August 2023, taking account of any further share buy-backs in the intervening period.

The Board

The Board of Berkeley has undergone a period of significant transition over the last three years since the passing of the Group's founder and Executive Chairman, Tony Pidgley. During this time, six directors have retired from the Board and six new Directors have joined. I would like to thank Glyn Barker, whom I replaced as Chairman last September, for his stewardship of the Board over this period and for his service to Berkeley over the previous nine years.

We currently have a Board of fifteen Directors, five Executives and ten Non-executives. Three of the Non-executives will have passed nine years of service by September and, in line with best corporate governance practice, they will retire from the Board at the conclusion of the Annual General Meeting. I would like to thank Sir John Armitt, Diana Brightmore-Armour and Andy Myers for their service to Berkeley. The Board has benefited greatly from their expertise and judgement and they leave with our best wishes.

We have decided to take this opportunity to streamline the Board by reducing its size. We will not replace the departing Non-executives and, in addition, three Executive Directors will step down at the end of the 2023 Annual General Meeting.

Horlicks Quarter, Slough

I would like to pay tribute to Justin Tibaldi, Paul Vallone and Karl Whiteman for their service on the Board. They continue to be key members of the Group's senior leadership team and will remain in their current operational roles and as members of the Board of the Company's immediate subsidiary, The Berkeley Group plc, with Rob Perrins and Richard Stearn, the Group's CEO and CFO and their importance to Berkeley, internally and externally, will not change.

Following these changes, the Board will comprise a Chairman, CEO, CFO and six Non-executive Directors.

Looking forward

I have greatly enjoyed my first 10 months as Berkeley's Chairman. It is an outstanding Company with a clear strategy for delivering value for shareholders while, at the same time, making a significant contribution to the wider economy and society.

In a difficult operating environment for the industry, there is much to do to retain our leadership position and I look forward to working closely with Rob and the Board as we seek to meet current challenges and take advantage of long-term opportunities as they arise.

Finally, Berkeley benefits from the commitment and dedication of our talented people, and to them I would like to extend our thanks for enabling us to deliver another successful result in the past year.

Michael Dobson
Chairman
21 June 2023

CHIEF EXECUTIVE'S REVIEW

"Berkeley has delivered pre-tax profits in line with the guidance provided at the start of the financial year, maintained our shareholder returns programme and increased the net cash position. This is a very strong performance by our sales and construction teams, given market conditions and changing building regulations, and reflects the resilience of Berkeley's business model with its focus on the country's most undersupplied markets.

We continue to see good levels of enquiry for well-located homes built to a high standard of design and quality but recognise that the market is likely to lack urgency until there is more certainty over the trajectory of interest rates.

Berkeley's focus on regenerating long-term brownfield sites has driven lasting positive change within some of the country's most deprived communities and differentiates Berkeley as the only large-scale UK developer aligned with Government's brownfield first agenda. A deeper understanding and recognition of the benefits of, and challenges to, this highly sustainable form of development is required within the planning system to ensure the tremendous opportunity it presents for society, communities and the economy is not missed for future generations.

The challenge is increased when set alongside the uncertainty from a continually evolving and increasingly burdensome regulatory environment.

Rob Perrins, Chief Executive

While well-intended, this is constraining investment into brownfield regeneration and homebuilding. If housing delivery is to be maintained the planning system needs to respond to these challenges and certainty is needed in the regulatory environment as a matter of immediate priority.

Looking forward, we are well placed to meet our guidance for the next two financial years and continue investing in our existing regeneration sites, but will remain cautious in committing to new investment until the conditions for growth are in place.

We remain focused on meeting our long-term pre-tax ROE target of 15% across the cycle and delivering against our shareholder returns programme. At the same time, we will continue to serve our customers and the communities in which we work, delivering individually designed, well connected, nature-rich neighbourhoods with quality new homes across all housing tenures."

Highwood Village, Horsham

Biodiverse landscaping at Kidbrooke Village, Greenwich

OVERVIEW OF THE YEAR AND OUTLOOK

Purpose, Long-term Strategy and Capital Allocation

Berkeley's purpose is to build 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.

Berkeley is the only large UK homebuilder to align with Government on prioritising brownfield land, as we progress 32 of the country's most challenging regeneration projects, 26 of which are in delivery. Each of these neighbourhoods is uniquely designed in partnership with local councils and communities and includes valuable public amenities alongside tenure-blind private and affordable homes.

It has been hugely exciting to see more of these complex sites transform into popular, inclusive and low carbon communities, including Oval Village in Lambeth, an 8-acre brownfield site which brings together four derelict gasholders and an adjacent supermarket and warehouse. We welcomed our first residents to this emerging mixed use neighbourhood in 2022, which will grow to provide more than 1,300 private and affordable homes and over 1,000 permanent jobs across 160,000 square feet of commercial and community space. All this is set around car-free streets, public squares and biodiverse landscaping. The development was awarded Housing Scheme of the Year at the 2023 Planning Awards.

White City Living also made great progress in the year, where St James has transformed an 11-acre isolated warehouse site into a beautiful open neighbourhood, with a hugely popular community park, pedestrian routes to Westfield Shopping Centre and an Amazon Fresh convenience store. The site will deliver around 2,500 private and affordable homes, with more than 950 delivered so far, of which 400 are affordable homes. The development won Best Regeneration Scheme at the 2022 WhatHouse? Awards.

Alongside this, Berkeley's financial strategy reflects the cyclical nature and complexity of brownfield development, protecting and enhancing long-term value for shareholders and using its development expertise to maximise the returns from its assets, creating the right development solution for each site. Our capital allocation policy is therefore clear and remains unchanged: first, ensure financial strength is appropriate to the prevailing operating environment; second, invest in the business (land and work-in-progress) at the right time; and third, make returns to shareholders through dividends and share buy-backs.

This disciplined approach allows Berkeley to deliver sustainable, risk-adjusted returns over the cycle, targeting a sustained pre-tax return on equity of 15%.

Strategy Positioning for Today's Environment

From the strong trading period that followed the Global Financial Crisis, Berkeley invested strongly in its land holdings, which will sustain the Group's delivery profile for the next ten years, spending some £6 billion on its development activities in the last three years alone. We are forecast to continue investing in our existing regeneration sites with implementable planning consents.

In the near-term, Berkeley has a clear strategy to focus on matching production on existing sites to demand and delivering its forward sales whilst protecting operating margins. We will only invest in new sites very selectively or in partnership with landowners, such as retailers, utilities, local authorities and housing associations or with its joint venture partners. This strategy is centred on cash generation that will provide the optionality to invest further in the business or reassess the level of returns to shareholders, depending upon the characteristics of the prevailing operating environment.

Beyond the near-term, the current operating environment, characterised by record levels of planning tariff within an increasingly complex, uncertain and slow planning system, at a time of high build costs, increased regulation and higher corporation tax, alongside the Residential Property Developer Tax (RPDT) and proposed new Building Safety Levy, will inevitably continue to see a reduction in supply of new homes in London and the South East.

The delivery of new homes during a year in which there were no new land additions, coupled with the transfer of 5,500 plots to Berkeley's pipeline, offset to some degree by new planning consents and market movements, has led to a reduction in the land holdings future gross margin from £8.26 billion to £7.63 billion at 30 April 2023. This is likely to further moderate in the near-term as Berkeley continues to deliver new homes, without new investment fully replacing production.

Summary of Performance

Berkeley has delivered pre-tax profits of £604.0 million for the year.

Based upon current trading, Berkeley reiterates its guidance of delivering pre-tax profits of at least £1.05 billion across its next two financial years (FY24 and FY25) combined, which is likely to be slightly weighted to the FY24, in line with market consensus. Operating margins are expected to be at normal historical levels.

Shareholder Returns

Berkeley has in place a shareholder returns programme, based upon an ongoing annual return of £283 million planned through to September 2025. This is delivered through two equal tranches of £141.4 million in the six month periods from 1 October to 31 March and 1 April 30 September each year. It is measured on a cumulative basis and can be made through either dividends or share buy-backs. Shareholder returns during the financial year totalled £253.9 million:

Shareholder Returns in the year ended 30 April

	2023 £m	2022 £m
Dividends paid	**98.5**	–
B-Share capital return	**–**	451.5
Share buy-backs undertaken	**155.4**	63.7
Shareholder return in the year	**253.9**	515.2

Dividends paid during the financial year (from 1 May to 30 April) of £98.5 million comprised:

- A £23.3 million dividend in September 2022 (21.25 pence per share) which completed the return of £141.4 million that was due in respect of the six months ended 30 September 2022; and
- A £75.2 million dividend in March 2023 (69.44 pence per share) which completed the return of £141.4 million that was due in respect of the six months ended 31 March 2023.

Berkeley has committed to the next ongoing scheduled shareholder return, which is £141.4 million in respect of the six months ending 30 September 2023, against which £35.2 million has been returned via share buy-backs to date. The total amount returned via share buy-backs in the year is £155.4 million across 4.0 million shares, at an average price of £38.25 per share.

The ongoing annual return of £283 million currently equates to £2.63 per share compared to the initial £2.00 per share initiated in 2016.

Outlook

Berkeley ends the year in a robust position with good visibility of earnings for the next two years, underpinned by £2.1 billion of cash due on secured private sales. We have unrivalled land holdings in the most fantastic city in the world that suffers from a systemic under-supply of new homes, providing resilience to the sales market.

In these uncertain times, Berkeley has a very clear strategy: realising its forward sales; matching supply to demand; adding value to its existing land holdings and pipeline sites; protecting operating margins; and focusing on cash generation ahead of the Income Statement.

These results underline the essential role brownfield land has to play in solving the housing crisis, tackling inequality and re-energising our towns and cities to meet the challenges of tomorrow. The delivery of new private and affordable homes on these sites is a force for good, generating better health outcomes, new jobs and skills, economic growth and social mobility which benefits the whole of society. We are proud to be the country's leading regeneration specialist and I want to thank our fantastic people and partners for their commitment over the last 12 months.

At a time when our colleagues, customers and communities continue to be faced with ongoing volatility in the domestic and international economy and political landscape, the business is well placed to continue serving all our stakeholders in the years to come.

Construction activity at Oval Village

HOUSING MARKET AND OPERATING ENVIRONMENT

Sales

Overall, the value of Berkeley's underlying private sales reservations for 2022/23 was around 15% lower than 2021/22 on a like-for-like basis, assuming St William had been owned throughout 2021/22. Berkeley's sales were strong during the first part of the financial year, slightly ahead of the levels secured throughout 2021/22. However, the market weakened markedly following the sharp rise in interest rates in September 2022.

We immediately positioned the business for the prevailing market conditions, adopting a more considered approach to new sales launches and being more cautious on the pace of investment in our ongoing sites. We have been disciplined on pricing, which has remained above business plan levels as we protect operating margins in what has been a highly inflationary cost environment for the past two years.

More recently we have seen expectations for the pace of reduction in inflation and interest rates slow with a consequential rise to mortgage rates. The near-term market outlook is therefore uncertain, much the same as it has been since September 2022. In this type of market there is a lack of urgency and transactions typically stem from owner occupiers with a current motivation to move or investors with immediately available funds, with demand therefore weighted to product which is closer to delivery, as opposed to off-plan sales that do not complete for two to four years. On this basis, at current sales rates, sales for 2023/24 will be around 20% lower than 2022/23.

Berkeley's response to the rapid change to market conditions is facilitated by the healthy forward sales position which, at £2.14 billion at 30 April 2023 (2022: £2.17 billion), is anticipated to moderate over the coming twelve months until sales rates return to more normal levels.

Berkeley has continued to sell to both owner occupiers and investors throughout the year, with investors benefiting from strong rental growth. Cancellation rates have been in the normal range, apart from in the couple of months after September 2022.

The long-term fundamentals of the housing sector and, more importantly, Berkeley's core markets in London and the South East remain compelling. Key to this are London's position as a leading global city and the systemic under-supply in our markets. The latest quarterly Department for Levelling Up, Housing and Communities (DLUHC) data show new starts in London for the calendar year 2022 of just over 20,000 (including private, PRS and affordable homes), which is broadly consistent with the long-run average over the last ten years. This is substantially below both the current London Plan target of 52,000 new homes per annum and the Government's identified local housing need of 94,000 per annum.

Land and Planning
Berkeley has not added any new sites to its land holdings during the year, while one long-term site contracted on a conditional basis in Motspur Park has been added to the pipeline.

On the planning front, Berkeley has secured one new consent in the year, at our site in Worthing, Sussex for around 190 homes and has achieved a number of revisions to existing consents in the year as we continue to progress our sites; most notably at The Green Quarter (Ealing), White City Living, Hartland Village (Fleet), Hareshill (Crookham), The Eight Gardens (Watford) and Lombard Square (Plumstead).

The Levelling Up and Regeneration Bill is now in its final stages, having evolved as it progressed through Parliament with a number of significant amendments tabled in December 2022. These amendments were tabled alongside a commitment from the Secretary of State to launch a review into what further measures could help prioritise the use of brownfield land for housing development and we look forward to seeing these.

We support the core aims of the Government's reform agenda, which are to improve the quality of new homes and places, better engage communities in plans for their area, as well as a renewed focus on brownfield housing delivery. These aims do need to be balanced with the societal need for more homes and the wider benefits they bring.

Like many, we are concerned that December's proposed changes to the NPPF would weaken the presumption in favour of sustainable development and the status of five-year land supply targets will materially reduce the pace of delivery of new homes. Sadly, this has already come to fruition with 55 Local Authorities pausing or abandoning their local plan making process as a consequence of the uncertainty within the planning process.

While the Government's "brownfield first" strategy is unquestionably the right way to deliver the homes the country needs where they are needed most, the planning system is yet to recognise the challenges of this most sustainable form of home-building and is not taking account of today's evolving regulatory environment.

Construction
Build cost inflation has peaked and is beginning to moderate, despite certain materials and trades remaining under pressure, particularly where energy costs are a high component of the input cost. There is improved competition in the supply chain, especially on larger packages, and we continue to anticipate build cost inflation falling to negligible levels by the end of the year, but remain mindful of the cost of ongoing regulatory change.

We are seeing signs of some financial distress in the supply chain as contractors continue to deal with the tail of impacts from Brexit, the pandemic and the ongoing conflict in Ukraine, as well as the current economic backdrop. We are actively working with and supporting our established supply chain partners to ensure sustainability of the supply chain and delivery on our development sites.

The manufacture of Berkeley Modular's first modules for the urban house at Kidbrooke Village is complete with all 96 modules installed on site. Noting the decision of other parties to exit the industry due to the costs and efficiency impact of regulatory and planning uncertainty on a stable production pipeline, Berkeley's immediate focus is on evolving the product to remove cost, weight and complexity whilst continuing to work with the numerous statutory bodies to achieve the various regulatory approvals required for efficient future delivery. We will not be putting the factory into full production until this is achieved.

Fire Safety
Berkeley has been very supportive of Government in its determination both to ensure buildings are fire-safe for people to live in and mortgageable so they can move home and re-mortgage their properties when they wish. Historically, Berkeley's focus in this area has been on ensuring its buildings achieve the required EWS 1 form certification for mortgage purposes and it has obtained this on 99% of its relevant freehold buildings. Further, on 5 April 2022, Berkeley signed the Pledge Letter prepared by DLUHC.

On 13 March 2023 Berkeley entered into the Self-Remediation Terms and Contract with DLUHC. This formalised the Pledge commitments, requiring signatories to assume responsibility for remediating relevant life critical fire-safety matters in buildings they had constructed over the previous 30 years and to meet certain historic funding commitments made by Government, even where these funded works exceed those necessary to remediate life critical fire-safety matters. It is Berkeley's preference to take full responsibility for all its relevant buildings and to complete any required works itself as this will speed up the overall process of remediation.

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, is fully supportive of this approach and looks forward to seeing its implementation. By their commitments under the Self-Remediation Terms and Contract and 4% RPDT Berkeley believes that UK house-builders have played a very full part in resolving this issue and further levies on the industry would be unjust and constrain delivery and innovation. We are therefore concerned that Government is still considering plans to introduce an additional Building Safety Levy with the target of raising an additional £3 billion from the industry.

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.

Pace and Impact of Regulatory Change
We remain concerned over the extent and pace with which new regulation is being consulted upon and subsequent regulatory changes are being made. These cover important and complex areas, such as planning (NPPF revisions and the Levelling Up and Regeneration Bill), building regulations (including new Parts F, L, O and S) and carbon reduction, which have multiple inter-dependencies. While well-intended, all aspects must be fully considered and balanced with the objective of increasing the supply of quality new homes. The current position is creating uncertainty and delays in the construction of much needed homes, delays for people trying to move and increased barriers to entry for SME developers.

Most recently, the consultation on the incorporation of second staircases into buildings over 30 metres lacked detail on the technical parameters of how this is to be achieved and is requiring many tall buildings, yet to be put into construction, to be redesigned. While the consultation document notes that there is no evidence that existing tall buildings are unsafe, it also notes that this redesign will affect the viability of certain buildings, which will result in lower levels of affordable housing.

Rooftop gardens above the first completed homes at Oval Village

OUR VISION 2030: TRANSFORMING TOMORROW

Our Vision 2030 is Berkeley's ambitious long-term strategy, which sets 10 strategic priorities for the business over the current decade. It is designed to drive our performance, spur innovation and reinforce our position as the country's most sustainable developer through maximising our positive impacts on society, the economy and the natural world.

External recognition of our strategy includes:

- 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";
- Low risk rating with Sustainalytics;
- AAA MSCI rating held for more than five years; and
- Continual FTSE4Good Index listing since 2003.

In May 2023 we were delighted to win Management Today's award for 'Long-Term Business Success' for demonstrating long-term growth not just in financial terms, but culture, values and product. The cross-sector judging panel said Berkeley was a "worthy winner", praising the emphasis and commitment to measuring and improving customer satisfaction, as well as a strong commitment to ESG.

Delivering for Our Customers
Our independently verified Net Promoter Score (NPS) of +79.2 significantly outperforms the industry average of 42 (HBF, March 2023). 97.5% of our customers said they would 'recommend us to a friend' in 2023. We retain the Investor in Customers Gold rating and this year won In-House Research's Outstanding Achievement Award.

From exceptional service to the quality of our homes, we aim to delight our customers in every last detail. This year, our customers reported that 60% of our homes had zero defects, compared to only 5% of homes on average across the industry (HBF, March 2023). On average, our customers report fewer than three defects which reflects our detailed handover checks, underpinned by our build quality assurance arrangements, with robust training and audit programmes in place.

Driving Ambitious Climate 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 science-based targets (SBTs) for reducing our emissions.

We are pleased to report that we have achieved our absolute scopes 1 and 2 (market-based) emissions target well ahead of the 2030 target, exceeding our 50% reduction target with a 76% decrease since the baseline year of 2019. This reduction has largely been driven by a transition to the use of biodiesel HVO (Hydrotreated Vegetable Oil) on our construction sites, with 95% of fuel directly purchased for use in the year being this low carbon alternative.

We have purchased 100% renewable electricity in the UK since May 2017, backed by Renewable Energy Guarantees of Origin (REGOs). We voluntarily offset the remainder of our scopes 1 and 2 emissions through certified schemes. This year our offset payments have supported the new RetrofitCredits programme which utilises funds to decarbonise existing UK affordable housing through the installation of energy efficient measures such as improved insulation.

We recognise that our most significant impacts, around 99%, occur across our value chain (scope 3), including the activities of our supply chain ('embodied carbon') and the energy used by our customers in homes once sold ('low carbon homes'). We have continued to improve our understanding and the data accuracy of these impacts, including undertaking detailed life-cycle assessments of individual buildings to identify materials and processes which drive embodied carbon. We have used this data to create internal guidance on how to design-out these emissions from future developments and set quantitative reduction targets to drive progress. This pioneering approach to tackling embodied carbon was recognised with the Carbon Reduction Award at the National Sustainability Awards in October 2022.

Berkeley continues to implement the requirements of the 2021 Building Regulations (effective June 2022 with a 12-month transitional arrangement) through a fabric-first design approach in combination with the most appropriate technology and infrastructure solution for each site. We continue to engage with industry on this important topic, particularly through the UKGBC's Advancing Net Zero Programme and the Future Homes Hub.

Supporting Nature's Recovery
As the first homebuilder to commit to delivering a measurable biodiversity net gain on every new site back in 2017 we were delighted to co-host the industry-wide Biodiversity Conference in March 2023 with Natural England and the Local Government Association. This aimed to prepare developers and local authority professionals for the forthcoming mandatory requirement for biodiversity net gain from autumn 2023 and was attended by more than 500 delegates from across the public, private and voluntary sectors.

Since we set our commitment in May 2017 all new planning applications have committed to a biodiversity net gain, with each site targeting a gain in excess of 10% since May 2021. Overall, 54 sites have committed to an on site biodiversity net gain, which together are set to deliver more than 550 acres of new or measurably improved natural habitats. These natural landscapes are all being delivered on our development sites rather than off-site, helping to improve the areas in which we work and to connect our customers and future residents with nature at their doorstep.

We continue to evolve our approach to biodiversity net 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, our Royal Exchange development in Kingston upon Thames is believed to be the first of its kind to achieve water neutrality in a trial completed with Thames Water through retrofitting and upgrading local businesses, homes and schools.

Developing Skills for the Future and a Working Environment Where People Can Thrive
During the year Berkeley released a new competency framework for our people to ensure that we are training and upskilling our workforce to meet evolving needs. Our in-house Berkeley Academy, which is an Approved Training Organisation by the Construction Industry Training Board (CITB), has delivered 4,400 trainer hours in the year to upskill our employees.

This year we have developed a new People Framework that fosters a positive working environment defined by respect, support, wellbeing, safety and inclusivity. This is supported by our approach to Equity, Diversity and Inclusion (EDI), which set out a number of action areas including strong leadership, awareness, allyship and celebration. Our efforts are particularly focused on women, ethnicity, disability and LGBTQ+ and work alongside our commitments to social mobility. We are pleased to have expanded our partnerships to support our progress in this area with pledges to the Race at Work Charter and Disability Confident employer scheme. This year 31% of managers are female, together with 37% of our employees.

Berkeley is pleased to have been awarded Gold member status of The 5% Club, and this year have exceeded our pledge with 10% of our workforce consisting of 'earn and learn' roles including apprentices, graduates and sponsored students. On average, we have had 160 direct apprentices and 70 graduates throughout the year and are now listed 16th in TheJobCrowd's Top 50 Graduate Employers in the country.

Championing Safer Homes and Operations
Our Annual Injury Incidence Rate for the year is 79 per 100,000 people, compared to an industry average of 326 (HSE, October 2022). We continue to target zero harm on every site, as we champion health and safety for every employee and contractor working with us. We were proud to have once again been recognised by Royal Society for the Prevention of Accidents (RoSPA) in 2023, winning the Construction Housebuilding and Property Development Industry Sector award.

We aim to extend our influence beyond our direct operations and to make new homes safer places to live, especially for young children and the elderly. Following the co-writing of RoSPA's Safer by Design framework, we have now rolled this out as standard for all new sites and achieved Gold status for 17 developments.

The Berkeley Foundation ('Foundation')
The Foundation continues to be deeply embedded at Berkeley and during the year launched a new Volunteering Hub, encouraging more employees to volunteer their time. Our employees organised 26 major fundraising events and donated through payroll giving, with more than half of our workforce choosing to get involved in the Foundation's work over the last 12 months. We have offered work placements and job opportunities, held careers days to help young people about to start their journey into employment, and shared our expertise.

Over the year, the Foundation contributed £3.9 million to its charity partnerships and programmes through grants and staff fundraising and Give As You Earn. Highlights include the commitment of a further £300,000 for the second year of the Foundation's three-year £900,000 Resilience Fund, aiming to help small to medium sized charities and Community Interest Companies to develop their organisational resilience – whether through improved governance, strengthened people power, better financial planning or stronger systems and strategies. 10 new organisations will receive these funds over two years, alongside a programme of learning and development support.

The Foundation also launched a number of new partnerships, including a new three-year partnership with Groundwork London, supporting young people to kick-start their careers in the green economy through a youth leadership programme.

Rob Perrins
Chief Executive

The Street Elite Festival in Lambeth

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MARKET OVERVIEW

The housing market is sensitive to underlying sentiment and the prevailing macro-economic environment. It is therefore cyclical in nature, and Berkeley is experienced at operating in this environment, with a unique long-term business model that enables us to deliver homes and outcomes for all stakeholders through market cycles.

Over the last year, consumers have been impacted by sustained double digit inflation, with the Bank of England responding by increasing interest rates.

The sector has also continued to navigate the supply chain challenges around build cost inflation and material and skilled labour shortages driven by the compounding effects of the pandemic recovery, post-Brexit changes and the ongoing Ukraine conflict.

Following sharp rises to mortgage rates since the end of September 2022, the mortgage market appears to be stabilising during the early part of 2023, but it remains to be seen how this translates into the broader context of mortgage availability and affordability constraints, sales prices and demand recovery.

Construction activity has been resilient through the last year. However, a number of emerging legislative changes may impact future housing supply unless there is a clear and definitive approach to parameters, technical specification and transitional arrangements, which will provide certainty to all stakeholders.

The current operating environment, characterised by persistent inflation, higher interest rates and economic uncertainty, alongside the evolving regulatory landscape are adversely weighing on both supply and demand.

Importantly, the fundamentals of the housing sector and Berkeley's core markets in London and the South East remain strong:

- London's position as a global city remains compelling;
- systemic under supply in London and the South East of England, having compounded further in recent years;
- unemployment levels remain at historically low levels, despite the economic uncertainty;
- although interest rates have increased rapidly during the last year, the future anticipated trajectory appears to be settling;
- a competitive lender market supports good mortgage availability;
- affordability levels remain within historical parameters for those with the requisite deposit, albeit with interest costs having risen in the last year; and
- strong growth in the rental market means home ownership is a viable preference and investors can achieve appropriate yields, supporting the much needed rental market.

London and the South East is systemically under-supplied
The Government's long-term annual delivery target of 300,000 homes per year has only ever been achieved six times, all during the 1960s, when Government directly delivered around 40% of all new build homes.[1]

Whilst remaining committed to this annual target, the Government is consulting on an update to the National Planning Policy Framework, which is adding uncertainty to an already protracted planning environment.

During 2022/23, the number of new homes completed across England was around 247,000, a 6% increase on the 233,000 delivered in 2021/22, a year which had benefited from delayed completions from the prior pandemic impacted year.[2,3] However, this is still some way below the Government's ambition, and compounds the national under supply issue. Forecasts for the coming years are significantly lower,[4] driven by low starts and evolving policy changes.

Based upon the Government's most recent assessment of housing need,[5] this under supply continues to be concentrated in London and the South East (see figure 1).

Figure 1 – Regional housing supply

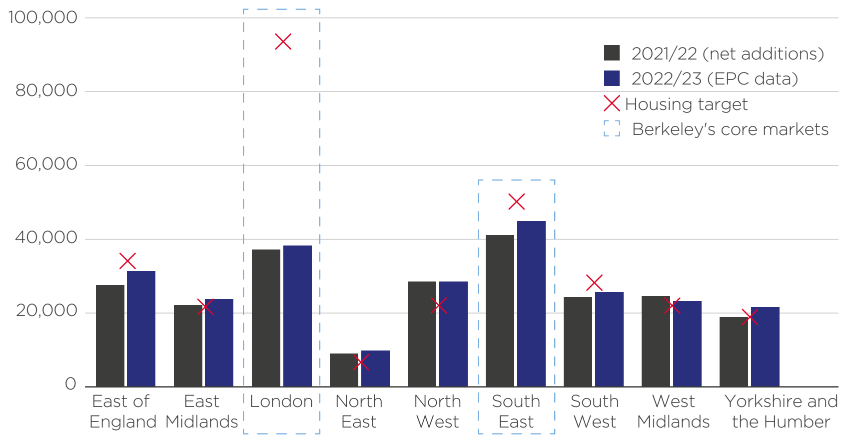
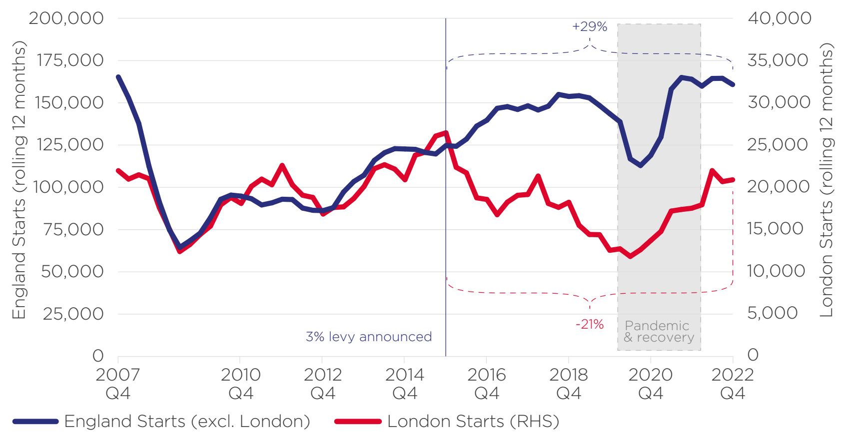


Figure 2 – Construction starts activity



London's housing need was last estimated at 94,000 homes per year.[5] However, the current London Plan has an annual housing delivery target of 52,000 homes. Even if this target were reached, this would still represent a shortfall of 42,000 homes or around 45% relative to London's assessed housing need every year.

In 2021/22, there were 37,000 homes delivered in London, of which nearly 32,000 were new build.[2] The delivery in 2022/23 is expected to be broadly similar,[3] a 60% shortfall compared to need. Annual delivery has only once exceeded 40,000 this century,[2] illustrating the ever-compounding shortfall in London.

The situation is similar in the South East, which has a housing need assessment of 50,000 homes per year,[5] compared to average completions of 40,000 per year over the last five years,[2] an annual shortfall of 10,000 homes (20%).

This supply constraint in London looks set to continue in the medium to long-term, with new build starts at around 20,000 per annum (see Figure 2).[6]

On a national basis, the issue is equally acute. Starts volumes have recovered well post-pandemic and appear to have stabilised at around 160,000 per annum (excluding London), the highest level since 2007.[6,7] When combined with London delivery, the volume of starts remains just over half the Government's national target.

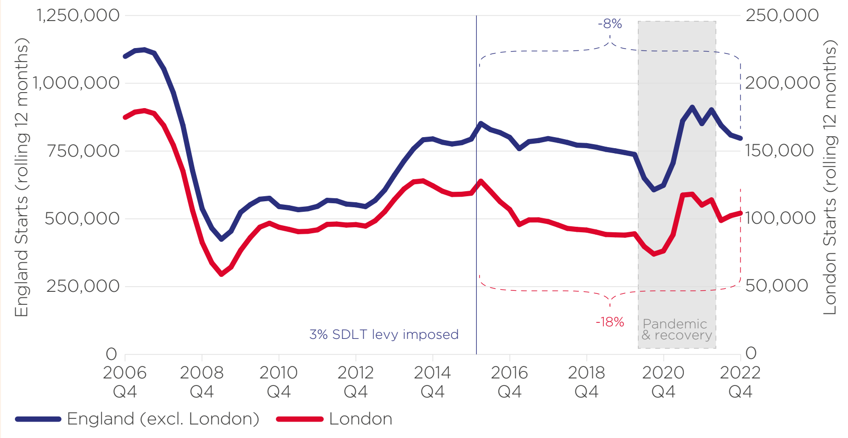
Transaction volumes
Transaction activity recovered as the country emerged from the pandemic. Current transaction levels both nationally and in London are at a five year high (c.750,000 and c.100,000 per annum respectively),[8] assisted by pent up demand created during the pandemic. The recent changing economic landscape has adversely impacted this recovery in the latter part of 2022.

Transaction taxes have a significant impact on volumes.

Temporary SDLT cuts in recent periods have 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 in 2016 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.

Figure 3 – Transaction volumes



Setting the conditions for growth
As Government seeks to improve the UK's economic growth, increasing housing delivery in a sustainable manner 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 significant economic activity, improves social mobility, and permanently increases the country's asset base.

Whilst Berkeley supports the Government's overarching public policy objectives and recognises that these require regulation, this needs to be appropriate and proportionate, with a clear objective to avoid the unintended consequence of lower sector investment. Berkeley believes the following actions will help support sustainable economic growth:

- Create a separate planning category for brownfield development, with differing levies and planning tariffs which appropriately reflect the more complex nature and higher capital investment required for such development. High quality development on brownfield land contributes hugely to local communities and social and economic infrastructure, ensuring under-utilised and often redundant land can be benefited from in a sustainable way, introducing new amenities and public space in conjunction with new homes.
- Refocus attention on increasing the supply of homes on brownfield land by recognising investment in the built environment as the investment that it is and replicate the investment incentives given for plant and machinery to investment in brownfield urban regeneration, allowing full expensing of costs on brownfield housing delivery. This will build more homes, and raise more tax revenue in the medium to long term.
- Ensure changes to the regime of planning tariffs and land value capture proposed under the Infrastructure Levy supports development on brownfield as well as greenfield land, and ensure that it does not create a penalty for companies that invest in the quality of the built environment that will endure for decades.
- Reform property taxation, moving away from transaction taxes that constrain housing and labour mobility and setting a proportionate approach to stimulate activity through lower 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 secondhand 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 involvement.
- Retain appropriate housing delivery targets and ensure changes to the National Planning Policy Framework appropriately addresses the shortcomings of the existing system, which will result in the building of more high quality, well designed and beautiful homes in the most undersupplied markets.
- Adopt affordable housing policies that are not on a regimented proportional basis. If overall activity was increased, a greater absolute volume of affordable housing would be deliverable, together with the wider benefits of increased residential development.

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

Trading Performance

Revenue of £2,550.2 million in the year (2022: £2,348.0 million) arose primarily from the sale of new homes in London and the South East. This included £2,508.3 million of residential revenue (2022: £2,302.0 million) and £41.9 million of commercial revenue (2022: £46.0 million).

4,043 new homes (2022: 3,760) were sold across London and the South East at an average selling price of £608,000 (2022: £603,000) reflecting the mix of properties sold in the year.

The gross margin percentage is 27.3% (2022: 28.3%), reflecting the mix of developments on which homes were completed in the year. Overheads of £178.5 million (2022: £156.9 million) include St William overhead following the acquisition in March 2022. The operating margin has decreased to 20.3% (2022: 21.6%), which is within the historic range.

Berkeley's share of the results of joint ventures is a profit of £96.3 million (2022: £56.1 million), with St Edward's profits arising predominately from completions at Royal Warwick Square and Millbank.

Berkeley has remained cash positive on a net basis throughout the year. Interest earned from gross cash holdings slightly outweighed the interest cost of borrowings, with the net finance costs of £10.6 million for the year (2022: £12.5 million) arising due to amortisation of borrowing fees and imputed interest on land creditors.

The taxation charge for the year is £138.3 million (2022: £69.1 million) at an effective tax rate of 22.9% (2022: 12.5%), which incorporates the additional 4% Residential Property Developer Tax (RPDT) and the increase to corporation tax from 19% to 25% from 1 April 2023.

Pre-tax return on equity for the year is 18.7% (2022: 17.5%), in line with Berkeley's objective of delivering a sustainable 15% through the cycle.

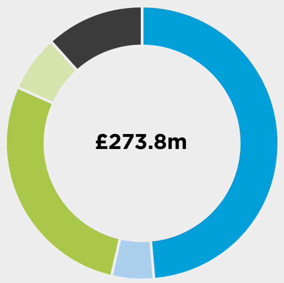
Basic earnings per share has increased by 2.1% from 417.8 pence to 426.8 pence, which takes account of the buy-back of 4.0 million shares at a cost of £155.4 million under the Shareholder Returns Programme.

Year ended 30 April	2023 £m	2022 £m	Change £m	%
Revenue	**2,550.2**	2,348.0	+202.2	+8.6%
Gross profit	**696.8**	664.8	+32.0	+4.8%
Operating expenses	**(178.5)**	(156.9)	-21.6	+13.8%
Operating profit	**518.3**	507.9	+10.4	+2.0%
Net finance costs	**(10.6)**	(12.5)	+1.9	
Share of joint ventures	**96.3**	56.1	+40.2	
Profit before tax	**604.0**	551.5	+52.5	+9.5%
Pre-tax return on equity	**18.7%**	17.5%	+1.2%	
Earnings per share – basic	**426.8p**	417.8p	+9.0p	+2.1%

Taxation

The Group has an overall tax charge of £138.3 million for the year (2022: £69.1 million) and an effective tax rate of 22.9% (2022: 12.5%). 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.

Total tax paid (year ended 30 April 2023)



Corporate Tax	£133.7m
SDLT	£13.6m
PAYE	£76.6m
Employees' NI	£18.3m
Employers' NI	£31.6m

For the year ended 30 April 2023, the total tax contribution to the UK Treasury was £273.8 million; split between taxes borne by Berkeley of £178.9 million (corporation tax, employer's NIC and SDLT) and taxes borne by our employees of £94.9 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 55.


Hareshill, Fleet

Financial Position

The Group's net assets increased by £196.2 million during the year to £3,332.3 million (2022: £3,136.1 million).

Inventory
Inventories of £5,302.1 million include £927.1 million of land not under development (2022: £738.1 million), £4,249.2 million of work in progress (2022: £4,255.1 million) and £125.8 million of completed stock (2022: £140.8 million).

The increase in land not under development in the year arises primarily from the completion during May and June of a further 11 sites into St William as part of the transaction in March 2022, which are represented by land creditors. There is one further St William site which will complete in 2025. No sites have been moved into production during the year.

Creditors
Total creditors of £2,867.4 million include £921.3 million of on-account receipts from customers (2022: £931.4 million) and land creditors of £900.7 million (2022: £800.7 million), with the latter's increase represented by the completion of the St William sites noted above. Of the total £900.7 million land creditor balance, £37.3 million is short-term and £863.4 million is spread over the following nine years.

Creditors also include provisions of £193.6 million (30 April 2022: £161.0 million) which represents post-completion development obligations, including those related to building fire-safety matters, and other provisions.

Summarised Balance Sheet as at 30 April	2023 £m	2022 £m	Change £m
Non-current assets	**394.9**	374.6	+20.3
Inventories	**5,302.1**	5,134.0	+168.1
Debtors	**92.3**	150.2	-57.9
Creditors	**(2,867.4)**	(2,791.6)	-75.8
Capital employed	**2,921.9**	2,867.2	+54.7
Net cash	**410.4**	268.9	+141.5
Net assets	**3,332.3**	3,136.1	+196.2
Shares, net of treasury and EBT	**107.5m**	111.3m	-3.8m
Net asset value per share	**3,101p**	2,818p	+283p

Net cash
The Group ended the year with net cash of £410.4 million (30 April 2022: £268.9 million), an increase of £141.5 million during the year (2022: net decrease of £859.3 million).

The net cash of £410.4 million consists of gross cash holdings of £1,070.4 million, net of £660.0 million of long-term borrowings.

Net assets and NAVPS
Net assets increased over the year by £196.2 million, or 6.3% to £3,332.3 million (2022: £3,136.1 million) primarily due to the profit after tax for the year of £465.7 million outweighing the shareholder returns of £253.9 million (comprising £155.4 million share buy backs and £98.5 million dividends) and other movements in reserves of £15.6 million.

The shares in issue, net of treasury and EBT shares, closed at 107.5 million compared to 111.3 million at the start of the year. The net reduction of 3.8 million shares comprises two movements:

- The 4.0 million share buy-backs undertaken during the year for £155.4 million (£38.25 per share); and
- The issue of 0.2 million shares under the 2011 LTIP.

Consequently, the net asset value per share is 3,101 pence, up 10% from the 2,818 pence at 30 April 2022.

Abridged Cash Flow for year ended 30 April	2023 £m	2022 £m
Profit before taxation	**604.0**	551.5
Taxation paid	**(133.7)**	(142.6)
Net investment in working capital	**(50.1)**	(132.6)
Net investment in joint ventures	**(33.0)**	(82.8)
Other movements	**8.2**	3.0
Shareholder returns	**(253.9)**	(515.2)
Acquisition of St William	**–**	(540.6)
Increase/(decrease) in net cash	**141.5**	(859.3)
Opening net cash	**268.9**	1,128.2
Closing net cash	**410.4**	268.9

Funding

The Group's borrowing capacity of £1,200 million is unchanged over the course of the year and comprises:

— £400 million unsecured 10-year Green Bonds which mature in August 2031 at a fixed coupon of 2.5% per annum; and
— £800 million bank facility, including a £260 million Green Term loan and a £540 million undrawn revolving credit facility (RCF).

In February 2023, Berkeley exercised the first of two one year extensions on its £800 million bank facility, which extended the term thereof to February 2028, with one remaining extension option available.

Berkeley has allocated the proceeds of the Green Bonds and Green Term Loan to its ongoing development activities in accordance with its Green Financing Framework (available on its website).

With total borrowings of £660 million, the Group's gross cash holdings of around £1.1 billion are placed on deposit with its relationship banks.

Joint Ventures

Included within non-current assets are investments in joint ventures accounted for using the equity method which are at £223.4 million at 30 April 2023 (2022: £190.4 million).

The net £33.0 million increase in the year arises from Berkeley's 50% share of three movements:

— Profits earned in joint ventures of £96.3 million;
— Dividend distribution from St Edward of £74.9 million; and
— Cash contributions (loans) to site specific joint ventures of £11.6 million.

In St Edward, 594 homes were completed in the year at an average selling price of £885,000 (2022: 303 homes at £898,000). The completions occurred at Royal Warwick Square and Millbank in London, Hartland Village in Fleet, Green Park Village in Reading and Highcroft in Wallingford.

In total, 2,435 plots (30 April 2022: 5,317 plots) in Berkeley's land holdings relate to five St Edward developments, two in London (Westminster and Kensington) and three outside the capital (Reading, Fleet and Wallingford).

The majority of homes on the two sites in London are expected to complete in the year ending 30 April 2024, following which the three sites outside London remain under development. During the year, two sites without planning in Brentford and Guildford, both contracted on a conditional basis, have been transferred to the long-term pipeline as these are subject to a call-in and appeal process, respectively.

Land Holdings and Pipeline

Berkeley's land holdings comprise 58,045 plots at 30 April 2023 (2022: 66,163 plots), including the St Edward joint venture. The three sites (3,165 homes) that were contracted on a subject to planning basis at 30 April 2022 have been transferred to the pipeline during the year to reflect the long-term nature of these sites, particularly in the current planning environment.

Consequently, all of the current land holdings of 58,045 plots across 73 sites that are owned and included on the Balance Sheet of the Group or its joint venture. Berkeley started the year with 86 owned sites (62,998 plots). During the year no new sites have been acquired on an unconditional basis, while nine sites have finished and four owned sites have been transferred to the long-term pipeline.

The pipeline comprises approximately 14,000 plots across 14 sites at 30 April 2023 (2022: 8,000 plots on 6 sites). The increase during the year comprises the transfer from the land holdings of the four owned and three conditionally contracted sites, as noted above, as well as the addition of a long-term site in Motspur Park which has been conditionally contracted in the year.

Land holdings as at	30 April 23	Change	30 April 22
Owned	**58,045**	-4,953	62,998
Contracted	**–**	-3,165	3,165
Plots	**58,045**	-8,118	66,163
Sales value	**£29.2bn**	-£1.9bn	£31.1bn
Average selling price (ASP)*	**£508k**	+£17k	£491k
Average plot cost*	**£50k**	-£2k	£52k
Land cost (%)	**9.8%**	-0.8%	10.6%
Gross margin	**£7,629m**	-£629m	£8,258m
GM%	**26.2%**	-0.3%	26.5%

* Reflects joint venture sites at 100%

The plots in the land holdings at 30 April 2023 have an estimated future gross profit of £7.63 billion (30 April 2022: £8.26 billion), which includes the Group's 50% share of the anticipated profit on St Edward's joint venture developments.

This is a net reduction in gross profit of £0.63 billion over the course of the year. With over £0.8 billion of gross profit taken through the Income Statement (including St Edward share), the value added through new planning consents and other market movements has more than offset the impact of the seven sites which have transferred to the pipeline.

The estimated future gross margin is 26.2% (2022: 26.5%), a resilient position in the context of the operating and macro-economic environment.

The status of the 73 owned sites is:

— 51 sites (plots: 42,748) have an implementable planning consent and are in production;
— 13 sites (plots: 9,888) have a consent but are not in production, in some cases as they are not yet implementable, due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision; and
— 9 sites (plots: 5,409) do not have a planning consent.

The estimated future gross margin represents management's risk-adjusted assessment of the potential gross profit for each site, taking account of a wide range of factors, including: current sales and input prices; the political and economic backdrop; the planning regime; and other market forces; all of which could have a significant effect on the eventual outcome.

The Strategic Report on pages 02 to 101 was approved by the Board and signed on its behalf by:

Rob Perrins
Chief Executive
21 June 2023


Woodhurst Park, Bracknell

THE GREEN QUARTER
EALING

Above: Southall Gasworks in use as a Heathrow car park before regeneration
Right: After regeneration, The Green Quarter today

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.

OUR VISION 2030

TRANSFORMING TOMORROW

PAGES 38 TO 54

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.

AN INTEGRATED STRATEGY FOR ESG

Our Vision 2030 provides a framework for how we address Environmental, Social and Governance (ESG) issues. It includes topics such as sustainability, health and safety and build quality, and encompasses our approach with a number of stakeholders such as customers, employees and the supply chain.

AMBITIOUS GOALS

Through Our Vision 2030 we strive to go above and beyond typical requirements.

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. 2023 marks the end of the short-term period, and we are now moving into the medium-term implementation phase of our strategy.

TACKLING MATERIAL ISSUES

A materiality assessment was undertaken in 2020 based on international best practice from the Global Reporting Initiative (GRI) to help identify the priorities. It included extensive research, together with input from more than 40 internal and external stakeholders.

Scan the code for more information on our materiality study.

STRONG GOVERNANCE

Our Vision 2030 is overseen by a team at Group level and managed by a network of subject matter experts across the business. Monthly Board meetings are held with the CEO, CFO and Heads of Responsible Business and Sustainability. We use the existing network of Group committees (see page 121) to embed Our Vision 2030, drive progress and communicate on the priorities.

EMBEDDING IT DAY TO DAY

Our Vision 2030 is underpinned by detailed policies, standards and management systems in areas such as sustainability and health and safety to set a clear framework for all teams within each of our autonomous businesses to follow.

See page 78 for more information on our policies.

A SUSTAINABLE BUSINESS

We take action to reduce the long-term impacts of both our operations and the places we build.

In addition to Communities, Climate Action and Nature contained within Our Vision 2030, our Sustainability Standards and management system cover resource use and environmental management.

Scan the code to find out more about our approach to sustainability.

CDP DISCLOSURE INSIGHT ACTION

CDP 2022: Climate Change
A- Leadership score

Sustainalytics
Low risk rating

FTSE4Good
Listed since 2003

Financial Times
Climate Leader 2023

Corporate ESG Performance Prime RATED BY ISS ESG

ISS ESG Corporate Rating 2023
Prime status

MSCI ESG RATINGS AAA

MSCI ESG Rating 2022
AAA

CLIMATE ACTION AND DISCLOSURE

PAGES 44 TO 45

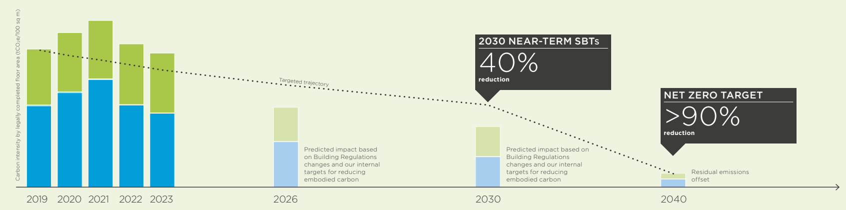
We aim to play our part in tackling the global climate emergency and have a robust strategy in place to take action, which includes science-based targets (SBTs) validated by the Science Based Targets initiative (SBTi).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

OUR ROUTE TO NET ZERO

PAGES 46 TO 47

We are currently developing a Net Zero Transition Plan in line with the recommendations published by the Transition Plan Taskforce (TPT). We are using the guiding principles to set out our journey towards being a net zero business.



THE BERKELEY FOUNDATION

PAGES 56 TO 57

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

Berkeley Foundation

HUMAN RIGHTS

PAGE 53

We are taking action to combat labour abuse and modern slavery, guided by international standards set by the United Nations (UN) and the International Labour Organization (ILO). This year we have focused on raising awareness with our teams and strengthening our due diligence process for contractors and manufacturers.

Scan the code to read our Modern Slavery Statement.

OUR PEOPLE

PAGE 50

We are striving to create a positive working environment for our people. 10% of our employees are in 'earn and learn' positions and we are proud to be a Gold Member of The 5% Club. Within the year we have developed our approach to Equity, Diversity and Inclusion (EDI). We have expanded our external partnerships to provide a framework against which to make progress, including the Race at Work Charter and Disability Confident employer scheme.

MONITORING AND DISCLOSING

We monitor metrics across a broad range of ESG indicators.

Our ESG Performance
Pages 58 to 59.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We support the recommendations of the TCFD and report in line with these.

Read more on pages 62 to 77.

We voluntarily report in accordance with the Sustainability Accounting Standards Board (SASB).

Read more on pages 60 to 61.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD SASB

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

PAGE 78

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

PAGES 79 TO 83

OUR VISION 2030
STRATEGY AT A GLANCE

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

Our business strategy sets out our vision to maximise our positive impact through 10 strategic priorities. It is an integrated and holistic strategy, so each priority supports the others and makes a valuable contribution to achieving our vision.

We are delighted to have been awarded the Management Today Business Leadership Award for Long Term Business Success in May 2023 for the impact our strategy is making.

We are committed to playing our part in achieving the United Nations’ Sustainable Development Goals (SDGs). We have identified six goals that we have the greatest opportunity to contribute to the achievement of through the implementation of Our Vision 2030. Read more https://www.berkeleygroup.co.uk/investors/environmental-social-and-governance.

Scan the code to read more about Our Vision 2030

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 42 to 43.	Play an active role in tackling the global climate emergency by creating low carbon, resilient homes. Read more on pages 44 to 47.	Create a biodiversity net gain and make a measurable contribution to the natural environment on every development. Read more on pages 48 to 49.
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 & wider contributions – Brownfield land	– Greenhouse gas emissions intensity	– Brownfield land
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 50.	Harness advanced manufacturing and digital technology to build more homes and to achieve higher standards of quality, safety and sustainability. Read more on page 51.	Equip our people with the skills they need both now and for the future, enhancing social mobility and inspiring new talent to join the industry. Read more on page 52.	Build a responsible and constructive supply chain; one that is productive, practical and profitable, sustainable, ethical and dependable. Read more on page 53.	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 pages 54 to 55.
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 100,000 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 and safety	– Economic outlook – Political outlook – Regulation – Liquidity

CUSTOMERS

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

What are we focusing on?	Highlights from 2023
Customer Experience Achieving an industry leading home buying experience	— Net Promoter Score (NPS) rating of 79.2, on a scale of -100 to +100, compared to an industry average of 42. — Recommend to a Friend score of 97.5%, against an industry average of 90%. — New framework for customer communications, setting out our customer touchpoints at each stage and providing helpful guidance and minimum standards to our teams. — Weekend Director visits to each of our developments alongside dedicated director-level customer roles and regular Group-wide committee meetings. — A new suite of 11 training modules for our customer teams ranging from delivering a seamless service to managing customers' expectations. — Improvements to our website, from the overall search experience to highlighting points of interest in the local area and travel timelines. — Signed up to the 'Own New' scheme allowing customers access to low deposit mortgages, whilst owning 100% of their home.
Enhancing Key Communication Channels and Digitising the Way We Work Offering our customers more options to interact with us digitally	— 92% of our customers signed up to use MyHome Plus, our web-based tool containing key information and features to enable our customers to choose specifications and receive construction updates for their new home. — Technology used on a site by site basis, for example digital interactive development models and floorplan locators to bring the plans to life. — Extended use of video as a means to share information with and update our customers, including tours around showhomes and developments, updates from customer teams, demonstrations and construction progress. — Improved digital brochures, including interactive online brochures which are designed specifically for use on a mobile, tablet or desktop. — Enhanced content on digital and social platforms. — Increasingly using WhatsApp to ensure we are communicating with customers in the most convenient way for them.

79.2
Net Promoter Score (NPS) on a scale of -100 to +100, compared to an industry average of 42 (HBF, March 2023)

97.5%
Recommend to a Friend score, compared to an industry average of 90% (HBF, March 2023)

Short-term targets (by 2023)

● Achieved ● Partially achieved ● Not achieved

- Net Promoter Score (NPS) ≥70.
- Recommend to a Friend ≥95%.
- ≥90% of customers using MyHome Plus.
- Refine communication to align with identified customer needs.

Medium-term targets (2024 to 2029)

— By 2025, customers will be able to interact with us digitally, 24-7.
— Create an app for customers from the moment they start to research their home to living in it and beyond.

Long-term targets (by 2030)

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

QUALITY

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

What are we focusing on?	Highlights from 2023
High Quality Homes Implementing high quality standards and targeting zero defects	— We build high quality homes where people aspire to live. We do not have any standard property types or formats, and no two Berkeley developments are the same. Instead, we work with the best architects to create unique designs that meet our customers' needs. — Focus on long-term building safety and high-risk areas through enhanced Build Quality Assurance arrangements. — Robust and consistent Group-wide Standards, supported by Quality Management Systems at divisional level and Quality Management Plans at site level. — Representation on the leadership team of the Construction Leadership Council (CLC), as the Industry Sponsor for Building Safety. Read more on page 82. — Project teams supported by dedicated local quality managers, together with a Group-wide audit function. This year, 78 audits were undertaken by the independent team to check construction site process against our standards. — Suite of training for all production staff completed by more than 1,500 of our employees during the year. — More than 60% of our homes have zero defects, as reported by the customer, compared with 5% of homes on average across the industry. This year, more than 90% of our homes had fewer than five defects compared with 27% across industry. — Actively engaging in implementing the requirements of the Building Safety Act and this will be ongoing as secondary legislation is passed and released. — Signed the contract underpinning the industry pledge made last year for fire and building safety in spring 2023. — 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. — 17 of our developments have now achieved Safer by Design Gold status, with many more currently completing the formal assessment process, helping to make new homes safer to live in, particularly for young people and the elderly.

>60%
of Berkeley homes have zero defects reported by customers, compared to an industry average of 5% (HBF, March 2023)

78
Build Quality Assurance audits undertaken by an independent Group assessment team

Short-term targets (by 2023)

● Achieved ● Partially achieved ● Not achieved

- Outperform industry average for customer-reported defects.
- Enhanced Build Quality Assurance arrangements and training.
- 100% close out of quality non-conformance prior to customer handover.
- Use technology to improve quality management processes.
- Share best practice and lessons learnt.
- Deliver first homes to RoSPA's Safer by Design Gold standard.

Medium-term targets (2024 to 2029)

— Deliver all homes to RoSPA's Safer by Design Gold standard.
— Adjust and embed processes in response to the Building Safety Act requirements.
— Ensure appropriate competence of our people and supply chain for building safety.
— Further enhance our internal training programme for building safety.

Long-term targets (by 2030)

— Build 50,000 high quality homes.

COMMUNITIES

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

What are we focusing on?	Highlights from 2023
Transforming Underused Land Progressing the transformation of our regeneration sites	— Taking forward 32 of the most challenging and complex brownfield regeneration sites in the country, including former gasworks, industrial estates and manufacturing sites. — This year 86% of completed homes were on brownfield land.
Social Value Delivering measurable long-term value on every new development	— The cost of living crisis has placed additional pressures on the communities in which we work and underlines the clear need for quality homes and social infrastructure. — We have continued to individually design each development in close collaboration with local communities and councils, ensuring we meet specific local needs and aspirations to provide value to the wider community and society. — Having launched our social value tool in 2021 to help our teams assess and calculate long-term social value from our developments, we are now evolving our approach to bring together social value indicators, community needs analysis and best practice community engagement. — Hosted a health equity discussion with industry experts in November 2022 including representatives from the Institute of Health Equity, Homes England, L&Q and the Quality of Life Foundation. — Active engagement with the industry-wide Future Homes Hub Nature and Places Steering Group, and continued engagement with the Quality of Life Foundation.
Community Plans Enabling thriving communities for the long-term	— Continued to implement Community Plans on all of our large regeneration sites, as well as on several of our smaller sites. — Created a Communities Network to continue to upskill our teams and share best practice across our divisions and developments.
Connectivity Providing the physical and digital infrastructure to keep our neighbourhoods connected	— Continued to transform neglected, closed off land into accessible places which are integrated with surrounding neighbourhoods and offer reduced walking and cycling times. — Continued to create high quality public open spaces where communities can mix, meet and enjoy access to nature. — Delivered 99% of homes 'ready for service' on customer move in day, in partnership with service and infrastructure providers.

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

86%
of new homes are constructed on brownfield land

QUALITY OF LIFE FOUNDATION

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

- Progress the transformation of our regeneration sites. (Achieved)
- Embed a Community Plan at each major regeneration site. (Achieved)
- Calculate the social value of all new projects. (Partially achieved)
- Complete research on design and infrastructure. (Not achieved)
- Provide technical and physical infrastructure to ensure digital connectivity. (Achieved)

Medium-term targets (2024 to 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.

A COMMUNITY-LED APPROACH

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.

A vital first step is community engagement and we work very hard to seek out a diverse range of local people and properly understand their views. We then work with them to design completely unique places, which reflect local priorities and character and which are welcoming, safe, low carbon and rich in nature and biodiversity.

At Bromley-by-Bow the Grade II Listed gasholders, untouched for over a decade, have been opened up for heritage tours. Local people have been invited to view the initial designs as we begin to develop proposals for the former gasholders, and we have also been working with local schools in Newham holding science enrichment days and design competitions.

At Oval Village we have been building links with the local community from the early stages, holding more than 40 community projects and events. In January, with the help of one of our contractors, new LED lighting was donated to a local church to save over 85% on their electricity bills.

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.

At Grand Union in the London Borough of Brent, the community celebrated the delivery of a new Community Hub in October. This purpose-built 5,000 square foot centre and café is overseen by the Grand Union Community Development Trust and will provide activities, events and community projects which benefit the local community. The Community Hub was a key ask of the local residents during the early community engagement undertaken on the site. This project has also opened up a previously inaccessible stretch of the Grand Union Canal and includes sculptures inspired by local school children and a canal boat café (pictured above).

Councillor Shama Tatler, Cabinet Member for Regeneration and Planning at Brent Council, said:

"This is a fantastic moment for Alperton and the wider borough. The Community Hub will be a huge asset for the local area, creating opportunities for people to socialise and engage as a community. The Grand Union project has totally regenerated and revitalised this neighbourhood."

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, gently transitioning ownership to them.

At The Green Quarter, we have held a number of popular community events including coronation celebrations, Christmas events and summer film screenings. A new Steering Group has also been established to bring together local community leaders and groups to help develop and implement community activity. It will advise on community projects and events and will manage a Community Chest of £25,000 per year to be made available through small grants to local community groups delivering positive outcomes within surrounding areas.

CLIMATE ACTION

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

What are we focusing on?	Highlights from 2023
Embedded Carbon Meeting our science-based target by reducing the carbon intensity of the materials and services we use by 40% by 2030	— Completed additional upfront embodied carbon assessments. — Launched new quantitative embodied carbon targets for projects and upskilled teams through workshops and events. — Engaged with supply chain partners such as Tata Steel and Buteline. — Completed detailed modelling of one development to understand the options available to meet our stringent internal 2030 targets.
Low Carbon Operations Meeting our science-based target by reducing absolute emissions across our direct operations by 50% by 2030	— Sourced 100% of electricity in the UK from renewable sources. — Decreased emissions by more than 55% in the year, predominantly due to the continued transition away from the use of fossil fuels to biodiesel HVO (Hydrotreated Vegetable Oil). — Set divisional carbon budgets and an internal carbon price to drive reductions. — Held two energy awareness weeks to embed best practice within our project teams. — Implemented project-level energy saving measures, such as ground-mounted solar panels with supplementary battery storage at Silkstream.
Low Carbon Homes Meeting our science-based target by reducing the in-use carbon emissions intensity of our homes by 40% by 2030	— Continued to apply a fabric-first design approach, in combination with the most appropriate technology and infrastructure solution for each site. — The performance of our homes forms part of our pioneering Green Finance Framework; this year, 93% of completed homes had an Energy Performance Certificate (EPC) of B or above. Within the year we set a requirement for all new homes (excluding refurbishments) to meet a minimum EPC rating of B. — Whilst EPC ratings are based on predicted fuel costs, we also track the Environmental Impact Rating (EIR) as a more indicative measure of the carbon impact; 98% of completed homes had an EIR of B or above. — Focused on meeting the 2021 Building Regulations Approved Documents F, L, O and S that became effective in June 2022. — Continued preparing for the emerging Future Homes Standard.
Resilience Managing climate risks for our developments and business	— Reviewed our climate action strategy following detailed Climate Scenario Analysis in 2022. Minor adjustments have been made to processes to ensure clear Group-level oversight for risks such as subsidence at a project level. See page 66 for more detail. — Continued to incorporate adaptation measures on each project, with 100% of developments incorporating sustainable drainage systems (SuDS).
Net Zero Carbon Maintaining carbon neutral business operations (scopes 1 and 2) and work to become net zero across scopes 1, 2 and 3 by 2040	— Steps taken to develop a Net Zero Transition Plan (see pages 46 to 47). — Supported the decarbonisation of UK housing through the purchase of 250 credits from the new RetrofitCredits project developed by HACT and Arctica Partners. This utilises funds to retrofit homes through the installation of energy efficient measures such as improved insulation. — Procured certified high quality carbon offsets for residual scopes 1 and 2 (market-based) emissions.

Short-term targets (by 2023)

Achieved
Partially achieved
Not achieved

- Assess embodied carbon for 10 sites and work with our supply chain to reduce impact.
- Complete Climate Scenario Analysis to understand how climate change could impact our business.
- Maintain carbon neutral operations (scopes 1 and 2).
- 20% reduction from 2019 in absolute scopes 1 and 2 emissions.
- 10% reduction from 2019 in scope 3 emissions intensity.

Medium-term targets (2024 to 2029)

— Undertake embodied carbon assessments and achieve reduction targets for each development.
— 25% reduction from 2019 in scope 3 emissions intensity.
— Re-baseline our SBTs and develop new targets for carbon emissions and energy reduction.
— Develop a Net Zero Transition Plan and achieve a validated net zero target.

Long-term targets (by 2030)

— Meet our science-based targets by 2030.
— Achieve a reduction in absolute energy use, in line with the 15% reduction set out by the Government's Energy Efficiency Taskforce.
— Be on the pathway to be a net zero carbon business by 2040.

BROADENING OUR UNDERSTANDING OF EMBODIED CARBON

In 2022 we undertook detailed embodied carbon assessments on 15 projects to understand the impact of the materials used to construct the homes we build. This information enabled us to set out our baseline position.

In July 2022 we launched new quantitative targets which will lead to a 40% reduction from this baseline by 2030, with interim milestones set until this date. We have also focused on upskilling our teams through workshops and events on how to reduce embodied carbon during design and specification. This has included detailed information for project teams on how to meet the stringent 2030 targets through modelling one mid-rise development, Lea Bridge. Some measures, such as materials avoidance, concrete slab or balcony design were found to be feasible in the short-term, whilst others will require further development and testing of products before they can be implemented at scale.

The UKGBC said:

"As a partner on our Advancing Net Zero programme and supporter of UKGBC's mission for over 15 years, it's great to see Berkeley demonstrating leadership on embodied carbon data collection, setting benchmarks from which they can reduce emissions and aiming towards all completed projects having a lifecycle assessment from 2026. In the absence of strong regulation, it's up to leading organisations like Berkeley to set high standards and go beyond regulatory requirements."

23

detailed embodied carbon assessments undertaken to date

Our science-based targets

Upfront embodied carbon

40% reduction in scope 3 purchased goods and services per square metre of legally completed floor area by FY2030 from a FY2019 base year.

-13%

Decrease since baseline year

Low carbon construction sites

50% reduction in absolute scopes 1 and 2 GHG emissions by FY2030 from a FY2019 base year.

-76%

Achieved since baseline year

Low carbon homes

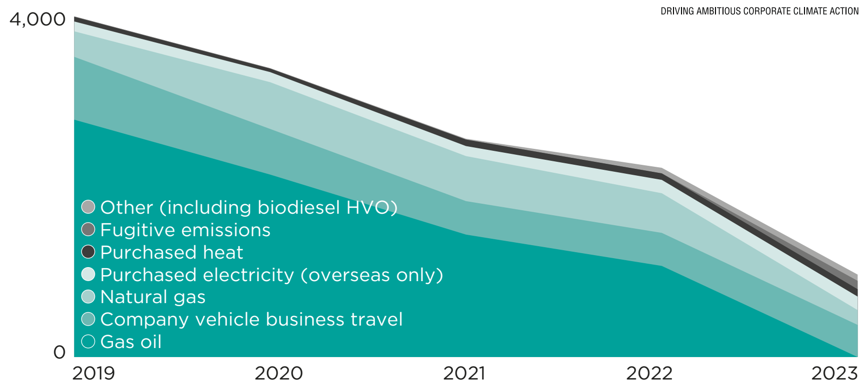
40% reduction in scope 3 use of sold products per square metre of legally completed floor area by FY2030 from a FY2019 base year.

4%

Increase since baseline year

ACHIEVEMENT OF OUR SCOPES 1 AND 2 SCIENCE-BASED TARGET

Scopes 1 and 2 (market-based) emissions – tCO_2e



Through the dedication and determination of our site teams to operate more efficiently, we are delighted to have achieved our 2030 science-based target for scopes 1 and 2 (market-based) emissions, having seen a 56% reduction compared to 2022 and a 76% reduction since our 2019 base year.

This has predominantly been achieved through the transition away from the use of gas oil on our construction sites. Within the year, biodiesel HVO as a low carbon alternative to diesel has accounted for 95% of direct fuel use and 10 sites have operated diesel free.

OUR ROUTE TO NET ZERO

We are currently developing a Net Zero Transition Plan in line with the recommendations published by the Transition Plan Taskforce (TPT). We are reviewing the guiding principles and 19 sub-elements in the creation of our plan, which will set out our journey towards being a net zero business.

Key to area of focus

Low carbon homes
This is carbon from the use of energy by our customers.

Low carbon operations
This is carbon that is related to our own activities from energy used on construction sites, sales suites and in our offices.

Embodied carbon
This is carbon relating to the activities of our supply chain. It arises from the energy used within extraction, processing, manufacturing and transportation of construction materials together with the activities of companies who provide a service to us.

Action to date

- Set near-term scope 3 SBT.
- Improved building fabrics resulting in better air tightness.
- Used lower carbon technologies in our homes including solar PV, heat pumps and CHP systems.
- Set minimum Energy Performance Certificate (EPC) rating of B for new homes (excluding refurbishments).

- Set and achieved our near-term scopes 1 and 2 SBT.
- All electricity use in the UK backed by REGOs since May 2017.
- Set energy efficiency standards for site set up and operation.
- Significant transition away from diesel towards biodiesel HVO.

- Set near-term scope 3 SBT.
- Completed 23 detailed embodied carbon studies.
- Launched quantitative targets for projects.
- Upskilled teams on how to reduce embodied carbon during design and specification.
- Lifecycle assessments being completed on new developments.
- Completed study on how a building could achieve the 2030 targets.
- Engaged with several supply chain partners and manufacturers in key areas such as concrete and steel.

Next steps (to 2030)

- Comply with the forthcoming Future Homes Standard, which is expected to drive reductions beyond our science-based target.
- Increase the use of heat pumps and other renewable technologies.
- Phase out the use of gas boilers in new homes.

- Further focus on energy efficiency, particularly out of hours usage.
- Continue to ensure directly procured diesel is renewable (i.e. biodiesel HVO).
- Work with our supply chain to move towards zero fossil fuel sites.
- Set a strategy for decarbonising the company's vehicle fleet.

- Extend our data coverage and move towards hybrid reporting alongside our existing spend-based methodology. See page 76 for further details.
- Broaden the scope of our supply chain engagement to key hot spots (high impact materials) and preferentially partner with companies decarbonising their operations.
- Undertake an assessment on every site and reduce carbon by:
  - Avoiding or reducing material use
  - Selecting low carbon materials (e.g. with recycled content)
  - Selecting low carbon suppliers (i.e. those changing their production methods)
  - Focusing on future innovation in products

Future steps and considerations

- Move towards using an Energy Use Intensity (EUI) target as the key metric for low carbon homes, in line with changes in industry best practice.
- Focus on as-built performance, rather than as-designed performance, acknowledging that there is expected to be a gap between the two measures across the whole industry.
- Understand and improve energy demand management in homes.

- Invest in renewable energy production such as solar panels on our large sites to power construction activity.
- Increase the use of electric machinery on our sites.

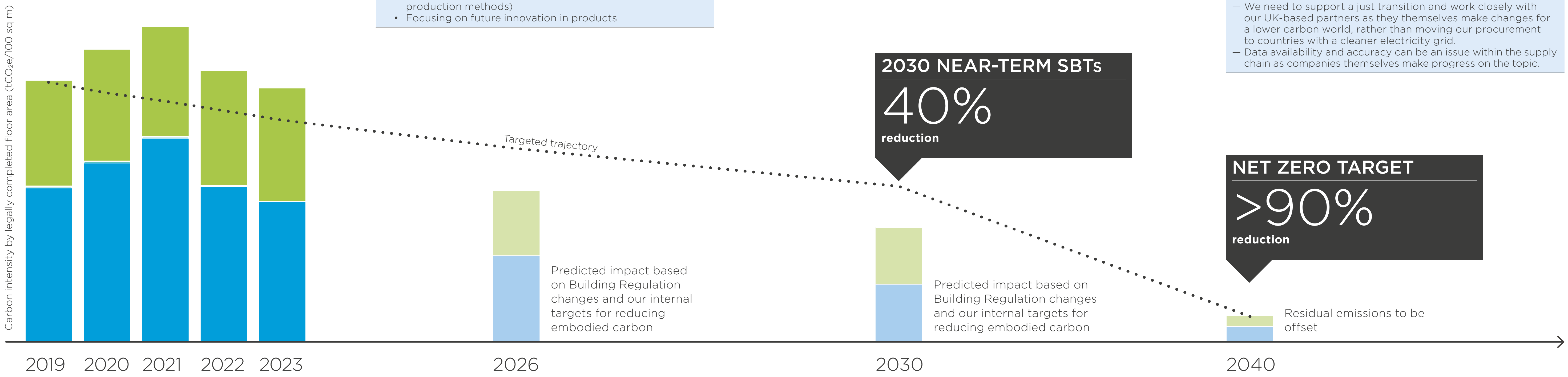
- Move away from spend-based reporting of embodied carbon, using detailed project-level data through embodied carbon assessments and Environmental Product Declarations (EPDs) from suppliers.
- Encourage and support suppliers and contractors to set targets and work in partnership to ensure these are met.

Challenges, uncertainties and interdependencies

- The move towards all electric homes may inadvertently increase costs for customers as electricity is more expensive than gas.
- There may be a lack of capacity in the electricity grid to connect our homes.
- The specifics of the Future Homes Standard have not been published.
- The performance and maintenance of emerging technologies is not tested.
- Engage with customers on how to operate non-traditional heating solutions, such as air source heat pumps.

- Biodiesel HVO must be carefully procured from certified sources in order to restrict potential negative consequences in other countries, such as deforestation.
- The fuel market is changing and there is now an uplift in cost for biodiesel HVO.
- There is limited availability of electric machinery.

- The vast majority of our suppliers and contractors do not have SBTs. We need to work with them and encourage action to drive down emissions.
- We need to support a just transition and work closely with our UK-based partners as they themselves make changes for a lower carbon world, rather than moving our procurement to countries with a cleaner electricity grid.
- Data availability and accuracy can be an issue within the supply chain as companies themselves make progress on the topic.



Engagement with industry
We are proud to be a founding partner of the UKGBC's Advancing Net Zero programme, which is helping to lead and co-ordinate Climate Action across the UK's built environment sector, and to be a sector lead playing an active part of the Net Zero Carbon Building Standard Homes Group. Within the year we also became active participants of the Future Homes Hub, helping us to work with industry to understand and shape the future for new homes.

Governance
Ultimate responsibility for climate action lies with named Executive Sponsors and there are monthly Our Vision 2030 and Sustainability Board meetings to discuss progress. A sustainability team ensures the strategy is implemented. We have a lead for Climate Action in each operating company. Climate Action is also a key action area for other Group Committees, such as the Technical Committee. See page 64 for more details.

Alignment with business model and financial planning
In developing our in-depth transition plan we will show how we will embed our ambitions for climate action within our business model. The plan will highlight how this may affect the homes and developments we build, together with resourcing, operational and capital expenditure, as well as material interdependencies on the environment, workforce and value chain.

Offsetting
Emissions reductions are our priority, with this action currently supplemented by the procurement of certified high quality carbon offsets for the remainder of our scopes 1 and 2 (market-based) emissions to be a carbon neutral business. As we transition towards being a net zero business, we will adopt the definition of net zero set by the Science-Based Targets initiative (SBTi), namely to neutralise residual emissions across scopes 1, 2 and 3.

Strategic Report
Corporate Governance
Financial Statements

NATURE

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

What are we focusing on?	Highlights from 2023
Biodiversity Net Gain Delivering a minimum 10% gain for every new development	— Industry leading commitment in 2017 to achieve a measurable biodiversity net gain (BNG) on every site, far ahead of mandatory requirements coming into force in November 2023. — Since this time, all new planning applications have committed to BNG across 54 developments. In addition to a significant area at one site in Milton Keynes, they are set to create or enhance an area of more than 550 acres. This will include 55 acres of living roofs, 235 acres of woodland and 150 acres of nature-rich grassland. — Commitment evolved in May 2021 to 10% BNG on every site; this year this has been achieved on 100% of sites that have gone into planning. — Two developments implemented their BNG and landscape design this year; Courtyard Gardens, Oxted and Filmworks, Ealing. Whilst both are relatively small sites, they were each able to achieve gains of more than 20% through the incorporation of habitats such as living roofs and tree planting. — Continued to work closely with external specialist ecologists who complete a habitat survey on each and every site, followed by engagement with landscape design experts to ensure that preservation and enhancement of biodiversity is central to our landscape design. — Co-hosted the Biodiversity Conference with Natural England and the Local Government Association. — Partnered with key organisations such as the Wildlife Trusts. We were delighted to be able to showcase biodiversity at Kidbrooke Village to 60 leaders representing the UK's local Wildlife Trusts in November 2022. — Founding member of the Blue Recovery Leaders Group, set up in 2021 by the Wildfowl and Wetlands Trust.
Environmental Net Gain Considering water, climate, pollution and ecology	— Commitment to achieve environmental net gain on all sites by 2030, leaving the natural environment in a measurably better state than it was before. — Focusing on four areas – water, climate, pollution and ecology – as we refine our approach before we trial it on one of our developments. — Worked in partnership with Thames Water on a water neutrality trial at Royal Exchange. — Active engagement with industry on the topic, including through the UKGBC's Embodied Ecological Impact working group, chairing the Future Homes Hub's working group on Water Efficiency and chairing the Green Construction Board's Biodiversity and Environmental Net Gain working group. — Began preparing for the Taskforce on Nature-related Financial Disclosures (TNFD).

54
sites designed to deliver a biodiversity net gain to date

>550
acres of created or enhanced habitat, in addition to a significant area at Milton Keynes

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

- 10% BNG on every new development. (Achieved)
- Upskill managing agents and landscaping companies on maintaining BNG. (Partially achieved)
- Partner with a water company to undertake a water neutrality trial. (Achieved)

Medium-term targets (2024 to 2029)

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

— Assess the impact of nature within our supply chain in line with the Taskforce on Nature-related Financial Disclosures (TNFD).

Long-term targets (by 2030)

— Achieve an overall environmental net gain on all developments.

NATURE RECOVERY IN ACTION

A new country park has been opened at Sunningdale Park re-connecting the previously inaccessible 47 acres of Grade II Listed historic parkland to the community for the first time in centuries.

Two of our developments won Green Apple Awards for their approach to nature. At Trent Park this was given for the improvements made for habitat and biodiversity such as implementing bird boxes, hedgehog highways, bat roosts, SuDS and tree planting, whilst The Green Quarter won the award for Environmental Best Practice. This site is committed to achieving BNG of over 93%, with 50% of the development comprising green open space including 13 acres of parkland, 2,500 new trees and 17 acres of podium gardens. Nature events have been held for community planting and local children.

We have developed a biodiversity garden guide at Hartland Village to give new residents information on how they can utilise their garden space to encourage biodiversity, from wildflower areas to drought gardens, with tips on species and maintenance.

ACHIEVING WATER NEUTRALITY AT A PROJECT SCALE

This year we worked in partnership with Thames Water to pilot the concept of water neutrality in what is understood to be the first project at this scale.

Smart water meters were installed in each of the 320 homes at Royal Exchange in Kingston upon Thames.

More than 45,000 litres of water per day has been offset through Thames Water retrofitting 79 local schools and businesses, through fitting new water saving devices and measures such as fixing leaking toilets, dripping taps and urinals.

The results of the trial will be disseminated throughout the water utility and developer sectors, as proof that offsetting water demand from new homes can be achieved with relatively simple measures in existing homes, schools and businesses.

THE BIODIVERSITY CONFERENCE

As the first homebuilder to commit to BNG across all sites, we were delighted to co-host a Biodiversity Conference with Natural England and the Local Government Association in March 2023.

More than 500 delegates attended this major event which aimed to prepare development and local authority professionals for the forthcoming mandatory BNG requirements and to generate debate around the challenges and opportunities ahead.

Scan code to watch highlights from the conference

EMPLOYEE EXPERIENCE

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

What are we focusing on?	Highlights from 2023
Health and Safety Continuing to target zero harm	— Annual Injury Incidence Rate (AIIR) per 100,000 people of 79. — Work at Height campaign in progress to complement our existing Good Order, Good Work and Good Health programmes. — Established, robust health and safety management system. — Strong leadership approach, with more than 2,400 directors' safety visits completed in the year and nearly 400 site assessments completed by an independent Group health and safety team. — Berkeley Capital won the Construction Housebuilding and Property Development Industry Sector award from RoSPA in 2023.
Equity, Diversity and Inclusion (EDI) Ensuring our workforce is representative of the areas in which we operate	— Developed our Group approach to Equity, Diversity and Inclusion (EDI). — New People Framework sets out steps taken at Group and required at a divisional level to support EDI, together with other areas such as attraction and recruitment, staff upskilling and employee wellbeing. — Expanded partnerships to support our progress, including the Race at Work Charter and Disability Confident employer scheme. — Autonomous businesses have a variety of programmes and initiatives, such as networks for women and those to celebrate race, ethnicity and cultural heritage. — Developing a network of Fairness, Inclusion and Respect (FIR) Ambassadors, in line with the industry-wide programme. — Established a calendar of events to align with external awareness and celebration days, such as International Women's Day and Pride.
Championing Wellbeing Demonstrably improving the health and wellbeing of our employees	— All employees offered private medical insurance, together with a range of wellbeing benefits, including an Employee Assistance Programme and virtual GP service. — Group-wide e-learning on mental health awareness, supported by a network of more than 240 trained mental health first aiders. — Continued support to contractors through site-specific initiatives such as Calm Zones and awareness raising of the Construction Helpline.
Employee Engagement Engaging our workforce, to shape the way we operate	— Each autonomous business plans employee engagement as part of its divisional people strategy. Read more on page 80. — Staff surveys have highlighted our strengths including clarity around goal setting and collective working and also give valuable insight over how we can improve.

31%
of managers are female, together with 37% of our total employees

79
Annual Injury Incidence Rate (AIIR) per 100,000 people compared to the construction sector average of 326 (HSE, October 2022)

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

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

Medium-term targets (2024 to 2029)

— Continued improvement in staff engagement.
— One third of management positions held by women.
— Demonstrate improvement in employee health and wellbeing.

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.

MODERNISED PRODUCTION

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

What are we focusing on?	Highlights from 2023
Advanced Manufacturing Commencing production at the Berkeley Modular advanced manufacturing facility	— Several years of research, development, prototyping and testing has been undertaken at our manufacturing facility, Berkeley Modular. The approach is precision manufactured, highly automated, digitally integrated and safe, combining machine, robotic and skilled manual processes within a controlled factory environment. — First modules from Berkeley Modular delivered and installed at Kidbrooke Village, to be followed by a further period of research and development to improve process and product. — Role of the supply chain is key in helping us to innovate and we have welcomed input from our partners. Travis Perkins Plc has been critical in developing logistical solutions, and other suppliers have produced bespoke systems and sub-assemblies to meet the needs of the advanced manufacturing process.
Modern Methods of Construction Designing homes to maximise the use of modern methods of construction	— More than 95% of our projects incorporate pre-manufactured assemblies and components. This can help to achieve shorter production times, lower costs, higher quality, sustainability and safety, and increased reliability. — Review undertaken of projects in detailed design this year against the Government's Modern Methods of Construction (MMC) Definition Framework. — The most frequently utilised types of MMC are pre-manufactured staircases, panelised assemblies such as cladding, balconies, pre-cast columns, bathroom pods and joists. We are also increasingly utilising technology such as drones to survey hard to access areas, and robotics were used on one site to help install windows. — Preparing to utilise this information to measure the Pre-Manufactured Value (PMV) 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	— More than 75 project phases 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 and collaboration, utilising Building Information Modelling (BIM) to bring complex designs to reality.

First
modules produced by the Berkeley Modular facility installed on site

>75
project phases now using our bespoke digital information system

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

- Begin production at Berkeley Modular. (Achieved)
- Introduce a new digital platform to capture the 'golden thread' of information for every home. (Achieved)
- Design all homes to maximise the use of modular construction. (Partially achieved)
- Apartment blocks over 11m to utilise the UK BIM Framework ISO 19650 standard. (Partially achieved)

Medium-term targets (2024 to 2029)

— Measure and increase the proportion of Pre Manufactured Value (PMV) within our developments.

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.

FUTURE SKILLS

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

What are we focusing on?	Highlights from 2023
Emerging Talent Ensuring 5% of people working on our sites and in our offices are an apprentice, graduate or in formal training	— Gold member of The 5% Club, reinforcing our commitment to maintain at least 5% of our workforce as a graduate, apprentice or sponsored student. — 10% of our employees are in 'earn and learn' positions, including on average 160 apprentices and 70 graduates. — Continued to offer a range of academy programmes to bring experienced people into the business from different industries.
Industry Image Actively champion careers in the built environment	— Published a new booklet highlighting the available routes into Berkeley and the industry, with the interactive version receiving more than 500 visits in three months. — 12 sites took part in Open Doors, an industry-wide initiative run by Build UK and CITB. — Ran or attended more than 200 events with a careers focus, from construction site visits to running projects at local schools and attending careers fairs. — Hosted 75 work experience placements, including three T Level students as part of a new type of technical two-year course with 20% of time spent in the workplace. We have been working with training providers to influence the roll out of T Levels and plan to host further placements, initially focusing on design, surveying and planning. — Beginning to grow our network of STEM (Science, Technology, Engineering and Maths) Construction and Built Environment Ambassadors to champion school engagement.
Employee Skills Upskilling our workforce, to support a modernising industry	— Launched a new Competency Framework to support our employees in understanding and working towards core, role and leadership and management skills, whilst also responding to the requirements of the Building Safety Act and themes such as digitisation and net zero. — Continued to operate as a CITB approved and CITB Site Safety Plus training organisation, delivering construction training courses to an industry agreed standard. — More than 4,300 hours of training delivered by the Berkeley Academy, supported by training, management and leadership programmes run locally by our autonomous businesses. — Around 20% of current apprentices are existing employees who have chosen to upskill using an apprenticeship.

10%
employees are in 'earn and learn' roles

>200
outreach events focused on inspiring people to work in the built environment sector, together with 75 work experience placements

Gold
Member of The 5% Club
2022/23

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

- Implement a Group-wide Competency Framework. (Achieved)
- Maintain membership of The 5% Club. (Achieved)
- Work with our supply chain to encourage apprentices, graduates and sponsored students. (Achieved)
- Actively engage with young people and inspire them to join the industry. (Achieved)

Medium-term targets (2024 to 2029)

— Ensure the Competency Framework is being effectively implemented.
— Offer placements to support T Levels.
— Develop a network of STEM ambassadors.
— Gift up to 25% of our Apprenticeship Levy.

Long-term targets (by 2030)

— Develop a skilled and competent workforce able to support our changing production needs.
— Engage with more than 50,000 young people to champion careers in the built environment sector.

SUPPLY CHAIN

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

What are we focusing on?	Highlights from 2023
Best Practice Benchmarking against global best practices, and working collaboratively with industry	— Updated our standard operating procedures in line with the recommendations identified by the Chartered Institute of Procurement and Supply (CIPS), pushing us towards our goal to achieve the Procurement Excellence Award by 2025. — Worked closely within industry, including through the Construction Leadership Council (CLC) Product Availability Group and the CIPS Senior Construction Leadership Group. — Partner member of the Supply Chain Sustainability School (SCSS). — Worked with Travis Perkins plc and Kingspan Insulation to develop product provenance and traceability knowledge and capability to ensure we are at the forefront of capturing and maintaining the 'golden thread' of information.
Collaboration Implementing 360-degree feedback across our supply chain	— Worked closely with key trade contractors to understand their challenges and work more effectively together. Alongside daily communication at a project level, our director-level trade sponsors have held meetings with over 100 of our key contractors. — Used 360-degree surveys to gain valuable feedback from our supply chain across a range of topics (see page 82). — Held supply chain conferences within our autonomous businesses.
Overall Value Enhancing our tender recommendations sign off process, so we procure on overall value over cost	— Continued to assess contractors during the tender process against key topics, supplemented by a detailed tender scoring matrix which includes a numerical assessment on sustainability, modern methods of construction, future skills, collaboration, material procurement and modern slavery. This ensures our contracts are awarded on overall value rather than cost alone. — Prompted further discussion and action on tackling modern slavery, including enhanced due diligence within the tender process, new guidelines for manufacturer and factory checks and raising awareness through the site induction process and training.
Materials Launching a new materials strategy	— Progressed with our Common Materials Strategy covering 10 key material groups to support requirements regarding technical compliance, quality, sustainability and embodied carbon, modern slavery, health and safety and competence. In some cases this work has led to manufacturers enhancing their working practices. — Worked with the Office for Product Safety and Standards regarding changes in practices which could lead to better outcomes in terms of buildings and product safety and the Construction Productions Association (CPA) regarding the adoption of the Code for Construction Product Information (CCPI).

55
key contractors provided feedback in our 360-degree feedback process

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

Prompt Payment Code
Signatory

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

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

Medium-term targets (2024 to 2029)

— Achieve the CIPS Procurement Excellence Award.
— Ensure the 'golden thread' of information through management of product provenance and traceability.
— Expand our approach to combatting modern slavery and measure the effectiveness of our actions.

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.

SHARED VALUE

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

What are we focusing on?	Highlights from 2023
Sustainable Returns Delivering returns to our shareholders whilst creating value for other stakeholders	— Berkeley has a unique long-term operating model that is responsive to the cyclical nature of the housing market and focuses on large-scale developments where our expertise and financial strength can unlock long-term value for our stakeholders. — This disciplined approach allows us to deliver sustainable, risk-adjusted returns over the housing market cycle, targeting a sustained pre-tax return on equity of 15%. — Read more about our financial key performance indicators on pages 14 and 15.
Value to Society Undertaking a broader assessment of our value to society across a range of indicators	— Undertook the annual assessment of our economic contribution, shown opposite. — Awarded a Management Today Business Leadership award for long-term business success in 2023 for the impact of Our Vision 2030. — We have been assessing social value at a project level since 2021. — We plan to refresh the assessment of the value that our activities have on society first undertaken in 2020. 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 GHG emissions.
The Berkeley Foundation Engaging all employees in the work of the Berkeley Foundation	— Continued to provide core funding to the Berkeley Foundation, our charitable foundation which was established in 2011. It works in partnership with expert frontline charities across London, Birmingham and the South of England, supporting young people and their communities to thrive. — Maintained a network of Foundation Champions to actively encourage support of the Foundation's activities through volunteering, fundraising or donations. — Launched a new Volunteering Hub, encouraging more staff to volunteer their time. — 59% of our people chose to actively contribute to the Foundation's work over the past 12 months, including organising 26 major fundraising events and donating through payroll giving, raising £991,000, and volunteering over 1,300 hours. Across the Group, we have offered work placements and job opportunities, held careers days to help young people about to start their journey into employment, and shared our expertise.

“ Judges commended Berkeley's **clear focus on ESG and staff issues**, and the measurement of customer satisfaction and NPS.

Judges noted consistent long-term growth, not just in financial terms, but culture, values and product. ”

Short-term targets (by 2023)

● Achieved
● Partially achieved
● Not achieved

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

Medium-term targets (2024 to 2029)

— Achieve a 15% pre-tax return on equity across the cycle.

— Increase employee engagement with the Foundation year-on-year.

— Leverage skills and expertise across the Group to support the Foundation's charity partners.

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.

ECONOMIC CONTRIBUTION

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.


White City Living

“On average, every new home built by Berkeley in the last five years has generated £295,000 of value to the state through taxation and contributions.”

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.

Homes

19,640

Berkeley built 4,637 homes in 2022/23 and a total of 19,640 over the last five years (including joint ventures).

Communities

£2.1bn

Including £0.6 billion in 2022/23. During the last five years, Berkeley has contributed £1.4 billion in affordable housing subsidies* and committed to additional payments of £0.7 billion to help pay for a wide range of facilities and services for local communities.

Economy

£13.8bn

Berkeley's contribution to UK GDP was £2.6 billion in 2022/23 and £13.8 billion for the last five years.

Tax

£3.7bn

Total UK tax contribution of £0.8 billion in 2022/23 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.

EY Building a better working world

* Berkeley calculation, based on MHCLG valuation methodology

THE BERKELEY FOUNDATION: A FORCE FOR CHANGE

Berkeley Foundation

The Berkeley Foundation supports Berkeley's social purpose, working in partnership with the voluntary sector across London, Birmingham and the South of England.

Putting people and partnerships first
The Foundation is the independent charitable foundation set up by Berkeley. It works with innovative charity partners to ensure that young people and their communities have the tools and resources they need to thrive and be a force for change in the world.

This is achieved primarily by funding high quality, frontline support for marginalised young people in the communities around our sites. Berkeley provides core funding, alongside 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 in Berkeley's culture, with more than half of our workforce choosing to get involved with the Foundation's work over the year through volunteering, fundraising or Give As You Earn (GAYE). Our teams also supported the Foundation's charitable programmes through offering work placements and job opportunities, careers days and by sharing their expertise with charity partners.

Highlights from the year include launching the second year of a £900,000 Resilience Fund, which aims to help small to medium-sized charities and Community Interest Companies (CICs) to develop their organisational resilience. This year, the Foundation committed up to £30,000 in funding over two years to 10 new organisations, alongside a programme of learning and development support.

The Foundation also launched new three-year partnerships with New Horizon Youth Centre and St Basils, both supporting young people experiencing homelessness.

The partnership with St Basils will support the development of a Youth Voice programme, empowering young people to use their lived experience to influence wider policy and change.

A new three-year partnership with Groundwork London is also underway, supporting disadvantaged young people to kick-start their careers in the green economy through a youth leadership programme.

The Foundation was also pleased to renew its long-term partnership with homelessness charity Crisis, supporting a place-based approach to ending homelessness in the London Borough of Brent.

The Foundation has also maintained its existing funding commitments and activities and was pleased to offer additional support to its charity partners during the cost of living crisis. This has included pro bono support from staff and a number of unrestricted grants.

>6,000
people reached through the Foundation's charity partnerships, helping them to move out of homelessness, build their skills, move into work or access new opportunities

£3.9m
given to the Berkeley Foundation's charity partners through grants, staff fundraising and GAYE

£991k
raised by Berkeley employees for the Berkeley Foundation and its charity partners through fundraising and GAYE

59%
Berkeley employees got involved with Berkeley Foundation activities in the year, including volunteering over 1,300 hours of time for the Foundation's charity partners

30%
Berkeley staff are signed up to our GAYE scheme

Scan the code to find out more about the Berkeley Foundation

THE FOUNDATION'S 2030 STRATEGY

This year has seen the Foundation embed its ambitious 2030 strategy, which sets out a clear vision and five interconnected impact goals.

OUR VISION

The Berkeley Foundation's vision is that young people and their communities will have the tools and resources they need to thrive and be a force for change in the world.

Our five impact goals are:

1. A safe place to call home	We want to ensure that everybody in our communities has somewhere safe, secure and sustainable to call home
2. Journey to employment	We want to ensure that all young people are prepared for work and have the opportunity to build a sustainable career
3. Health and wellbeing	We want to ensure that young people and their communities have the support they need to live happier, healthier lives
4. Youth leadership	We want to ensure that young people are empowered to positively impact their own lives and the communities in which they live
5. 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 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.

PROVIDING LONG-TERM SUPPORT FOR DEMELZA

demelza
extraordinary care for extraordinary children

Demelza cares for children who are facing serious or life-limiting conditions, throughout Kent, South East London and East Sussex. The charity has been Berkeley East Thames' Community Partner since 2012, receiving over £800,000 in the last decade from staff fundraising, donations through payroll giving and grants from the Berkeley Foundation. This year, staff raised over £59,000 for Demelza through payroll giving donations and events, including a 5-a-side football tournament, and over £40,000 in match funding from the Berkeley Foundation. They also volunteered 192 hours of time and expertise, and organised for two garden pods to be installed in Demelza's garden, giving the staff, volunteers and families a place to relax among nature.

"Berkeley colleagues have always been keen to help out with practical things, like helping to keep the gardens tidy at our Kent hospice, sorting goods for our 29 charity shops, wrapping Christmas gifts and even collecting Christmas trees for 'tree-cycling'! The Berkeley relationship keeps going from strength to strength and we look forward to developing our relationship further in the year ahead."

Petra Bones, Head of Corporate Partnerships at Demelza

PROMOTING YOUTH LEADERSHIP WITH GROUNDWORK LONDON

Over the next three years we will be working with Groundwork London, a community charity that is passionate about creating a future where every neighbourhood is vibrant and green, every community is strong and able to shape its own destiny and no-one is held back by their background or circumstances. The Strategic Partnership will see us working together to deliver a bespoke youth leadership programme, focused on supporting young people aged 16 – 19, to become future leaders and preparing them to access employment in the green economy. The programme will support young people from disadvantaged backgrounds, who do not traditionally have access to green spaces.

GROUNDWORK
CHANGING PLACES
CHANGING LIVES

ESG PERFORMANCE

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

Scan the code to see further ESG metrics and supporting notes

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	2023	2022	2021
New homes		Completed homes, including joint ventures	#	**4,637**	4,632	3,254
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	2023	2022	2021
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	**5,223**	7,832	8,738
		Scopes 1 and 2 (market-based) emissions	tCO_2e	**963**	2,211	2,549
		Water consumption	m^3	**201,979**	236,234	240,232
		Total waste generated (including construction, demolition and excavation wastes)	tonnes	**596,921**	734,320	382,824
		Total waste reused or recycled	%	**97**	90	95
		Total waste classified as hazardous	tonnes	**4,799**	5,669	2,602
		Construction waste generated	tonnes	**106,466**	126,765	154,409
		Construction waste reused or recycled	%	**95**	95	96
		Construction waste classified as hazardous	tonnes	**225**	606	397
Sustainable homes		Completed homes with an EPC rating of at least a B	%	**93**	89	96
		Average EPC score	#	**84**	83	84
		Completed homes with an EIR rating of at least a B	%	**98**	-	-
		Average internal water efficiency of completed homes	lppd	**102.6**	104.2	104.5
		Completed homes constructed on brownfield land	%	**86**	86	87
		Completed homes with internal recycling facilities	%	**100**	100	96
Sustainable places		Developments newly committed to deliver biodiversity net gain	#	**8**	6	7
		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	100
		Live development sites regenerating brownfield land	%	**76**	80	77
		Live development sites with SuDS	%	**100**	92	91
		Live development sites with cycle storage being provided	%	**100**	100	100
		Live development sites with electric car charging infrastructure being provided	%	**98**	93	84

SOCIAL

Indicator	Link to strategy	Measure	Unit	2023	2022	2021
Charitable giving and the Berkeley Foundation		Employees involved with GAYE	%	**30**	29	32
		Employees involved with the Berkeley Foundation	%	**59**	55	53
Considerate construction		Average Considerate Constructors Scheme (CCS) score	#/50	**44.14**	43.40	43.37
Customer experience		Six month rolling average NPS (to March 2023)	#	**79.2**	77.2	77.9
		Customers who would recommend us to a friend (to March 2023)	%	**97.5**	98.0	98.3
Health and safety		AIIR per 100,000 people – direct employees and on site contractors	#	**79**	72	124
		AIIR per 100,000 people – direct employees only	#	**0**	33	70
		AIIR per 100,000 people – on site contractors only	#	**106**	85	140
		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	#	**0.04**	0.03	0.06
		Hours of training delivered on health and safety matters	#	**24,326**	24,165	24,843
Skills and training		Average monthly percentage of direct workforce who are graduates, direct apprentices or sponsored students undertaking formal training	%	**10.0**	8.9	7.2
		Graduates joining the business via Berkeley's Graduate Scheme programme	#	**42**	38	26
		Average monthly number of directly employed apprentices	#	**162**	121	89
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	**2.6**	3.2	2.5
		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	**837**	774	595
		Contribution to facilities and services for local communities, including affordable housing subsidies	£m	**560**	556	204
		UK jobs supported directly and indirectly through the supply chain	#,000	**29**	29	25
Supply chain		Average number of days taken to pay suppliers	#	**30**	30	29
		Average monthly number of on site contractors	#	**9,473**	9,415	8,859
Quality		Homes with fewer than five defects reported by customers on completion	%	**91**	94	95

GOVERNANCE

Indicator	Link to strategy	Measure	Unit	2023	2022	2021
Board of Directors		Executive Directors	#	**5**	5	6
		Independent Non-executive Directors	#	**10**	11	11
		Board of Directors – Male	%	**67**	69	71
		Board of Directors – Female	%	**33**	31	29
		Average tenure of Board of Directors	yrs	**7**	6	7
Employees (as of 30 April)		Total employees	#	**2,802**	3,030	2,705
		Total employees – Male	%	**63**	63	64
		Total employees – Female	%	**37**	37	36
		Non-Board senior management – Male	%	**29**	40	40
		Non-Board senior management – Female	%	**71**	60	60
		Reporting to Board or senior management – Male	%	**69**	71	68
		Reporting to Board or senior management – Female	%	**31**	29	32

SASB DISCLOSURE

The below disclosure of sustainability topics and accounting methods is in line with the Home Builders Sustainability Accounting Standard issued by the Sustainability Accounting Standards Board (SASB).

SASB has established and maintains industry-specific standards to assist in disclosing financially material, decision-useful sustainability information to investors. Berkeley has chosen to disclose sustainability topics and accounting metrics in line with the Home Builders Sustainability Accounting Standard issued by SASB. The information provides an overview of the environmental and social impacts arising from our activities, as well as the ability of the Group to create value over the long-term.

Activity metric*	Code	Data	Detail
Number of controlled lots	IF-HB-000.A	58,045	Lots on owned or unconditionally contracted sites as of the last day of the reporting period.
Number of homes delivered	IF-HB-000.B	4,637	The number of homes that completed within the reporting period.
Number of active selling communities	IF-HB-000.C	51	Includes sites that have an implementable planning consent and that are in production.

LAND USE & ECOLOGICAL IMPACTS

Activity metric*	Code	Data	Detail
Number of (1) lots and (2) homes delivered on redevelopment sites	IF-HB-160a.1.	(1) 49,626 (85%) (2) 3,987 (86%)	Redevelopment sites are those that have been previously developed, including the replacement or refurbishment of existing structures, i.e. those sites considered to be brownfield land.
Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	IF-HB-160a.2.	(1) 49,549 (85%) (2) 4,149 (89%)	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 sustainable drainage systems (SuDS).
Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	IF-HB-160a.3.	£nil	The Group had no environmental prosecutions in the reporting period and subsequently no monetary losses.
Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	IF-HB-160a.4.	N/a	Our Vision 2030 is supported by our Sustainability Strategy which includes Sustainability Standards and procedures detailing the minimum Berkeley requirements for our day-to-day operations and our new developments. These ensure that we have processes in place to integrate environmental considerations throughout the development process. For example: – Site selection: Berkeley focuses on urban brownfield regeneration, which is inherently sustainable. Prior to land purchase, Berkeley completes an assessment which seeks to identify all types of risks, including those related to environmental factors, such as climate change (e.g. flood risk), land contamination and ecology. These assessments are site specific taking into account the unique characteristics of each development. – Site design: Our Sustainability Standards detail minimum requirements for new developments, including creating a biodiversity net gain, achieving an internal water use of less than 105 litres per person per day, designing for climate change adaptation (e.g. through the use of SuDS) and providing electrical vehicle charging points. – Site development and construction: Berkeley has dedicated sustainability professionals within each of our operating companies, who support project teams by providing advice and driving environmental improvements (e.g. energy and water efficiency). Each site has an environmental risk register and a site sustainability assessment is undertaken by our internal sustainability team at least quarterly to monitor performance.

WORKPLACE HEALTH & SAFETY

Activity metric*	Code	Data	Detail
(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	IF-HB-320a.1.	(1a) AIIR: 0 (1b) AIIR: 106 (2a) 0 (2b) 0	Annual Injury Incidence Rate (AIIR) per 100,000 people reported in line with UK Health and Safety Executive (HSE) methodology. Our combined rate for direct and contract employees is 79 which outperforms the construction sector average of 326 (HSE, October 2022).

DESIGN FOR RESOURCE EFFICIENCY

Activity metric*	Code	Data	Detail
(1) Number of homes that obtained a certified HERS® Index Score and (2) average score	IF-HB-410a.1.	N/a	The HERS® certification standard is not applicable within the UK. Information on mandatory Environmental Performance Certificate (EPC) ratings is provided as an alternative: (1) All homes legally completed by Berkeley in the year had an EPC with an average rating of (2) 84 ('B'). Note that ratings range from 'A' (very efficient) to 'G' (inefficient). In the year, 93% legally completed homes were rated B or above.
Percentage of installed water fixtures certified to WaterSense® specifications	IF-HB-410a.2.	N/a	WaterSense® specifications are not applicable within the UK. The internal water efficiency of our legally completed homes in the year is provided as an alternative: Target: 105 litres per person per day. Achieved average: 102.6 litres per person per day.
Number of homes delivered certified to a third-party multi-attribute green building standard	IF-HB-410a.3.	N/a	There are no equivalent multi-attribute green building standards in the UK.
Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	IF-HB-410a.4.	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

Activity metric*	Code	Data	Detail
Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions	IF-HB-410b.1.	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.
Number of (1) lots and (2) homes delivered on infill sites	IF-HB-410b.2.	(1) 46,096 (79%) (2) 3,777 (81%)	Infill sites are defined as vacant or underutilised lots of land, served by existing physical installations such as roads, power lines, sewer and water, and other infrastructure. In line with the SASB definition, our redevelopment sites are only considered infill if they additionally meet this criteria.
(1) Number of homes delivered in compact developments and (2) average density	IF-HB-410b.3.	(1) 4,144 (89%) (2) This data is not currently analysed	The main types of compact developments delivered by Berkeley are mixed use developments and neighbourhood developments with community facilities.

CLIMATE CHANGE ADAPTATION

Activity metric*	Code	Data	Detail
Number of lots located in 100-year flood zones	IF-HB-420a.1.	13,820 (24%)	This figure includes lots in areas assigned as Flood Zone 3. We undertake flood risk assessments on every site as part of the planning process and take measures to ensure that the development design takes into account and mitigates flood risk. Design measures include raising lower floor levels and designing SuDS to manage rainwater by storing it and releasing it into well designed natural features to help manage surface water and reduce the impacts of flooding.
Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-HB-420a.2.	N/a	Berkeley routinely evaluates climate-related risks and opportunities as part of our ongoing risk assessment process. Detailed Climate Scenario Analysis was completed in 2021/22. Read more on pages 66 to 73.

* All metrics include St Edward joint venture operations

TCFD RECOMMENDED DISCLOSURE

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.

Berkeley supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

We are also planning for the future based on emerging guidance such as the draft disclosure framework developed by the UK Government's Transition Plan Taskforce (TPT) and the International Sustainability Standards Board (ISSB).

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

INTRODUCTION

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 (SBTs) 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.

BUSINESS AMBITION FOR 1.5°C

CDP DISCLOSURE INSIGHT ACTION

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Climate Action remains a key strategic priority for the business and is embedded within Our Vision 2030: Transforming Tomorrow. Berkeley is playing an active 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.

Undertaking Climate Scenario Analysis last year covering both physical and transition risks enabled us to develop our understanding of our exposure to potential risks. In summary, we have relatively low exposure to transition risk in the short-term, which could moderately rise in the medium-term (2030). Our physical risk profile relates to a mix of acute and chronic climate risks, such as windstorms, flooding and heat stress. This year we have reviewed our strategy against the results, confirming that it remained relevant, whilst improving our processes to ensure there is enhanced Group oversight of project-level risks.

Over the coming year we will develop our Net Zero Transition Plan to set out how we will contribute to and prepare for a rapid global transition towards a low GHG-emissions economy. The guidelines set out by the Transition Plan Taskforce (TPT) build upon the baseline of the TCFD, providing further granularity beyond the TCFD recommended disclosures in some areas.

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
SBTs 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.

2023
Achieved scopes 1 and 2 SBT.

Launched embodied carbon reduction targets at a project level.

Embedding findings of Climate Scenario Analysis into risk management processes.

	Omitted	Partial	Full
Disclosure level	○	◐	●

This is our sixth disclosure under TCFD and we have reviewed the TCFD Recommendations, including the 2021 Annex supplemental guidance for materials and buildings. We are pleased to confirm that our disclosures are consistent with these guidelines and align with the UK Listing Rules (as referred to in Listing Rule 9.8.6R(8)), save for certain items which we summarise in the table below. Work is ongoing as our understanding of these areas has developed over the years and we have identified areas where more work is required. Our responses against these areas will develop in future reporting years.

Recommendation	Disclosures and disclosure level		Reference	Summary and next steps
Governance	a) Board's oversight	◐	Page 64	– The Board are provided with updates on Climate Action at each meeting as part of wider Our Vision 2030 reporting. – CEO and CFO attend monthly Our Vision and Sustainability meetings which provide a forum for discussing key actions around Climate Action, including goals and targets. – Climate-related issues are considered within business planning activity focused at a development level, with further work planned in this area in the future.
	b) Management's role	●	Page 64	– Executive Directors have been assigned climate-related responsibilities. – Our Vision 2030 and Sustainability Board meetings bi-monthly. – CEO and CFO have oversight of development plans.
Strategy	a) Climate-related risks and opportunities	●	Pages 66 to 73	– Climate change and sustainability are key risks monitored as part of the wider risk management process. – Climate Scenario Analysis completed across the short-, medium- and long-term, with financial scenarios and probabilistic loss modelling undertaken where possible. – The Climate Scenario Analysis highlighted key transitional and physical risks.
	b) Impact of risks and opportunities	◐	Pages 66 to 73	– Material risks are being monitored and initial actions are in place to implement mitigation measures. – Further work is ongoing to consider the impact of climate-related issues on areas such as our supply chain.
	c) Resilience of strategy	●	Page 65	– A number of different climate scenarios have been modelled to assess our resilience. – Potential risks and exposure have been highlighted.
Risk Management	a) Risk identification processes	●	Page 66	– Climate-related risks recognised as one of the principal risks impacting Berkeley. – Main Board, Group Sustainability team and operational teams all part of the process for assessing risks and relative importance.
	b) Risk management processes	●	Pages 67 to 73	– Operational teams monitor climate-related risks and opportunities on each development. – Mitigation measures undertaken at a project level.
	c) Integration with overall risk management	●	Page 73	– Climate risk identified as a standalone risk since 2018 as part of the Berkeley's approach to risk management. – Annual assessment undertaken as part of the risk management processes.
Metrics and Targets	a) Metrics to assess risks and opportunities	◐	Pages 74 to 77	– Relevant metrics identified and disclosed. – Internal carbon price used to drive action. – An ESG underpin is applicable to the Restricted Share Plan element of the 2022 Remuneration Policy. Refer to page 136 of the Remuneration Report. – Further work required to develop financial metrics around, for example, activities vulnerable to climate-related risks.
	b) Scopes 1, 2 and 3 GHG emissions and risks	●	Pages 74 to 77	– Scopes 1, 2 and 3 emissions monitored and disclosed. – Science-based targets in place across all scopes.
	c) Targets to manage risks and opportunities	◐	Pages 74 to 77	– Relevant metrics identified and disclosed, with additional metrics available in the ESG metrics table on page 58. – Further work is required to develop targets.

GOVERNANCE

Main Board Level

Board of Directors

- Overall responsibility for management of climate-related risks and opportunities.
- Annual review of all business risks and opportunities.
- Board reports include progress and metrics for climate.

Audit Committee

- Oversight of company-wide risk management process, including climate action alongside other principal risks.

Management Level

Named Executive Sponsors

- CEO designated as accountable for the Climate Action strategic priority under Our Vision 2030.
- Karl Whiteman has Board level responsibility for Berkeley's wider sustainability programme and oversees the implementation of our actions.

Our Vision 2030 and Sustainability Board Meetings

- Monthly meetings with CEO, CFO, Board Director responsible for sustainability, Head of Responsible Business and Head of Sustainability.
- Climate action is a key topic on each agenda and a summary of progress against goals and targets is provided at each meeting.

Development Oversight

- CEO and CFO have involvement with the oversight of development plans, from initial land purchase through all stages of development.

Group level

Group Committees and Working Groups

- Bi-monthly Sustainability Committee, chaired by the Head of Sustainability and consisting of a representative from each of our businesses.
- Cross-disciplinary working groups to take action in specific areas, such as embodied carbon.

Group Sustainability Team

- Implementation of our strategy, monitoring performance, risk management and reporting.

Group Risk Function

- Management of Group risk process and register, including the integration of climate change.

Operational level

Operational Sustainability Team

- Dedicated sustainability practitioners within each business to support local management and development teams and help drive continual improvement.

Development Teams

- Manage day-to-day energy efficiency, implementation of new measures and achievement of targets.
- Project Sustainability Tracker and Site Environmental Risk Register in place.

Divisional Management Teams

- To instil strong governance and accountability, each management team has responsibility for climate action in relation to their specific developments.
- Nominated management sponsor for Climate Action within their business.
- Maintains a risk register for their business, which includes sustainability and climate change risks.

⟷ Main communications pathways

STRATEGY

Climate Action is a strategic priority for the business within Our Vision 2030. Our Climate Action 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, to ensure we are aligned to deliver the objectives, priorities and milestones outlined within the strategy.

We have near-term SBTs for GHG emissions reduction by 2030 covering scopes 1, 2 and 3 which were validated by the SBTi in December 2020. These will help shape our transition to becoming a net zero carbon business in the long-term.

Berkeley acknowledges the definition of net zero launched by the SBTi in 2021, namely that scopes 1, 2 and 3 emissions should be reduced through near-term SBTs and in the long-term by at least 90%, and that any residual emissions at the net zero target date are neutralised. We plan to set out our Net Zero Transition Plan in the forthcoming year, in line with this definition and using the disclosure framework that is being developed by the UK Government's Transition Plan Taskforce. See page 46 for further details.

This year we have reviewed our strategy and supporting arrangements against the findings of the detailed Climate Scenario Analysis undertaken last year (see the table below for further details). This process identified that the strategy was still relevant and appropriate based on the risks and opportunities identified. Minor adjustments were made to our internal processes to ensure that there is enhanced Group level oversight of project-level risks such as subsidence.

Progress against our climate action strategy can be found within the Our Vision 2030 section on pages 44 to 45. Metrics and targets are included on page 74.

Climate Action focus areas

Focus area	Description	Why is this a focus?	Risks and opportunities identified
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).	When we baselined our emissions for the development of our SBTs, the majority were found to relate to embodied carbon. We have the ability to drive these emissions down through design, specification and procurement choices to reduce the quantity and impact of materials.	– Raw material cost
Low carbon construction sites	**Scopes 1 and 2** This is carbon that is related to our own activities. It comes from energy used on construction sites, the modular facility, sales suites and in our offices.	We directly control these emissions and have the ability to reduce these.	– Carbon pricing and emissions offsets
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.	A significant proportion of our emissions relate to the homes that we are creating for our customers. We have the ability to influence how sustainable they are through design and specification.	– Demand supply imbalance – Planning and design requirements – Skills shortage impacting ability to install low carbon technology – Technology evolution
Climate change resilience	Preparing our business for anticipated 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 are mindful that climatic changes will occur and may affect the homes we build. We consider anticipated changes in our designs to seek to mitigate the risks.	– Heat stress – Drought stress – Subsidence – Windstorm – Flood
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 voluntarily procure offsets for scopes 1 and 2 whilst on our journey towards net zero.	– Carbon pricing and emissions offsets

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Engagement

Our supply chain is key to reducing our scope 3 emissions. We engage with our designers, materials suppliers and those trade contractors who purchase materials on our behalf to understand how to reduce the impact of the buildings.

We also collaborate 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. Further information on our stakeholder engagement can be found on pages 79 to 83.

Climate Scenario Analysis

Berkeley evaluates climate-related risks and opportunities as part of our ongoing risk assessment process with climate change and sustainability identified as principal operating risks that we proactively review and action.

Last year, in response to the TCFD recommendations, we expanded our risk assessment process to incorporate future climate scenarios.

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

The results of the Climate Scenario Analysis are still considered to be relevant and we will continue to use them within our strategic planning processes. It is our intention to periodically update the analysis, as new information and modelling becomes available and as changes are made to our land holdings.

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.

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. 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).

See the table below for more detail.

Time horizons

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, which correlates to the timing horizons and target setting within Berkeley's Our Vision 2030 strategy. Transition risks were not assessed in the longer term due to the difficulty in building assumptions around the direction of policy out to 2050 or beyond.

— Physical risks were assessed over the long-term to 2050 as this is when the most significant impacts are likely to manifest.

Transition risks and opportunities

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) and through discussions with specialists across the business, we identified 14 transition risk and opportunity drivers under the recommended TCFD categories of Policy & Legal, Technology, Market and Reputation.

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

Transition risk and opportunity drivers

Policy and legal

— Pricing of GHG emissions
— Emissions offsets
— Increasingly stringent planning and design requirements
— Climate change litigation
— Enhanced emissions reporting obligations

Technology

— Electric vehicle (EV) use
— Substitution of existing technologies to lower emission options
— Skill shortages impacting ability to install low carbon technology

Market

— Change in customer demands
— Increased cost of raw material
— Cost of capital

Reputation

— Investment risk
— Stakeholder risk
— Employee risk

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

Scenario analysis was used to 'stress-test' Berkeley Group's resilience to transition risk by considering the level of exposure under a Low Carbon Economy, where temperature rise would be limited to Well Below 2°C this century. The analysis concentrated where possible on a 1.5°C scenario (i.e. NGFS Net Zero 2050) in line with the Paris Agreement.

Risks were assessed in terms of impact and likelihood via a series of subject matter expert interviews from Berkeley and follow up discussions. We assessed these qualitatively, and where possible, quantified potential impacts. Where the risks allowed for quantification, financial scenarios were identified to understand the potential magnitude of risks and were quantified based on data from external and internal sources, aligned to Berkeley's typical risk management rating criteria. Given the relatively low residual exposure to transition risk, as set out in the ensuing table, no update to the financial assessment for the 2023 time horizon was undertaken during the current year.

Of the risks and opportunities, seven were identified as having a potentially greater impact on Berkeley, albeit none of these are considered individually material in the context of the Group's current year financial statements. Overall the Group has relatively low residual exposure to transition risk in the short-term, although emissions offset and increased cost of raw materials present moderate risk. In the medium-term (2030), Berkeley is more moderately exposed, partly due to risks associated with moving to lower emission technologies, such as the use of less established suppliers and obsolete technology. Higher costs could also be incurred in 2030 as a result of the increasing intensity of carbon pricing policy. Whilst not financially quantified, skills shortages are expected to be moderate by 2030. Changing customer demands, cost of capital, stakeholder risk, and employee risk are all considered to present minor opportunities.

Overview	Risk exposure & mitigation	Short-term impact[1]	Medium-term impact[1]
Pricing of GHG Emissions 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.	**Procurement of REGOs** Since 2018, Berkeley has been carbon neutral in its operations (covering scopes 1 and 2 emissions) through purchasing 100% renewable electricity in the UK and offsetting remaining emissions. Demand for REGOs which Berkeley procures for its UK electricity generation is expected to rise. In the short-term 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. **Procurement of offsets** The additional cost of emissions offset for scopes 1 and 2 by 2030 is likely to be less than £1 million under a 1.5°C scenario, based on UK carbon price projections from the Network for Greening the Financial System (NGFS). **Journey to net zero** 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. This will be confirmed as part of the Net Zero Transition Plan being developed. 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 74), over £10 million per annum, although this amount and timing thereof is uncertain. **Future carbon taxes** 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.	○ £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 scopes 1 and 2 emissions Beyond 2030 this is uncertain, but may exceed £10 million per annum in the event of scope 3 offsets

Overview	Risk exposure & mitigation	Short-term impact[1]	Medium-term impact[1]
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. Berkeley would be required to respond to these changing regulations which may have a cost impact.	**Different heating solutions** 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. **Changes in planning regulation** 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. Berkeley actively participates in Government consultations relating to future Building Regulations to help shape the direction of future regulation.	Not anticipated to be an impact	Not anticipated to be an impact
Skills shortages 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.	**Industry resourcing** 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 we work with our supply chain to support and encourage training opportunities. **Upskilling our people** We upskill our staff through internal training modules on sustainability available via our Learning Management System. This year we ran an energy awareness campaign to educate our people on the low carbon technologies being deployed on our sites and in our homes and how to communicate this to our customers. We continue to be committed to tackling these issues and incorporating our climate action targets into the day-to-day lives of our workforce.	Not quantified	Not quantified
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.	**Changing energy solutions for our homes** Electrification of residential heating is likely to be encouraged through the Future Homes Standard. 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. 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. **Emerging technologies** 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

Exposure	Low	Medium	High
Risk			
Opportunity			

Overview	Risk exposure & mitigation	Short-term impact[1]	Medium-term impact[1]
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.	**A diverse supply chain** Berkeley has a diverse supply chain drawing material from a wide range of suppliers. Berkeley regularly assesses its material costs as part of its development appraisals. **Rising costs in energy intensive materials** 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 – £1.0 million 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.	**Customer demand for sustainable 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 2030 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 table in the preceding pages, there were a further seven risks and opportunities explored, three of which relate to reputation. WTW and subject matter experts from various functions within the business assessed Berkeley as having a very low exposure to these, as summarised briefly as follows:

Risks

- **Enhanced emissions reporting obligations** requirements may impact the business and supply chain by 2030 For instance, this could include regulatory requirements to produce EPDs or materials passports. Our data collection process is constantly under review with additional metrics being assessed each year. As data sets expand we are exploring the most efficient and precise methodologies to collect our climate data.
- **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. We continue to disclose sustainability data in line with climate disclosures such as SASB, TCFD and CDP.

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. Last year, Berkeley issued a Green Finance 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 and 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. Read more about our stakeholder engagement on pages 79 to 83.

Physical risks

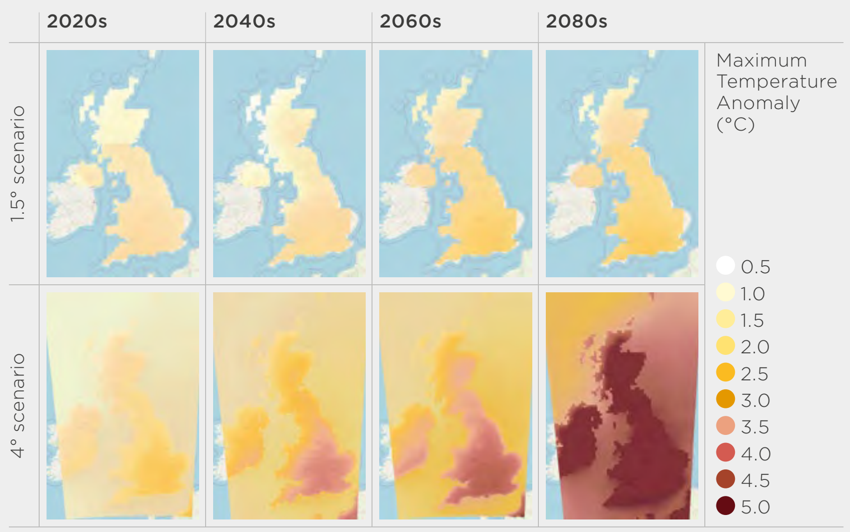
Last year Berkeley undertook a comprehensive physical risk analysis of its land holdings as of 31 October 2021 against current and future climate scenarios with the support of WTW. This year, as there have been no significant changes to our land holdings, the findings of the climate scenario analysis are still relevant. We have improved our processes to ensure that we have an enhanced oversight of project-related risk related to its findings.

The analysis concentrates on a longer timescale (to 2050) than transition risks (to 2030) given physical risks typically manifest over a longer period.

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.

Under the 'Hot House World' scenario, there is anticipated to be an increased likelihood of a range of acute and chronic climatic events. The analysis showed us that under this 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. Figure 1 illustrates heat stress as an example, showing the UK maximum summer time temperature anomalies under a 1.5°C and 4°C scenario compared to a 1981 – 2000 baseline.

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)



Exposure assessment
For each risk category, we have undertaken an assessment of exposure. This is 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. 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 tables that follow summarise the predominant physical risks for both the 1.5°C and 4°C scenarios in 2050 and focus on the exposure for the 4°C scenario.

Probabilistic loss modelling
In addition to the exposure analysis, a financial impact assessment of the acute risks (windstorm and flood events) was completed to represent the potential unmitigated and uninsured financial impact. This was undertaken through probabilistic modelling utilising insurance market recognised catastrophe risk models. This methodology was performed by WTW and is widely used in the insurance industry to price insurable catastrophic risk when considering insurance premiums.

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.

The figures presented in the acute risks table below represent physical loss to all sites that formed part of the land holdings at 31 October 2021 which comprised around 63,000 homes. 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.

Chronic risks

Risk identified	Present day risk	Risk under 1.5°C scenario	Risk 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).

Berkeley's exposure in 2050 and beyond under 4°C scenario
The majority of England and Wales (in particular South East, South West 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. Overheating risk is now incorporated within the 2021 Building Regulations, launched in 2022 with a 12 month transition period. This ensures that all project teams are assessing and mitigating against this risk. Where homes are deemed to be at a higher risk, more detailed dynamic thermal modelling is undertaken.

Potential mitigation measures 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.

Risk identified	Present day risk	Risk under 1.5°C scenario	Risk under 4°C scenario
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 two months of drought duration in a year).	Drought stress conditions continue to have a relatively low risk (two to three months of drought duration in a year) by 2050.	Drought stress becomes more significant by the 2050s, which would see three to four months of drought duration annually. The main implications from drought stress are water scarcity and impact on green areas of our developments.

Berkeley's exposure in 2050 and beyond under 4°C scenario
Similar to heat stress, the majority of England and Wales (in particular South East, South West 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 for three to four months annually in the decades beyond 2050. A significantly smaller proportion (5%) of homes could see drought conditions for six months of the year.

Berkeley's actions
We reduce water usage by designing water efficient homes with water efficient fixtures and fittings. We follow an integrated water management approach, whereby rainwater is stored and released 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 recently commissioned guidance by the Wildfowl and Wetlands Trust (WWT) for our teams on integrating blue and green infrastructure into our developments. We also consider the impact of drought on the design of our green spaces by incorporating drought resilient planting. Berkeley's Sustainability Standards are in place to set minimum water efficiency measures and standards for areas such as rainwater harvesting and SuDS for all project teams.

Chronic risks continued

Risk identified	Present day risk	Risk under 1.5°C scenario	Risk under 4°C scenario
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 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.	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.

Berkeley's exposure in 2050 and beyond under 4°C scenario
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 for 90% of Berkeley's current homes could potentially be impacted beyond 2050.

Berkeley's actions
The risk of subsidence is assessed at a project level prior to land acquisition. During detailed design, external experts undertake further assessment and ensure appropriate measures are incorporated to mitigate these risks.

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

Risk identified	Present day risk	Risk under 1.5°C scenario	Risk 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.

Berkeley's exposure in 2050 and beyond under 4°C scenario
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.

Probabilistic loss modelling
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.

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 mid-rise 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.

Acute risks continued

Risk identified	Present day risk	Risk under 1.5°C scenario	Risk under 4°C scenario
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 flood 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.

Berkeley's exposure in 2050 and beyond under 4°C scenario
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.

Probabilistic loss modelling
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).

Berkeley's actions
Flood risk is assessed pre-acquisition for all sites. 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.

This year we have taken action to ensure Group oversight of project-level flood risk, in line with our reported SASB disclosure (see page 60).

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. Our climate-related risk management process is aligned to our broader strategic processes. To read more about Berkeley's approach to risk management and how we manage risk see pages 86 to 89 of the Strategic Report.

The Board takes overall responsibility for risk management (including climate risks) and the Audit Committee ensures the effectiveness of risk management and internal controls on behalf of the Board.

Climate risk information is updated at least annually by the Head of Responsible Business and Head of Sustainability. Changes to the risk level are based on a range of factors such as emerging legislation (e.g. The Future Homes Standard) and customer feedback. This information is provided to the Board through incorporation into the Group's risk register. The in-depth Climate Scenario Analysis undertaken last year further informed our risk assessment processes and was overseen by Karl Whiteman and the CFO.

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.

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 performance table on pages 58 to 59. Our key metrics for climate action are our SBTi validated SBTs measuring emissions against a 2019 baseline.

Scopes 1 and 2 emissions

Science-based target: reduce absolute scopes 1 and 2 GHG emissions by 50% by FY2030 from a FY2019 baseline year.

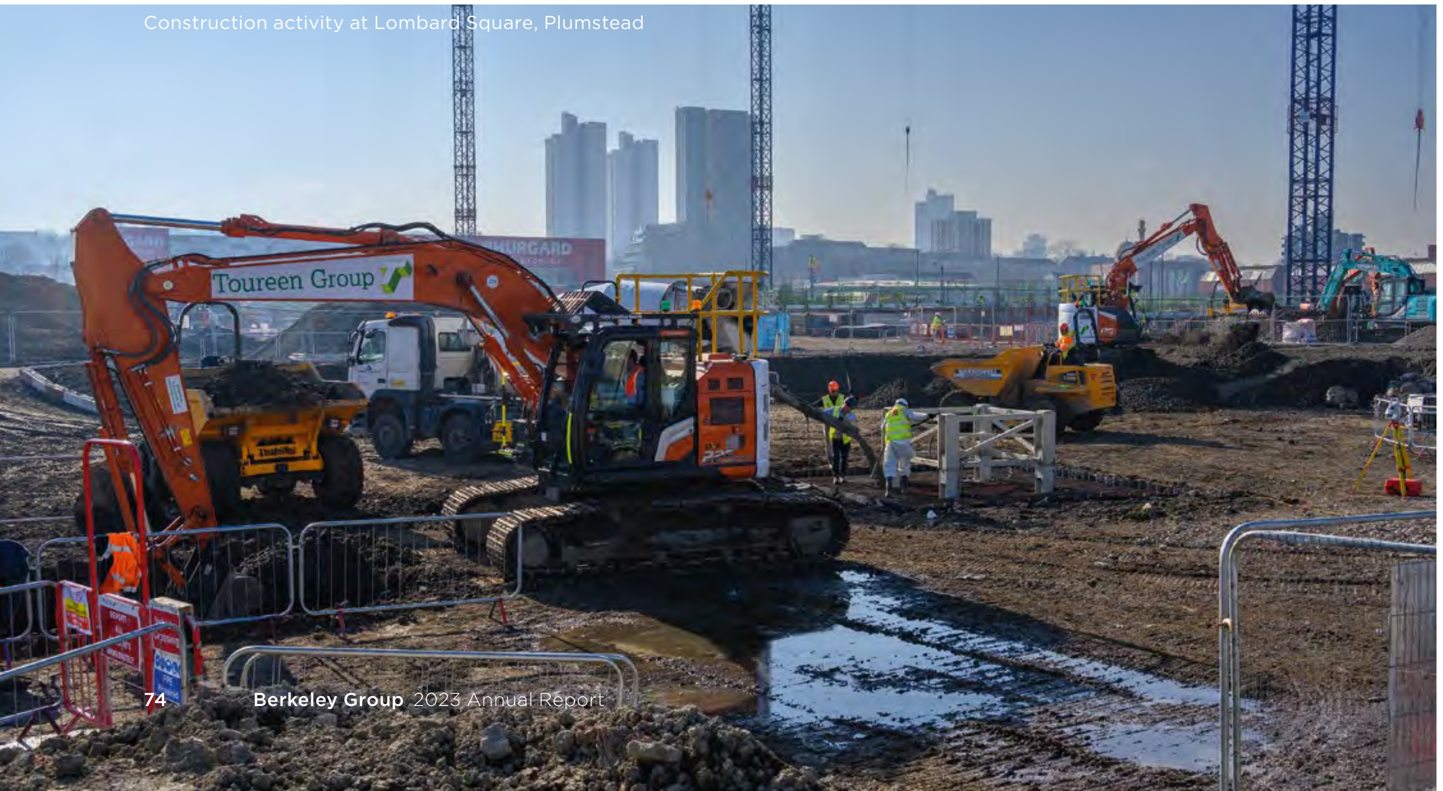
We are pleased to report that we have achieved our absolute scopes 1 and 2 (market-based) emissions target seven years early, exceeding our 50% reduction target with a 76% decrease since the baseline year of 2019. The decrease has largely been driven by an increase in the use of biodiesel HVO (Hydrotreated Vegetable Oil) on our construction sites; 95% of fuel directly purchased for use in the year has been this low carbon alternative. Further information on our scopes 1 and 2 emissions, including our methodology, is contained within the Directors' Report on pages 159 to 161.

76%
reduction

since our baseline year FY2019

Metric	Unit	2023	2022	Baseline 2019	Link to focus areas	Link to key risks
Absolute scopes 1 and 2 (market-based) emissions	tCO_2e	963 Ⓐ	2,211	3,980		- GHG emissions pricing - Emissions offsets
Percentage change in emissions compared to FY2019 (SBT base year)	%	**-76**	-44	–		
Energy consumption associated with scopes 1 and 2 emissions	MWh	30,420 Ⓐ	36,335	35,681		
Energy consumption from renewable sources	%	**89**	76	60		

Ⓐ 2023 information has been separately subject to limited assurance by KPMG LLP. Further details of the assurance provided in 2023, including the independent assurance report and our methodology for reporting emissions, can be found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies



Construction activity at Lombard Square, Plumstead

Scope 3 emissions

Science-based target: reduce scope 3 purchased goods and services and use of sold products GHG emissions by 40% per square metre of legally completed floor area.

We recognise that our most significant impacts, around 99%, occur across our value chain (scope 3), including the activities of our supply chain ('embodied carbon') and the energy use by our customers in homes once sold ('low carbon homes').

Since our 2019 baseline year, there has been a 6% decrease in emissions intensity against our science-based target to reduce by 40% by 2030.

We have been taking actions to improve our understanding and the data accuracy of these impacts since we set our SBTs. Reductions in emissions from dedicated action taken at a project level can take some time to be realised, due to there often being several years between the planning phase of a project and legal completions occurring. However, we are of the view that the results of work underway now will lead to demonstrable reductions in the future.

6%
reduction

since our baseline year FY2019

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 over their lifetime (60 years in line 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 (with a one-year transition period) and the forthcoming Future Homes Standard expected to be required from 2025.

Our understanding of emissions reporting in this area and that of the wider industry is evolving and we expect further data enhancements in the future. For example, our current methodology does not take into account the anticipated decarbonisation of the UK electricity grid over the 60-year lifetime of the homes. With the update of the Building Regulations and forthcoming Future Homes Standard we are also cognisant of the likely change in SAP methodology to use primary energy, accompanied by a potential preference in the future for energy intensity in use to be a more representative metric of emissions from homes than the DER. We will continue to work with industry as the methodology develops and ensure our reporting reflects the prevailing and accepted methodology.


Hollyfields, Hawkenbury

Table A – Scope 3 emissions using updated methodology (CEDA Global)

Metric	Unit	2023	2022	Baseline 2019
Absolute scope 3 emissions (categories 1 and 11)	tCO_2e	**574,709** Ⓐ	638,017	585,690
Scope 3 emissions intensity	tCO_2e/100 sq m	**161**	177	171
Percentage change in emissions intensity compared to FY2019 (SBT base year)	%	**-6**	4	–
Absolute emissions for category 1: Purchased goods and services	tCO_2e	**321,314** Ⓐ	369,515	352,087
Emissions intensity for category 1: Purchased goods and services	tCO_2e/100 sq m	**90**	103	103
Absolute emissions for category 11: Use of sold products	tCO_2	**253,395** Ⓐ	268,502	233,603
Emissions intensity for category 11: Use of sold products	tCO_2/100 sq m	**71**	74	68

Link to focus areas

Link to key risks
- GHG emissions pricing
- Emissions offsets
- Planning and design requirements
- Skills shortages
- Technology evolution
- Raw material cost
- Physical climate risk

Table B – Scope 3 emissions using previous methodology (CEDA v5.0)

Metric	Unit	2023	2022	Baseline 2019
Absolute scope 3 emissions (categories 1 and 11)	tCO_2e	**1,077,251**	1,125,843	1,096,682
Scope 3 emissions intensity	tCO_2e/100 sq m	**302**	312	321
Percentage change in emissions intensity compared to FY2019 (SBT base year)	%	**-6**	-3	–
Absolute emissions for category 1: Purchased goods and services	tCO_2e	**823,856**	857,341	863,079
Emissions intensity for category 1: Purchased goods and services	tCO_2e/100 sq m	**231**	238	253
Absolute emissions for category 11: Use of sold products	tCO_2	**253,395**	268,502	233,603
Emissions intensity for category 11: Use of sold products	tCO_2/100 sq m	**71**	74	68

Ⓐ 2023 information has been separately subject to limited assurance by KPMG LLP. Further details of the assurance provided in 2023, including the independent assurance report and our methodology for reporting emissions, can be found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies

Embodied carbon (scope 3: category 1)
When setting our SBT in 2020 we adopted a methodology based upon spend data to estimate the embodied carbon of materials and this remains our primary methodology for external reporting. We recognise the limitations of reporting embodied carbon emissions based on spend data alone, and therefore have carried out 23 detailed embodied carbon assessments in the last two years, studying the impact of the design of the buildings and material choices and quantities. These assessments are now undertaken as standard practice at planning and design stages, enabling our project teams to make more informed decisions and to take tangible action to reduce the carbon impact of each development.

In any financial year the challenge we – and others in the industry – face is to demonstrate the impact of a number of different developments at different stages in the project lifecycle, each with a complex and often global supply chain of materials. This issue is compounded at Berkeley by our bespoke approach to development, with each site having a unique design and procurement undertaken locally by each of our operating businesses, and by the length of time our developments span.

Using a combination of our spend data and more detailed data from the site-specific assessments, we are now in a position to better understand the embodied carbon of our buildings. We are also investigating improvement in material delivery data collation at a site level. Through these steps we plan to evolve our reporting away from the spend-based methodology towards more specific material data calculations in future years.

Recognising that the reliable reporting of embodied carbon data is an issue facing wider industry, we are actively working as part of the UK Green Building Council (UKGBC) and Future Homes Hub working groups to define a standardised approach moving forward. At a global scale, in May 2023 the Science Based Targets initiative (SBTi) launched a consultation for the buildings industry to ensure the criteria and guidance for building companies to set science-based targets are robust, clear, and practical. We are pleased to have responded to the consultation to aid the development of the guidance due for publication in autumn 2023. We welcome further clarification on this topic and agreement on a consistent methodology for calculation and reporting across the sector.

We continue to use Comprehensive Environmental Data Archive (CEDA) which is listed by the GHG Protocol as an available third-party database to assist users in collecting data for product lifecycle and corporate value chain (scope 3) GHG inventories to convert our spend data to emissions.

During the year, CEDA launched an updated database 'CEDA Global' which provides multi-regional input-output (MRIO) information, including UK-specific conversion factors for the first time. Compared to CEDA v5.0 which had a 2014 base year, emission factors in CEDA Global have a 2018 base year. The new factors take into account the effect of global decarbonisation activities since 2014 and are based on additional region-specific data sources, such as emission factors published by the Department for Environment, Food and Rural Affairs (DEFRA). Together with macroeconomic changes, improvements in global GHG emissions understanding and calculations, and efficiencies in technologies along with an improved use of renewable energy sources, there has been a significant drop in the conversion factors from CEDA v5.0 to CEDA Global.

Whilst we continue to improve our understanding of carbon reporting and our practices to reduce the impact of our site activities, we have adopted this newest database for enhanced data quality. However, for maximum transparency, and to ease comparison for readers, we have presented our emissions under both CEDA v5 and CEDA Global this year for all years presented, including our SBT base year (2018/19). These are shown in Table A, with calculations under the previous CEDA v5.0 shown in Table B for transparency.

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

Target	Metric	Unit	2023	2022	Link to focus areas	Link to key risks
Maintain carbon neutral operations across scopes 1 and 2 emissions using REGOs and verified carbon credits	Purchased electricity backed by REGOs	%	**98.7**	99.0		– GHG emissions pricing – Emissions offsets
	Purchased electricity in the UK backed by REGOs	%	**100**	100		
	Number of verified carbon credits procured for voluntary offsetting	#	**1,011**	2,322		
	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	%	**89**	85		– Heat stress – Drought stress
	Average water efficiency of homes completed	lppd	**102.6**	104.2		
	Live development sites that have sustainable drainage systems (SuDS)	%	**100**	92		
	Live development sites that have assessed overheating risk	%	**76**	68		
Reduce scope 3 use of sold products GHG emissions	Completed homes with an EPC rated A or B	%	**93**	89		– Planning and design requirements – Skills shortages – Technology evolution
	Average Dwelling Emission Rate (DER) of completed homes	$kgCO_2$/ m2/yr	**12.13**	12.85		
	Average percentage improvement in DER over Target Emission Rate (TER) for completed homes	%	**31**	31		
	Completed homes with an Environmental Impact Rating (EIR) of B or above	%	**98**	–		

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The following table summarises where our non-financial information can be found in our Annual Report and within our policies available on our website:

Reporting requirement	Where to read more in this report to understand the impact on the business, and the outcome of applying our policies		Relevant policies in place that govern our approach
Environmental matters	**Our Vision 2030: Climate Action and Nature**	**44 to 49**	— Sustainability Policy — Climate Change Policy — Sustainable Specification and Procurement Policy
	TCFD Recommended Disclosure	**62 to 77**	
	SASB Disclosure	**60 to 61**	
	Stakeholder Engagement: Environment	**81**	
	ESG Performance	**58 to 59**	
Climate-related financial disclosures	**Our Vision 2030: Climate Action**	**44 to 47**	— Climate Change Policy — Sustainability Policy
	TCFD Recommended Disclosure	**62 to 77**	
	SASB Disclosure	**60 to 61**	
	Directors' Report: Scopes 1 and 2 Greenhouse Gas Emissions and Energy Consumption	**159 to 161**	
Employees	**Our Vision 2030: Employee Experience and Future Skills**	**50 and 52**	— Employee Policy — Apprenticeships and Skills Development Policy — Equality and Diversity Policy — Health and Safety Policy
	Stakeholder Engagement: Employees	**80**	
	ESG Performance	**58 to 59**	
Respect for human rights	**Our Vision 2030: Employee Experience and Supply Chain**	**50 and 53**	— Modern Slavery Statement — Human Rights, Modern Slavery and Child Labour Policy — Equality and Diversity Policy — Whistleblowing Policy — Sustainable Specification and Procurement Policy
	Stakeholder Engagement: Employees and Supply Chain	**80 to 81**	
	Corporate Governance Report: Whistleblowing	**115**	
Social matters	**Our Vision 2030: Quality, Communities, Employee Experience, Future Skills, Supply Chain and Shared Value**	**41, 42 to 43, 50, 52, 53, 54 to 55**	— Sustainability Policy — Apprenticeships and Skills Development Policy — Sustainable Specification and Procurement Policy
	The Berkeley Foundation	**56 to 57**	
	Economic Contribution	**55**	
	Stakeholder Engagement: Communities and Local Government, Employees, Supply Chain	**80 to 81**	
Anti-bribery and anti-corruption	**Corporate Governance Report: Bribery Act and Anti-Money Laundering Regulations**	**115**	— Anti-Bribery and Corruption Policy — Business Ethics Policy — Corporate Hospitality and Promotional Expenditure Policy — Whistleblowing Policy — Anti-Facilitation of Tax Evasion Policy
How we manage risk	**How We Manage Risk**	**86 to 99**	
	TCFD Recommended Disclosure	**62 to 77**	
Business model	**Our Business Model**	**10 to 11**	
	Committed to Brownfield Regeneration	**4 to 5**	
Non-financial KPIs	**Non-Financial KPIs**	**14 to 15**	
	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		
	ESG Performance	**40 to 54**	
	The Long-Term Sustainable Value We Create	**83**	

Scan the QR code to read more online

SECTION 172 (1) STATEMENT

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

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

The 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 pages 115 to 121.

Culture and values

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

Read more on: pages 112 to 113.

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: page 83.

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 99

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

For more detail on Customers
see pages 40, 80 and 83.

For more detail on Communities and local government
see pages 44 to 45, 80 and 83.

For more detail on Employees
see pages 50, 80, 82 and 83.

For more detail on Supply chain
see pages 53, 81 and 82.

For more detail on Government, regulators and industry
see pages 81 to 82.

For more detail on Investors
see page 81.

For more detail on Environment
see pages 81 to 82.

ENGAGING WITH OUR STAKEHOLDERS

Our key stakeholder groups	CUSTOMERS Placing the customer at the heart of every decision, all the way through the development process	COMMUNITIES AND LOCAL GOVERNMENT Making a positive contribution to the communities in which we work through engagement and partnership working	EMPLOYEES Creating a positive working environment and promoting health, wellbeing and inclusion
What matters to them	— A bespoke, tailored service that responds to their needs. — Providing customers with regular updates on the progress of their home. — Providing their new home on time and making them feel special and valued. — High quality specification and construction. — Quick rectification of any problems that arise. — Energy prices are becoming more important. — Clear and timely communication throughout their customer journey.	— Delivering high quality homes and places that improve people's quality of life. — Meaningful engagement over development design and wider placemaking and community development. — Influencing development to deliver local priorities and positive outcomes. — Securing inward investment, growth and job and training opportunities. — Minimising negative impacts, such as traffic and noise. — Respect for local priorities, heritage and culture.	— Delivering positive outcomes for local communities. — Pride in creating great places and high quality homes. — Career progression. — Competitive pay. — Health, safety and wellbeing. — Equity, diversity and inclusion. — The increasing cost of living and travel costs. — Employee benefits.
How we engage	— Each customer has a dedicated point of contact from their initial enquiry through to exchange, completion and beyond. — Customers are encouraged to provide feedback at any stage. — 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. — Direct engagement between senior management teams and Main Board and customers if any key issues arise. — Through our online portal, MyHome Plus, via which they have access to information, videos and progress updates.	— 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. — Some developments have dedicated community engagement specialists who expand our local networks and ensure we address local needs.	— Our autonomous businesses lead a range of engagement initiatives including staff conferences, staff surveys and 'sessions with the management', which includes Q&As with the Managing Director and/or management team. — Through our Group People Committee. — Bi-annual Group-wide employee surveys undertaken as part of the Investor in Customers Gold award. — New graduates and apprentices meet the senior management team as part of their induction and are given the opportunity to attend a Q&A session with the CEO. — Through our staff intranet and Yammer, which provides updates and key information.
Actions and outcomes	— Prompt resolution of issues. — Continued innovation to ensure we are providing aspirational homes with leading specifications. — Senior level review of each customer survey, with targeted actions. — Sales & Marketing and Customer Service Committees review any trends in customer feedback and identify areas for improvement. — Consistent achievement of world-class levels of customer satisfaction as recorded through the NPS and 'recommend to a friend' figures. — Maintaining an Investor in Customers Gold rating. — Considering energy efficiency and the right energy strategy for the home, whilst accommodating existing regulations and investigating emerging technology.	— The creation of enduring local partnerships based on shared objectives for the community's future. — Bespoke masterplans and placemaking strategies which reflect local views, aspirations and concerns. — Site-specific Community Plans to create social links and integration with the wider community. — Prioritising local people for training and job opportunities on our sites. — Partnerships with local charities and good causes which improve community life. — Responsible and respectful construction activities through registration of every site with the Considerate Constructors Scheme, which independently assesses our conduct.	— Developed a new Competency Framework to support all employees in understanding the expectations of their role and to help them and their line managers with career planning. — Health and wellbeing is important for our people and over the past two years we have rolled out further improvements to our divisional wellbeing strategies, such as health insurance for all and more agile working. — Developed our approach to Equity, Diversity and Inclusion and registered with external initiatives such as the Race at Work charter and Disability Confident employer scheme to provide a framework for future action. — Provide a range of learning and development opportunities, hosted by our in-house training venue, the Berkeley Academy.

Our key stakeholder groups	SUPPLY CHAIN Ensuring responsible procurement and collaborative delivery through engagement and effective communication at all levels with our supply chain	GOVERNMENT, REGULATORS AND INDUSTRY Working in partnership to shape a delivery environment which creates the conditions for growth and supports high quality homebuilding and placemaking	EQUITY AND DEBT INVESTORS Delivering long-term sustainable financial returns	ENVIRONMENT Reducing negative impacts and working towards environmental net gain
What matters to them	— Early engagement and the ability to feed into the project programme and logistics. — High standards of health, safety and welfare. — Receiving feedback on their tenders and understanding the pipeline of future opportunities. — Payment in a timely manner. — Being treated as an extended part of the project team. — Building long-term relationships with us. — Inflationary pressures and the impact of global issues on markets.	— The delivery of private and affordable homes. — Regenerating brownfield land. — High standards of design and build quality. — Heritage conservation. — High safety standards of operational and building safety. — Delivering economic growth and job opportunities. — Tackling climate change, biodiversity loss and other environmental challenges.	— Secure financial investment that provides sustainable risk-adjusted returns over the long-term. — High standards of Environmental, Social and Governance (ESG) issues, particularly climate change.	— Reduction of environmental impact from both construction activities and longer-term through the developments we create. — Global impacts via the supply chain. — Movement towards having a positive environmental impact. — Representation on behalf of the natural environment by local planning authorities, the Environment Agency and grassroots organisations.
How we engage	— Through our Supply Chain Portal which includes our health and safety and sustainability standards. — Throughout the tender process with frequent communication from our commercial team, together with formal tender meetings. — Pre-start meetings before site works commence. — Regular site meetings, signage and 'toolbox talks'. — Dedicated Director-level Trade Sponsors provide a platform for engagement. — Through corporate memberships and industry groups, such as Chartered Institute of Procurement and Supply Construction Leaders Group, the Supply Chain Sustainability School and Construction Leadership Council Product Availability Group. — Divisional events such as supplier days and conferences.	— Responding to policy and regulatory consultations. — Maintain constructive dialogue at a senior level with Government departments, agencies and regulatory bodies. — Engaging with well-regarded think tanks, academic institutions and the wider policy community. — Active membership of collaborative initiatives and membership bodies, including the Construction Leadership Council, World Green Building Council, UKGBC, Supply Chain Sustainability School, Natural England's Developer Forum, CCS, Supply Chain Sustainability School, Construction Industry Advisory Committee, New London Architecture and the London Chamber of Commerce. — Senior management engaging in public debate via conferences and roundtables.	— Twice yearly equity investor road shows led by the CEO and CFO. — One-to-one meetings, often combined with site visits, enabling investors to view the business operations. — Structured shareholder consultations on key governance matters, such as capital returns, remuneration policy and Board composition. — Equity analyst briefings.	— Directly with local planning authorities, who then consult relevant regulators such as the Environment Agency, Natural England and water authorities on development proposals. — With the public via our partnership with the Considerate Constructors Scheme. — With industry organisations and initiatives, including the UKGBC, the Supply Chain Sustainability School, the Construction Leadership Council's Green Construction Board and the Wildfowl and Wetlands Trust Blue Recovery Leaders Group. — By responding to consultations, research and innovation, for example Government consultations on changes to the Building Regulations and Biodiversity Net Gain. — Through our supply chain to understand the environmental credentials of materials.
Actions and outcomes	— Long-term, collaborative supply chain partnerships which ensure that we can make full use of the expertise and specialist skills of our suppliers. — Procurement on overall value rather than cost alone. — Compliance and buy-in around our site safety, quality, ethics, human rights and environmental standards and behaviours. — Prompt payment of suppliers, as a signatory to the Prompt Payment Code. — Issue trade-specific opportunity schedules every six months to provide the supply chain with visibility of future work. — Working with our supply chain to help mitigate the risks around financial stability.	— The alignment of our business strategy and delivery model with long-term national and local policy objectives such as brownfield regeneration, high quality new homes, affordable housing, climate action, safety and social value. — Research, trials and implementation of solutions to these key public policy challenges. — Publication of our methods so others can apply our learning, including our biodiversity net gain toolkit and Safer by Design framework, delivered in partnership with RoSPA. — Active contribution to public debate around housing delivery and meet with regulators and policy makers to share insights into key business and market-related matters.	— An operating model that recognises the risks of an inherently cyclical housing market and operational complexities of the sites we develop. — A focus on financial strength and resilience. — Investing in land holdings to ensure sufficient pipeline and value-added development opportunities for the Group. — Securing forward sales which underpins the upfront investment into our sites. — Balance Sheet strength and liquidity. — Disclosure of both financial and non-financial information covering a range of ESG topics.	— Incorporation of key environmental targets and actions into our business strategy, Our Vision 2030. — Inclusion of Our Vision 2030 and Sustainability within Main Board reporting and bi-monthly Board-level meetings on the topic. — Clear 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. — A dedicated team of sustainability practitioners taking action at a local level on a daily basis. — The reporting of our impact publicly across a range of indicators.

EMPLOYEES

Development of a competency framework
Feedback received from employees within our most recent staff survey highlighted the need to focus on growth and career paths, together with management skills and training.

A new competency framework has been developed in response to this feedback, and to meet the emerging requirements of the Building Safety Act. The competency framework will ensure we are creating a supportive environment in which our people can perform to their best. It will also help us to equip our highly accomplished functional specialists to become effective managers and leaders.

SUPPLY CHAIN

360-degree feedback
This year we invited 360 degree feedback from over 100 of our trade contractors, representing 80% of our typical key trade spend. Valuable feedback was obtained from 55 contractors on our operational capability, relationship compatibility, health and safety, contracting tender process and ESG requirements.

The feedback will now be used to shape our procedures as they evolve as part of our commitment to working in partnership with our supply chain. A key outcome as a result of the feedback is to adopt Build UK's Common Assessment Standard (CAS) as a consistent methodology for contractors working across the industry. This will reduce the administrative burden for contractors wishing to work with us.

GOVERNMENT, REGULATORS AND INDUSTRY

Playing an active role in building safety across the industry
Throughout the year, we have engaged with government and industry on a number of topics, most notably building safety.

Berkeley is represented on the leadership team of the Construction Leadership Council (CLC) and acts as the Industry Sponsor for Building Safety.

Taking this key industry role will enable us to directly engage with government, regulators and the industry and also be at the forefront in ensuring implementation of requirements and best practice within our day-to-day project activities.

ENVIRONMENT

Co-hosting the biodiversity conference
We are proud to have led the industry on biodiversity net gain, having made it a mandatory requirement for all new sites since May 2017. Our track record in this area facilitated our selection by Natural England to co-host a large biodiversity conference in March 2023 ahead of the mandatory requirement for all new sites to achieve biodiversity net gain in November 2023.

The conference brought together around 500 delegates from across government, local authorities, industry and the conservation sector to share and shape best practice.

Berkeley continues to lead the industry in this area and we are evolving our approach to environmental net gain.

THE LONG-TERM SUSTAINABLE VALUE WE CREATE

CUSTOMERS

Satisfying customers

79.2
Net Promoter Score compared to an industry average of 42 (HBF, March 2023)

97.5%
of customers would recommend us to a friend compared to an industry average of 90% (HBF, March 2023)

Read more on: page 40

COMMUNITIES AND LOCAL GOVERNMENT

Creating thriving neighbourhoods

£560m
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: page 42

EMPLOYEES

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

31%
managers are female, together with 37% of our employees overall

79
Annual Injury Incidence Rate (AIIR) compared to an industry average of 326 (HSE, October 2022)

Read more on: page 50

SUPPLY CHAIN

Ensuring relationships are underpinned by trust and partnership

30 days
taken on average to pay suppliers

55
key contractors responded to our 360 degree feedback process covering a range of topics from operational capability, the tender process, health and safety, modern slavery and sustainability

Read more on: page 53

EQUITY AND DEBT INVESTORS

Strong, sustainable risk-adjusted returns for shareholders

£254m
shareholder return in the financial year, £283m per annum committed through to 2025

18.7%
pre-tax return on equity for the year ended 30 April 2023

Read more on: pages 30, 133, 204 and 217

GOVERNMENT, REGULATORS AND INDUSTRY

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

£2.6bn
contribution to UK GDP during the year, with £13.8 billion contributed in the last five years

Read more on: page 55

ENVIRONMENT

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

23
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

Read more on: pages 44 to 45

>550
acres of new or measurably improved natural habitats across 54 biodiversity net gain sites

Read more on: pages 48 to 49

BROWNFIELD REGENERATION IN ACTION

GRAND UNION
BRENT

Above: The Northfields Industrial Estate before regeneration
Right: After regeneration, Grand Union today

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 Board is conscious of the ongoing elevated volatility in the operating environment and the Group's business model and risk management approach ensures we are agile and responsive to evolving market conditions. As such, our risk appetite remains dynamic and respectful of the cyclical nature of our industry and the risks and opportunities this presents.

The principal operating risks and our approach to mitigating them are described in more detail on pages 90 to 99.

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, which complements the deep seated knowledge of the industry and operations by the Executive Committee members. 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:

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, loans to joint ventures and trade and other receivables.

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

Management of financial risks

Berkeley adopts a prudent approach to managing these financial risks.

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

Forward sales
Berkeley's approach to forward selling new homes to customers provides good visibility over future cash flows, as expressed in cash due on forward sales which stands at £2.1 billion at 30 April 2023. 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 £410 million of net cash on the Balance Sheet and debt facilities. 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 has £800 million of committed credit facilities maturing in February 2028, with an optional extension to February 2029. This comprises a green term loan of £260 million and the revolving credit facility of £540 million. In addition, the Group has 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 has a unique long-term business model that is responsive to the cyclical nature of the housing market and focuses on large-scale developments. Reflecting this, Berkeley's financial strategy focuses on using our development expertise to maximise the returns from our assets, creating the right development solution for each site. Financial strength is therefore a core risk management principle for Berkeley and is evident in:

- The scale of land holdings which means we can acquire land selectively at the right point in the cycle and reflecting the prevailing operating environment
- Focus on long-term regeneration developments which provide the scope to create value through the market cycle
- A strong planning position provides visibility on delivery and protects against regulatory risk in the near-term
- The cash due on forward sales which underpins near and medium-term delivery and cash flows
- An appropriate net cash position and liquidity provided through debt capacity

The Group's net cash has increased from £269 million at the start of the year to £410 million at 30 April 2023 which, coupled with the debt capacity of £1,200 million, ensures Berkeley has total liquidity of £1,610 million at 30 April 2023. The debt capacity comprises £400 million of listed unsecured Green Bonds which mature in August 2031, supported by Fitch Ratings Ltd's senior unsecured investment grade rating of BBB- (Stable Outlook), and corporate borrowing facilities of £800 million, including a £260 million green term loan and £540 million revolving credit facility. These committed borrowing facilities are in place until February 2028 with one remaining one year extension option available.

Cash due on forward sales have been sustained during the year and are £2,136 million at 30 April 2023, compared to £2,171 million 12 months ago. The Group's land holdings now comprise an estimated £7.6 billion of future gross margin across approximately 58,000 future homes.

Berkeley's approach to risk management and its risk appetite are set out on pages 86 to 88 of the Strategic Review. The majority of risks are operational in nature, with risk management appropriately embedded in the business processes and controls. The development level cash flow forecasts, which are used to prepare the Group's consolidated cash flow forecasts, take account of each sites 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 overall strategy for the Group.

The viability assessment envisages a severe but plausible deterioration in economic outlook which will impact the site level cash flows used to prepare the Group's forecasts, principally through lower sales volumes and pricing. In response to such a downside scenario, Berkeley would focus on cash generating activities. These would comprise a myriad of mitigating combinations of actions, but the key principles modelled for the viability assessment include:

- Production effort re-focused to those buildings with forward sales enabling the cash due on forward sales of £2,136 million to be collected, subject to a risk allowance.
- Deferral of build activity on new buildings or sites, 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
- Shareholder returns beyond the already announced six-monthly return for the period to 30 September 2023 suspended

The Directors have made this viability assessment over a three year period from 1 May 2023 to 30 April 2026. The Group's cash flow forecasting is undertaken on a longer time frame, 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 cover the next three financial years and these are 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 2023.

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. 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 marginally in the first quarter of 2023, having narrowly avoided a recession at the end of 2022. The economy continues to be affected by inflation, interest rate rises, cost of living pressures and ongoing strike action, and remains smaller than levels seen before the Covid pandemic. Whilst inflation has fallen from record highs, the rate of decrease has been slower than expected, and it is now forecast that interest rates may have to rise further from the current rate of 4.5% to try and reduce the rate of inflation more quickly. **Read more** on pages 20 to 27.
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	⊖	⊖	Political uncertainty remains as the government continues to address the impact of the pandemic and the UK's ongoing economic volatility. The global political environment also remains uncertain, heightened by the ongoing war in Ukraine. This volatility is likely to remain over the next 18 months in the run up to the next general election. Government policy on housing clearly impacts the operating environment for Berkeley. There continues to be conflicting messaging from government over their approach to residential development. Whilst it is positive that they are promoting regeneration of brownfield land, other policy interventions are impacting the supply of new homes. **Read more** on pages 20 to 27.
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.		High	↑	↑	Government legislation has continued to increase in the year with potential for this to continue in the future with further associated regulation. On 30 January 2023, DLUHC published the final form of the Self Remediation Contract, which formalised the commitment made under the developer pledge, which Berkeley signed by the due date of 13 March 2023. This sets out the terms by which developers will remediate legacy buildings, or fund their remediation in certain circumstances. In late December 2022, DLUHC published a consultation paper proposing a number of amendments to Approved Document B of the Building Safety Regulations, including proposals requiring two staircases in new tall buildings above 30m in height. We are reviewing the implications for this on our current schemes, including the likely transitional arrangements. **Read more** on pages 20 to 27.

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'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 protecting and enhancing the value of the land holdings 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. No new sites have been added to the land holdings in 2022/23, reflecting the continuing volatility in the operating environment. **Read more** on pages 20 to 27.
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. The planning status of all sites is also reviewed at both monthly divisional Board meetings and Main Board meetings. The Group works closely with local communities in respect of planning proposals and maintains strong relationships 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 the time taken to move through the planning process. In December 2022, changes were proposed to the NPPF, and we are concerned that these will materially reduce the pace of delivery of new homes. **Read more** on pages 20 to 27.
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.	Two commitments within Our Vision 2030 are designed 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 and wellbeing initiatives and flexibility on working hours. **Read more** on pages 27, 50, 80 to 83.
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'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.		Medium			Reservations for the year were around 15% lower than the prior year, with sentiment and customer confidence impacted by the sharp increase in interest rates since September 2022. Our forward sales position remains strong with cash due on forward sales totalling £2.1 billion at 30 April 2023. Until there is greater visibility on the timing of the anticipated reduction in interest rates and consumer confidence returns, we will continue to be cautious on new investment and sales launches, instead focusing on selling homes at our existing developments where there is established demand. Pricing has remained robust, reflecting the under-supply in the market. Customers remain at the heart of all of our decisions, and Berkeley prioritises customer service, communities, nature and overall quality of place through its Our Vision 2030 targets. We are committed to understanding their needs and consistently meeting or exceeding their expectations. **Read more** on pages 26, 40 and 80.

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
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 had net cash of £410 million at 30 April 2023, giving the Group c. £1.6 billion of liquidity when combined with bank facilities. In February 2023, we exercised the first of two one year extensions to the £800 million bank facility at unchanged pricing. 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 81.
Mortgages	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. 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	Increase risk	Increase risk	Banks remain very supportive of housebuilders and home buyers, but the continued increase in interest rates is creating uncertainty in the mortgage market over how high interest rates may go. Current rates are generally between 5% and 6%, and customer confidence in the economic outlook will determine the extent to which they transact at these levels.
Climate change	The effects of climate change could impact Berkeley in different ways. Climate Scenario Analysis has been undertaken to evaluate climate related risks and opportunities. Identified risks and opportunities relating to the transition to a lower carbon economy include: carbon pricing and emissions offsets; evolving planning and design requirements; skills shortage impacting ability to install low carbon technology; technology evolution; increasing raw material cost; and demand supply imbalance. Risks relating to the physical impacts of climate change include: heat stress, drought stress, subsidence, windstorm and flood. **Read more** about our Climate Scenario Analysis on pages 68 to 73.	Climate action is a strategic priority within our business strategy, Our Vision 2030, and we have set ambitious science-based targets (SBTs) to mitigate our impact, alongside continuing to incorporate adaptation measures within our developments to make them more resilient to the expected future impacts of climate change. We have energy efficiency standards in place that cover the activities of our sites, offices and sales suites and encourage the identification and investment in measures to take action under our scopes 1 and 2 greenhouse gas (GHG) emissions reduction target. In addition, our scope 3 SBT commits us to working with our supply chain to reduce the embodied carbon within the materials and services we procure, and building more efficient homes. To build resilience into our homes and developments, we consider climate change risks and incorporate measures to reduce these through minimum Sustainability Standards. These cover areas such as energy efficiency, water efficiency, rainwater harvesting, sustainable drainage systems (SuDS) and leaving space for nature. **Read more** about our mitigation actions for key risks identified through Climate Scenario Analysis on pages 68 to 73.	Communities Climate Action Modernised Production Supply Chain	Medium	No change	No change	This year we have reviewed our strategy and supporting arrangements against the findings of the detailed scenario analysis undertaken last year. This process identified that the strategy is appropriate based on the risks and opportunities identified. Our project teams continue to focus on energy and carbon efficiency and we are pleased to have achieved our scopes 1 and 2 SBT this year; seven years earlier than our 2030 target. Building upon the initial embodied carbon studies completed in 2021/22, a divisional requirement was introduced in summer 2022 to undertake an embodied carbon assessment on sites with completions from 2025/26 and our teams have been upskilled on key impact areas. The 2021 Building Regulations became effective in June 2022. Berkeley is now designing to the new regulations for implementation on sites from June 2023 (the Government set a one-year transition period) and preparing for the more stringent Future Homes Standard. Our 2022 response to the CDP Climate Change questionnaire achieved a Leadership rating of 'A-'. **Read more** about key actions in the year on pages 62 to 77.

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. Three areas of the Sustainability Strategy have been identified as being of material 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 at Group's Head Office and within each division of the business, providing advice, driving improvement and monitoring performance. Sustainability Standards set out the minimum Berkeley requirements for new developments and the operation of our construction sites, divisional offices and sales suites. These are supported by more detailed procedures within our Sustainability Management System, including a requirement for environmental risk registers for each site and the completion of at least quarterly site sustainability assessments by our internal sustainability professionals.		Medium			The Group continues to focus on commitments and initiatives that enable the long-term success of our business and developments, and that differentiate Berkeley. We continue to embed our Sustainability Strategy internally, supporting our strategic plan for the business, Our Vision 2030. In March 2023, Berkeley (in conjunction with Natural England and Local Government Association) held a Biodiversity Net Gain conference, bringing together leaders and experts from across the public, private and voluntary sectors to share knowledge, experience and solutions. The conference was attended by over 500 delegates and aimed to help local government and development professionals deepen their understanding of biodiversity net gain and learn from current and completed projects. Within the year the Sustainability Standards were reviewed and updated to reflect recent changes in Building Regulations and to align to evolving requirements for project teams resulting from actions taken to date under our five areas of focus for sustainability. **Read more** on pages 44, 48 to 49, and 62 to 77.
Health and safety	Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public. A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.	Berkeley considers this to be an area of critical importance. Berkeley's health and safety strategy is set by the Board. Dedicated health and safety teams are in place in each division and at Head Office. Procedures, training and reporting are all regularly reviewed to ensure that high standards are maintained and comprehensive accident investigation procedures are in place. Insurance is held to cover the risks inherent in large-scale construction projects. The Group continues to implement initiatives to improve health and safety standards on site.		Medium			High levels of production continue across the Group, with site based headcount stable at around 10,000. Health and safety remains an operational priority for Berkeley and our AIIR at the year end was 79, well below our target of 250 and remains one of the best in the industry. **Read more** on pages 50 and 80.
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.		Medium			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. **Read more** on pages 40 to 41 and 80.

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
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. Our Vision 2030 strategy includes ongoing commitments to training and support across both our employees and our indirect workforce.		**Medium**			We are seeing a stabilisation of material costs through a reduction in both the pace and level of price increases, and we are starting to see some reductions being applied. There is good availability for the vast majority of building products and our sub-contractor base continues to report sufficient availability of labour resource of the right quality. The broader risk from energy prices remains and it is too soon to conclude that there will be no further volatility in build costs. We expect to see continued moderation in build cost inflation over the course of the 2023 to more normal levels. **Read more** on pages 53 and 82.
Cyber and data risk	The Group acknowledges that it places significant reliance upon the availability, accuracy and confidentiality of all of its information systems and the data contained therein. The Group could suffer significant financial and reputational damage because of the corruption, loss or theft of data, whether inadvertent or via a deliberate, targeted cyber-attack.	Berkeley's systems and control procedures are designed to ensure that confidentiality, availability and integrity are not compromised. Our Information Security Programme focuses primarily on the detection and prevention of security incidents and potential data breaches. An IT Security Committee meets monthly to address all cyber security matters. 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 any potential financial impact.		**High**			The threat from cyber-attacks remains high and the 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 team regularly send awareness reminders when threats affecting the Group are detected. **Read more** on page 116.

CLARENDON
HARINGEY

Above: The former gasworks site during regeneration
Right: After regeneration, Clarendon today

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 2023, 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 an explanation has been provided in respect of Provision 38 as outlined on page 138 of the Directors' Remuneration Report. The Company subsequently aligned pension contributions with the wider workforce from 31 December 2022 in line with the Investment Association Principles of Remuneration.

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 117 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 110-118

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
- Review of Board and Committees' composition
- Introduction of topic-specific deep-dives on strategy, risk, people, external positioning and other matters
- Consideration of matters relevant to signing developer self-remediation terms and contract

Corporate Governance Contents

DIVISION OF RESPONSIBILITIES
PAGES 119 TO 121

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
- Chairman succession
- Changes to composition of key Committees
- Further review of Board and Committees' composition

COMPOSITION, SUCCESSION AND EVALUATION
PAGES 122 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
- Changes to composition of key Committees
- Future Board and Committees' composition and succession planning

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
- Competitive audit firm tender process
- Review of risk management processes and internal controls framework

REMUNERATION
PAGES 132 TO 156

Our Remuneration Committee determines the Remuneration Policy and practices which aim 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, having regard for pay across the business.

Highlights of the year
- Alignment of remuneration and strategy
- New Remuneration Policy
- Shareholder and proxy advisory agency consultations
- Extension of Long-Term Option Plan to key employees

CHAIRMAN'S INTRODUCTION

Michael Dobson, Chairman

I am pleased to introduce the Corporate Governance Report for the 2022/23 financial year, my first since I joined Berkeley in June 2022. The Board has continued to embrace high standards of corporate governance in accordance with the Code. This report outlines Berkeley's governance arrangements throughout the year and describes how the Board and its Committees have operated and discharged their responsibilities in considering and applying the Principles and Provisions of the Code.

Berkeley is a business with a distinctively long-term operating model and value-added approach with a commitment to generating sustainable returns for its shareholders across the business cycle. Berkeley has a strong purpose, to build quality homes, strengthen communities and improve people's lives, a clear set of values and a unique culture. A strong governance framework is of fundamental importance in supporting Berkeley's long-term success and ensuring an effective Board. Over the past year, the principle focus of the Board has been on the Group's strategy, unique operating model, business resilience, risks and opportunities. This focus has been instrumental in more fully integrating newer members of the Board and developing their appreciation of the Berkeley strategy, purpose, values and culture. A key focus of 2023/2024 will be further ensuring Non-executive Directors' depth of understanding of the Company's strategy and the related risk environment.

This has been a significant year for the Committees of the Board. During the year, the Remuneration Committee developed a new Remuneration Policy, which was put to a shareholder vote at the 2022 Annual General Meeting of the Company (the "2022 AGM"). The Chairman of the Remuneration Committee consulted extensively with the Company's largest shareholders and proxy advisors, both ahead of the finalisation of the Group's 2022 Remuneration Policy and also following its approval at the 2022 AGM.

Recognising that the Group's external auditor, KPMG, had been in post for nine years, the Audit Committee conducted a competitive tender process for the appointment of the next external auditor for the Company and its subsidiaries. Following this process, on the recommendation of the Audit Committee, the Board has re-appointed KPMG as auditor and a resolution proposing their re-appointment will be put to the 2023 Annual General Meeting of the Company (the "2023 AGM").

During the year, the Nomination Committee and the Board as a whole have given particular attention to succession planning and the composition of the Board and its Committees. The Board has undergone a period of significant transition over the last three years and we now have a diverse Board with a wide range of experience and knowledge. My thanks go to Glyn Barker for his significant contribution in beginning the transition of the Board and for his considerable service over the previous nine years.

Recognising, however, that three of the Non-executive Directors on the Board have now passed nine years' service, the Board has agreed that Sir John Armitt, Diana Brightmore-Armour and Andy Myers will step down from the Board and retire as Non-executive Directors at the conclusion of the 2023 AGM. I would like to thank Sir John, Diana and Andy for their outstanding service to the Berkeley Board and its Committees over their tenure as Non-executive Directors. Berkeley and the Board have benefited greatly from their individual expertise and judgment and they leave with our best wishes.

The Company has decided to take this opportunity to streamline the Board by reducing its size and so will not be replacing the departing Non-executive Directors. Additionally, three Executive Directors, Justin Tibaldi, Paul Vallone and Karl Whiteman, will also step down from the Board at the end of the 2023 AGM. I would like to pay tribute to Justin, Paul and Karl for their significant contributions to the Board. They will remain in their current operational roles and members of the Board of the Company's immediate subsidiary, The Berkeley Group plc, with Rob Perrins and Richard Stearn, the Group's CEO and CFO, and their importance to Berkeley, internally and externally, will not change.

Following these changes the Board will comprise nine Directors, an independent Non-executive Chairman, two Executive Directors and six Non-executive Directors. The Board size will therefore be reduced from fifteen to nine.

There will also be a number of changes to key Board and Committee roles.

Board attendance

Member		Meetings attended	% of meetings attended
Michael Dobson[1]	Non-executive Chairman	●●●●●	100%
Glyn Barker[2]	Non-executive Chairman	●●	100%
Diana Brightmore-Armour	Senior Independent Director	●●●●●	100%
Andy Myers	Non-executive Director	●●●●●	100%
Andy Kemp	Non-executive Director	●●●●●	100%
Rob Perrins	Executive Director	●●●●●	100%
Richard Stearn	Executive Director	●●●●●	100%
Karl Whiteman	Executive Director	●●●●●	100%
Justin Tibaldi	Executive Director	●●●●●	100%
Paul Vallone	Executive Director	●●●●●	100%
Sir John Armitt, CBE[3]	Non-executive Director	●●●●●	100%
Rachel Downey[4]	Non-executive Director	●●●●●	100%
The Ven. Elizabeth Adekunle	Non-executive Director	●●●●●	100%
William Jackson	Non-executive Director	●●●●●	100%
Sarah Sands[5]	Non-executive Director	●●●●●	100%
Natasha Adams[6]	Non-executive Director	●●●●●	100%

1 Appointed as Non-executive Director and member of the Nomination Committee on 8 June 2022 and as Chairman of the Board, Chairman of the Nomination Committee and member of the Remuneration Committee on 6 September 2022
2 Stood down as Chairman of the Board, Non-executive Director, Chairman and member of the Nomination Committee and member of the Remuneration Committee on 6 September 2022
3 Stood down as member of the Nomination Committee on 16 November 2022
4 Appointed as member of the Nomination Committee on 16 November 2022
5 Appointed as member of the Audit Committee on 16 November 2022
6 Appointed as member of the Remuneration Committee on 6 September 2022

Further details are set out on page 123 of this report. As at 30 April 2023, 33% of the Board are women, which will increase to 40% after the 2023 AGM. The Board is otherwise already compliant with all diversity requirements.

Since joining the Board of Berkeley, I have greatly enjoyed visiting key sites and business divisions and meeting employees, shareholders and other stakeholders. I would like to thank all my colleagues on the Board for their contribution during the year and I look forward to continuing to work with Berkeley's people and the Board to continue to deliver long-term value for shareholders.

Michael Dobson
Chairman
21 June 2023

Former Director who served during the year

Glyn Barker

- Independent Non-executive Director from 3 January 2012 to 6 September 2022
- Chairman of the Board and Nomination Committee from 23 July 2020 to 6 September 2022 (having been a member of the Nomination Committee since 18 April 2018)
- Interim Chairman from 26 June 2020 to 23 July 2020 and Deputy Chairman from 18 April 2018 to 26 June 2020
- Senior Independent Director from 18 April 2018 to 23 July 2020
- Member of the Remuneration Committee from 13 June 2012 to 6 September 2022 (having previously been Chairman of the Remuneration Committee from 14 June 2013 to 23 July 2020)
- Member of the Audit Committee from 5 September 2012 to 23 July 2020

BOARD OF DIRECTORS

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

Michael Dobson
Chairman of the Board and of the Nomination Committee
N R

Appointed
8 June 2022 as Non-executive Director and 6 September 2022 as Chairman

Tenure 1 year

Skills, experience and contribution
Michael was appointed to the Board on 8 June 2022 as an independent Non-executive Director and member of the Nomination Committee and, on 6 September 2022, became Chairman of the Board and Chairman of the Nomination Committee and a member of the Remuneration Committee.

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 PLC and Deutsche Morgan Grenfell.

Other appointments
N/A

Diana Brightmore-Armour FCCA, FCT
Senior Independent Director
N

Appointed
1 May 2014

Tenure 9 years

Skills, experience and contribution
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.

Diana was also CEO of Corporate Banking at Lloyds Banking Group (2004–2012) and spent her early career at The Coca-Cola Company. She has over 30 years' international experience in banking, corporate finance, financial management, treasury and audit. Diana is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Association of Corporate Treasurers.

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.

Diana will be stepping down as Senior Independent Director and a Non-executive Director and member of the Nomination Committee at the conclusion of the Company's Annual General Meeting on Friday 8 September 2023 (the "2023 AGM").

Other appointments
CEO, C. Hoare & Co.

Rob Perrins BSc (Hons) FCA
Chief Executive

Appointed
1 May 2001

Tenure 22 years

Skills, experience and contribution
Rob joined Berkeley in 1994. He has been a Main Board member since 2001 and Chief Executive since 2009, having previously been CFO from 2002. Under his management, Berkeley has increasingly focused on transforming large-scale brownfield sites, which are beyond the scope of conventional homebuilders.

Rob has worked extensively in property development throughout his career, working on projects ranging from single houses to mixed use neighbourhoods with more than 10,000 homes. Rob champions Berkeley's operating culture and values, which are based on customer focus, individual design, exceptional placemaking and a commitment to delivery for all stakeholders. He oversees a highly disciplined but decentralised operating structure that fosters accountability and innovation, chairing the boards of Berkeley's 21 autonomous operating companies. Rob additionally oversees an industry leading sustainability strategy, including innovative climate action, nature recovery and social value programmes.

Rob has been Chair of Trustees of the Berkeley Foundation since its launch in 2011. This independent charity works in close partnership with the Berkeley Group to maximise its positive social impacts.

Other appointments
Chair of Trustees, Berkeley Foundation (since 2011)
Governor, Marlborough College (since 2021)

Richard Stearn BSc (Hons) FCA
Chief Financial Officer

Appointed
13 April 2015

Tenure 8 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, investor relations, treasury, tax and insurance functions. He also leads on strategic risk management and has oversight of the Group's IT function.

Richard has 21 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
13 April 2015

Tenure 9 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.

Andy will be stepping down as a Non-executive Director, Chair and member of the Audit Committee and member of the Remuneration Committee at the conclusion of the 2023 AGM.

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.

On 1 February 2023, Andy was appointed as a Non-executive Director of ScS Group plc, as announced on 20 June 2022. The Board considered the proposed appointment, in accordance with Provision 15 of the Code, and were satisfied that the time required does not impact on Andy's availability for his role at Berkeley.

At the conclusion of the 2023 AGM, Andy will become Chairman of the Audit Committee and a member of the Nomination Committee and will step down as Chairman, and will remain as a member, of the Remuneration Committee.

Other appointments
Non-executive Director, SCS Group plc
Non-executive Director and Chair of the Audit Committee, Irwin Mitchell Holdings Limited
Member of the Board of the Audit Committee Chairs' Independent Forum
Governor and Member of the Audit Committee, Birkbeck University of London

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

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

Tenure 15 years

Skills, experience and contribution
Sir John is currently Chairman of the National Infrastructure Commission. Sir John was previously Chairman of National Express Group PLC (2013-2022), the City & Guilds Group (2012-2021) and the Olympic Delivery Authority (2007 – 2014). He was previously President of the Institution of Civil Engineers (2015 – 2016) 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.

Sir John will be stepping down as a Non-executive Director at the conclusion of the 2023 AGM.

Other appointments
Chairman, National Infrastructure Commission

Rachel Downey ACA
Independent Non-executive Director
N A

Appointed
8 December 2017

Tenure 5 years

Skills, experience and contribution
Rachel brings extensive regeneration expertise to the Board. She is Project Director of Manchester Life, a joint venture between Acre Real Estate Investment & Development LLC and Manchester City Council, established in 2014 to make a significant contribution towards achieving Manchester's regeneration and residential growth ambitions. Manchester Life has delivered 1,500 homes and 500 more are planned for its third phase.

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).

Rachel will be appointed Senior Independent Director at the conclusion of the 2023 AGM.

Other appointments
Project Director, Manchester Life
Non-executive Director, Lancashire County Cricket Club
Trustee of We Love Manchester Emergency Fund

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

William Jackson
Independent Non-executive Director
N

Appointed
5 January 2021

Tenure 2 years

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 also Senior Independent Director and Non-executive Director of The Royal Marsden NHS Foundation Trust. William brings extensive property, commercial, financial and PLC experience to the Board.
William will become a member of the Remuneration Committee at the conclusion of the 2023 AGM.

Other appointments
Executive Chairman, Bridgepoint Group plc
Non-executive Director, The Royal Marsden NHS Foundation Trust

The Ven. Elizabeth Adekunle
Independent Non-executive Director

Appointed
5 January 2021

Tenure 2 years

Skills, experience and contribution
Liz is currently a Non-executive Director of The Royal Marsden NHS Foundation Trust and a Chaplain to His Majesty the King. She was previously Chaplain to Her Majesty Queen Elizabeth II (since April 2017) and 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 Chiefs' Ethics Committee and also a Board Member of Hive Education Trust.
Liz was previously Chair of the Monuments and Plaques Committee at St Paul's Cathedral.
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
Non-executive Director, The Royal Marsden NHS Foundation Trust
Chaplain to His Majesty the King
Board member, STRIDE, Metropolitan Police Board
Member, National Police Chiefs' Ethics Committee
Board Member, Hive Education Trust

Sarah Sands
Independent Non-executive Director
A

Appointed
30 April 2021

Tenure 2 years

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 currently Deputy Chair and Acting Chair of the British Council, a Non-executive Director of Channel 4, a Partner at Hawthorn Advisors and a Member of the Board of Trustees of The Science Museum Group. Sarah is a founder of the Braemar Science Summit and was Chair of the Gender Equality Advisory Council for G7 for 2021 and has continued to sit on the Advisory Council in 2022 under the Germany Presidency and in 2023 under the Japan Presidency.
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
Deputy Chair and Acting Chair, British Council
Non-executive Director, Channel Four Television Corporation
Partner, Hawthorn Advisors
Trustee of the Board, The Science Museum Group

Natasha Adams
Independent Non-executive Director
R

Appointed
1 February 2022

Tenure 1 year

Skills, experience and contribution
Natasha is Chief Executive Officer of 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. Natasha brings to the Board valuable insight on commercial and social governance matters. At the conclusion of the 2023 AGM, Natasha will be appointed Chair of the Remuneration Committee and a member of the Nomination Committee.

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

Justin Tibaldi
Executive Director

Appointed
8 December 2017

Tenure 5 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.
Justin will step down as an Executive Director of the Board at the conclusion of the 2023 AGM, but will remain in his current operational role and as a member of the Board of the Company's immediate subsidiary, The Berkeley Group plc.

Other appointments
None

Paul Vallone
Executive Director

Appointed
8 December 2017

Tenure 5 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.
Paul will step down as an Executive Director of the Board at the conclusion of the 2023 AGM, but will remain in his current operational role and as a member of the Board of the Company's immediate subsidiary, The Berkeley Group plc.

Other appointments
None

Karl Whiteman BSc (Hons)
Executive Director

Appointed
10 September 2009

Tenure 13 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.
Karl is an Industry Sponsor (Building Safety) on the Board of the Construction Leadership Council.
Karl will step down as an Executive Director of the Board at the conclusion of the 2023 AGM, but will remain in his current operational role and as a member of the Board of the Company's immediate subsidiary, The Berkeley Group plc.

Other appointments
Industry Sponsor – Building Safety, Construction Leadership Council Board

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.

During the year, the Board has focused on the Company's purpose, vision and values and has continued to oversee the embedding of the Group's ambitious, ten-year strategic agenda, Our Vision 2030 across the business. Details of how Our Vision 2030 has been implemented across the business and updates on progress against targets can be found on pages 36 to 54 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 80 to 82 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 on how the Board ensures that Berkeley's purpose, values and culture are embedded across Berkeley are set out on pages 112 to 113.

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 120 to 121 of this report.

Board and Committees' Composition
Having led the Board through a period of significant transition following his appointment as Chairman on 23 July 2020, Glyn Barker stepped down, as intended, as Non-executive Director, Chairman of the Board and Nomination Committee and a member of the Remuneration Committee at the conclusion of the 2022 AGM.

During the year, the Board, led by the Senior Independent Director, concluded the Chairman succession process, which, on 8 June 2022, culminated in the appointment of Michael Dobson as Non-executive Director, Chairman-designate and a member of the Nomination Committee. Michael Dobson was subsequently appointed as Chairman of the Board and Nomination Committee and as a member of the Remuneration Committee following the conclusion of the 2022 AGM.

Further details on the Chairman succession process are set out on page 123 of this report.

During the year, under Michael's leadership, the Board and Nomination Committee have placed particular focus on the composition of the Board and its Committees and future succession planning.

On 6 September 2022, Natasha Adams was appointed as a member of the Remuneration Committee. Thereafter, on 16 November 2022, Sir John Armitt stepped down, and Rachel Downey was appointed, as a member of the Nomination Committee. Additionally, on 16 November 2022, Sarah Sands was appointed as a member of the Audit Committee.

At the date of this report, the Board comprises 15 Directors, the Independent Non-executive Chairman, five Executive Directors and nine independent Non-executive Directors and thus complies with the Code requirement that at least half of its Directors, excluding the Chairman, are Independent Non-executive Directors.

As announced on 21 June 2023, and recognising that three of the Non-executive Directors have now passed nine years' service, notwithstanding the Board's view that all three continue to provide independent scrutiny and challenge, the Board has agreed that Sir John Armitt, Diana Brightmore-Armour and Andy Myers will retire from the Board at the conclusion of the 2023 AGM.

The Company has further taken this opportunity to streamline the Board by reducing its size, and has therefore decided not to replace the three departing Non-executive Directors. In addition, three Executive Directors, Justin Tibaldi, Paul Vallone and Karl Whiteman, will step down from the Board at the conclusion of the 2023 AGM. Justin, Paul and Karl will remain with the Company in their current operational roles and will remain as members of the Board of the Company's immediate subsidiary, The Berkeley Group plc.

Following the retirement of the three Non-executive Directors, the following changes to Board and Committee composition, with effect from the conclusion of the 2023 AGM, have been agreed: Rachel Downey will replace Diana Brightmore-Armour as Senior Independent Director; Andy Kemp will replace Andy Myers as Chairman of the Audit Committee; Natasha Adams will replace Andy Kemp as Chair of the Remuneration Committee; William Jackson will join the Remuneration Committee; and Natasha Adams and Andy Kemp will join the Nomination Committee.

Following these changes, the Board will comprise nine directors: an Independent Non-executive Chairman, two Executive Directors and six Non-executive Directors. This will result in full compliance with all aspects of Board composition under the Code and the Board meeting the diversity targets set out in Listing Rule (LR) 9.8.6R(9)(a). Further explanation of the Board's compliance with LR9.8.6R(9)(a) is set out on pages 126 to 127 of this report.

Meetings
The full Board met formally five times during the year ended 30 April 2023 and there were no absences.

During the year the Board has revisited the schedule of matters considered by the Board and enhanced its existing focus through the addition of further topic-specific deep dives, including in respect of people, risk, business resilience and external positioning. We also conducted an in-depth examination of the Company's strategy, purpose, values and business model.

There were also multiple email exchanges and calls, including in respect of periodic trading updates, interim and full-year results and interim dividends.

In addition to 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, including in respect of health and safety, finance, trading and performance, fire safety and the entry into the Developer Pledge Long Form Agreement. Thereafter, the Non-executive Directors met without the Executive Directors being present.

During the year, the Non-executive Directors met without the outgoing Chairman present at a meeting chaired by the Senior Independent Director to review his performance.

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.

During the year the Nomination Committee maintained additional regular contact in considering the Chairman succession process and further reviewing Board composition and succession planning.

The Remuneration Committee additionally maintained regular contact, over and above its scheduled meetings, as it finalised the development, delivery and implementation of the 2022 Remuneration Policy and considered feedback from, and the outcomes of consultation with, investors and proxy advisors.

During the year, the Audit Committee additionally conducted a competitive tender process in respect of the appointment of the Company's external auditor.

Further details of the Board's activities during the year are set out on pages 115 to 117.

The Board aims to hold a number 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. During the year, the Board resumed full in-person meetings, predominantly at its Chelsea Bridge Wharf development.

Additionally, the Board undertook a collective visit to St George's Chelsea Creek development of 1,200 homes overlooking St William's 16 acre, 1,900 home King's Road Park development.

Non-executive Directors also met with members of the Executive Committee to gain first hand insight into the delivery of key priorities under the Company's Our Vision 2030 strategy. The review focused in particular on Berkeley's approach to engagement with local communities with a view to creating places that strengthen communities beyond the site boundary through the production of unique holistic plans for each individual development.

Non-executive Directors also regularly undertake a number of individual site visits to a wide range of Berkeley Group developments across the various autonomous businesses and routinely provide feedback to the Board as a whole.


Sunningdale Park

Berkeley's unique culture is defined by our proud history and our deeply embedded purpose, values and vision for the future.

It clearly reflects our passion for exceptional customer service, individual design, high quality placemaking, and our commitment to delivery for all stakeholders.

Our culture is well understood throughout our business and has a dynamic and energising effect on the way we work. It supports clear and decisive decision making. It inspires continuous improvement. It shapes our day-to-day behaviours, actions and expectations of one another. And it drives our performance and outcome at all levels.

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

2 We are passionate about people and communities

Berkeley develops relationships with local partners to ensure that shared objectives for the future of wholly inclusive communities are captured in Community Development Plans, which are reviewed and signed off by the Executive Committee.

3 We strive to enhance quality, in every small detail

Prior to construction, the Executive Committee 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.

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

Environmental and social issues are central to 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 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) to help fight the climate, nature and wellbeing crises by creating networks of healthy wetlands across the UK.

5 We are highly collaborative, flexible and responsive partners

We develop long-term, collaborative partnerships with local authorities, community organisations, landowners, suppliers and charities which share our goals. Building these trusting, two-way relationships is key to unlocking complex sites and maintaining delivery and buy-in over the long-term. At Grand Union we developed a strong partnership with the London Borough of Brent which has culminated in the creation of the Grand Union Community Development Trust which brings together St George, the council and local community leaders.

6 We value autonomy, independence and entrepreneurial flair

The Group operates through a network of 21 autonomous 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 and Safety and Corporate Governance.

7 We are agile, decisive and trust our instincts

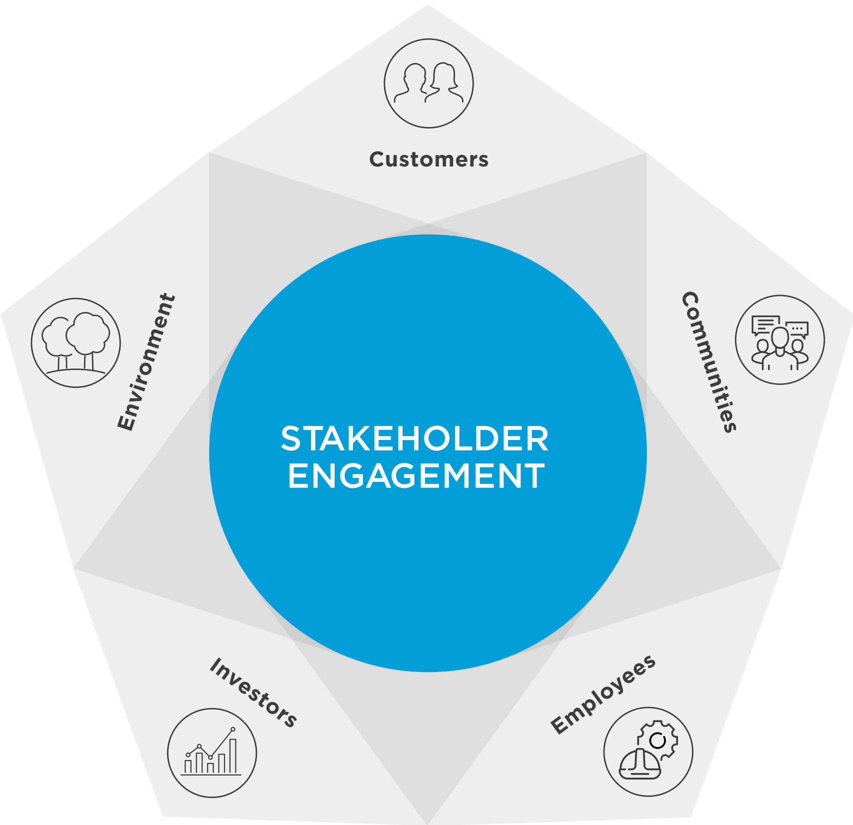
The Board continually looks for ways to advance the business and support the long-term success of the Company for the benefit of all stakeholders. For example, Berkeley was the first UK homebuilder to publish a Climate Change Policy in 2007, setting our first carbon reduction targets in 2010, launching requirements for climate change adaptation in new developments from 2014 and achieving carbon neutral business operations for the first time in 2018. The next phase of our programme has been the launch of science-based targets in 2021, which have changed the way we work for the better.

8 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.

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(1) requirements, see pages 79 to 83.



How the Board engages with shareholders and employees:

Shareholders
During the year under review, the Chairman of the Remuneration Committee consulted extensively with major investors and proxy advisors, both ahead of the finalisation of the Group's 2022 remuneration policy and also following its approval at the 2022 AGM.

The Company additionally continues to undertake active dialogue with its current and prospective institutional shareholders through annual and interim presentations and additional meetings and calls, as well as site visits. During 2022/23 discussions focused around the half year and year end, and covered topics such as operations, performance, markets, business strategy and capital allocation, interim and full year results and governance matters.

Shareholders are also kept up to date with the Company's activities through the Annual Report, 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 section of the website. The Board is also kept informed of shareholder views through periodic reports from the Company's brokers, UBS and Barclays.

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. 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 is a single platform for reviewing employee matters, sharing best practice and capturing its output for the Executive Committee and Board. This year, divisions have shared best practice from their local people plans, including items such as health and wellbeing provisions, EDI initiatives and exit interviews, which have helped to inform the development of our Group People Framework. This new document sets the structure for action to be taken at a Group level and for a consistent approach in five areas across our operating businesses, including employee engagement, attraction and recruitment, equity, diversity and inclusion, staff upskilling and employee benefits and wellbeing.

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.

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.

Board activities during the year and key focus areas
The governance structure on pages 120 to 121 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, finance and performance, risk, customer service, ESG-related matters, the housing and sales market, and investor relations.

The output of these valuable discussions held at Board meetings, which benefit from the broad experience of the Non-executive Directors, informs the strategy for each area.

This is then fed back into each operating company by the Executive Directors in the local operating company board meetings.

In addition to reviewing the Group's strategy, purpose and values, considering matters relevant to the signing of the developer self-remediation terms and contract, and considering governance outcomes and actions in response to the previous year's Board evaluation, the Board additionally undertook a number of deep dive reviews into topics including risk, business resilience, people and external positioning.

The focus of Board activities falls largely into four areas: strategy, operations finance and governance.

Timeline

2022

- **30 May 2022** Board approved the retirement of Glyn Barker as Chairman and Non-executive Director with effect from conclusion of 2022 AGM
- **8 June 2022** Appointment of Michael Dobson as Non-executive Director, Chairman Designate and member of the Nomination Committee
- **22 June 2022** Board approved the 2022 full year results
- **3 August 2022** Publication of the 2022 Annual Report and Accounts, Notice of 2022 AGM and Publication of Circular in respect of 2022 Remuneration Policy, 2022 Restricted Share Plan (2022 RSP) and 2022 Long-Term Option Plan (2022 LTOP)
- **11 August 2022** Declaration of interim dividend of 21.25 pence per share payable on 9 September 2022
- **5 September 2022** Board site visit to Chelsea Creek development
- **6 September 2022** In-person AGM held at the offices of Herbert Smith Freehills LLP in London, including shareholder approval of 2022 Remuneration Policy, 2022 RSP and 2022 LTOP
- **6 September 2022** Glyn Barker retired as Non-executive Director, Chairman of the Board and Nomination Committee, and member of the Remuneration Committee
- **6 September 2022** Michael Dobson appointed as Chairman of the Board and Nomination Committee and as a member of the Remuneration Committee
- **6 September 2022** Natasha Adams appointed as a member of the Remuneration Committee
- **16 November 2022** Sir John Armitt stepped down and Rachel Downey appointed as members of the Nomination Committee
- **9 December 2022** Board approved the 2022/23 Interim Results

2023

- **23 February 2023** Declaration of interim dividend of 69.44 pence per share payable on 24 March 2023
- **2 March 2023** Board meeting and dinner with members of the Executive Committee to review delivery of Our Vision 2030 priorities and focus on strategic approach to local community engagement
- **13 March 2023** Group enters into self-remediation terms and contract
- **21 June 2023** Changes to Board composition announced. For further information, see page 123.

STRATEGY

Strategy has formed a key part of Board focus this year, with a number of newer Directors and a new Chairman. At a dedicated meeting, the Board received and discussed a report on the strong linkage between the Company's purpose, values, culture and strategy, which the Board unanimously endorsed.

Our Vision 2030
The Board continues to monitor performance against the Our Vision 2030 targets and long-term goals, receiving progress reports at each meeting. Our Vision 2030 Executive board meetings are held monthly to review progress against the targets and to drive performance.

Macro-environment, financial strength, capital allocation and shareholder return strategy
Reflecting both the nature of the residential property market and today's macro-economic climate, the Board regularly reviews and considers the optimal relationship between financial strength, liquidity and shareholder returns, to ensure the flexibility and agility to respond promptly and effectively to market opportunities.

Planning status of future developments
The Board receives updates at each meeting on the planning environment and planning status of key sites covering the development plans, community engagement and planning milestones. In particular, the Board develops mitigation strategies to deal with an ever increasingly difficult planning landscape.

Regulatory changes
The Board is provided with regular updates on changes to the regulatory landscape, considering their impact when applying the Board strategy. The Board has monitored the introduction of the regulatory framework relating to the Building Safety Act 2022 and awaits detail on the introduction of second staircases in tall buildings.

Modular factory
The Board has received regular updates on research and development at the Berkeley Modular factory in Kent. Following the testing of prototype modules during the year, a number of modular homes are presently under construction at the Company's Kidbrooke site.

Progress against climate change commitments and approach to sustainability
In accordance with the commitments in Our Vision 2030, the Board has continued to review the targets to meet its climate change and sustainability commitments. Further details of the Group's performance in respect of ESG matters of strategic importance to the Group are set out on pages 58 to 59 of the Strategic Report.

Cyber security and data protection
Ever mindful of continuing cyber security risks and data protection requirements, the Board reviews emerging threats and responses. Through a steering group chaired by the CFO that meets monthly, the Group assesses and actions opportunities for improvement and to ensure rapid response in the event of a specific cyber threat.

Political and Public Affairs
As a specific agenda item at a meeting during the year, the Board received a presentation on the current political landscape and public affairs from a leading external consultant, to help shape Berkeley's communication and engagement approach.

OPERATIONS


Construction activity at London Dock, Wapping

Risk
Operational and strategic risk are discussed at each meeting of the Board, with new and emerging risks considered on an ongoing basis. During the year, the Board allocated one of its meetings to discuss and debate the evolving risk landscape and the implication of this to Berkeley's strategy.

Health and safety incidents
Being mindful of its industry leading approach to health and safety, the Board keeps under review initiatives to improve yet further in this area. Further details of the Company's health and safety approach are set out on page 50 of the Strategic Report.

Fire safety and developer pledge
During the year, the Board authorised the signature of the Government's Self-Remediation Terms and Contract and is assessing what works, if any, are needed following the fire safety assessments being instructed under the arrangements.

CMA study into new housing supply
Following the announcement that the Competition and Markets Authority is to undertake a study into new housing supply, the Executive Directors gathered the information to submit to the study.

Supply chain resilience, including availability of materials and cost inflation
The Commercial Committee, which is chaired by an Executive Board member, continues to mitigate risks around global supply chain issues, product availability times and increasing costs. The Board receives updates at each meeting.

FINANCE

Shareholder Returns
The Board reaffirmed its long-term shareholder returns programme, based upon an ongoing annual return of £283 million planned through to September 2025. This is delivered through two equal tranches of £141.4 million in the periods to 31 March and 30 September each year and can be made through either dividends or share buy-backs. The Board has committed to the next ongoing scheduled shareholder return, which is the £141.4 million in respect of the six months ending 30 September 2023, against which £35.2 million has been returned via share buy-backs.

Funding and liquidity
In February 2023, Berkeley exercised the first of two one-year extensions on its £800 million bank facility, which extended the term thereof to February 2028, with one remaining extension option available. The overall borrowing capacity was unchanged during the year at £1,200 million, comprising the £800 million bank facility with a term to February 2028 and £400 million unsecured listed bonds which mature in August 2031.

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

Auditor Tender Process
KPMG was appointed as the Group's auditor with effect from 1 May 2014. During the year, in accordance with the Code and applicable legal and regulatory requirements, the Audit Committee undertook a competitive tender process in respect of the appointment of the external auditor of the Company and its subsidiaries. Following a comprehensive process, the Audit Committee recommended to the Board that KPMG be re-appointed as the Group's external auditor. The Board approved the re-appointment of KPMG and a resolution to re-appoint KPMG as auditor to the Company will be proposed at the 2023 AGM.

Company tax policy
The Group's tax strategy is overseen by the Board. 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

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. As intended, Glyn Barker stepped down as Chairman and Non-executive Director on conclusion of the 2022 AGM.

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 and as Chairman of the Board and Nomination Committee on 6 September 2022. Further details about the process are provided on page 123.

Board and Committees' composition
Over the course of the year, the Board has continued to focus on the composition of the Board and future succession planning as follows:

Non-executive Director independence
As at the date of this report, three Non-executive Directors have served on the Board for more than nine years: Sir John Armitt, Diana Brightmore-Armour and Andy Myers. In accordance with Provision 10 of the Code, the Board has reviewed the independence and contribution of these three directors and concluded that they each continue to maintain and contribute an independent view in all Board deliberations, consistently providing robust challenge and scrutiny. Notwithstanding the considered independence, in line with best practice corporate governance, it has been agreed that Sir John Armitt, Diana Brightmore-Armour and Andy Myers will step down from the Board at the conclusion of the 2023 AGM.

Future Board and Committees' composition
The Board has decided to take this opportunity to streamline the Board and will not therefore replace the three departing Non-executive Directors. In addition, three Executive Directors, Justin Tibaldi, Karl Whiteman and Paul Vallone, will step down from the Board at the end of the 2023 AGM, in line with best corporate governance practice.

During the year and following the above changes, the Board has further agreed a number of changes in Committees' composition. Further details are set out on page 123.

Remuneration policy
In 2022, the Remuneration Committee developed a revised remuneration policy which was put to shareholder vote at the 2022 AGM. The Chairman of the Remuneration Committee consulted extensively with the Company's largest shareholders and proxy advisers 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 last external Board review was undertaken in 2020/2021, the review for 2022/23 was conducted internally. For full details of the 2022/23 Board evaluation, see page 125.

BOARD SITE VISIT

In September 2022, the Board visited St George's Chelsea Creek and St William's King's Road Park developments in Fulham.

Whilst on site, the Board met with the managing directors of St George and St James/St William, as well as a number of the sales and construction staff on each of these sites. They toured the sales and marketing suite at Chelsea Creek and ascended the part constructed 31-storey tower, The Imperial, to see the construction process and overlook the adjacent St William King's Road Park development which is in the early stages of construction.

Right: View of Chelsea Creek from The Imperial, the landmark 31-storey final building under construction, that will complete this development of over 1,200 new homes

Above: Chelsea Creek's Canal side apartments, in central London

Left: View from The Imperial of construction activity at the adjacent King's Road Park where St William are transforming this redundant 16-acre gasworks into 1,800 homes, with the site's Grade II* Listed gasholder, thought to be the oldest surviving in the world, being carefully restored as the centre piece of a new community park

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 page 117 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 and 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 120 to 121 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: Nomination, Audit and Remuneration. 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 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 122, 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
Michael Dobson

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 Officer; 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
Andy Kemp
Sir John Armitt
Rachel Downey
Elizabeth Adekunle
William Jackson
Sarah Sands
Natasha Adams

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 judgment, 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 Officer
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 investor relations, tax, treasury, internal audit and insurance functions;
- managing the relationship with the external auditor;
- strategic risk management of the Group; and
- oversight of the IT and HR functions.

Executive Directors
Justin Tibaldi
Paul Vallone
Karl Whiteman

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

N Nomination
Chair: Michael Dobson

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 122 for the Report of the Nomination Committee.

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.

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 CEO, the CFO, the heads of the Group's main operating divisions, Justin Tibaldi, Paul Vallone, Karl Whiteman, Piers Clanford, Alison Dowsett, Elkie Russell and Dean Summers, along with the Group Solicitor, Wendy Pritchard, the Head of Responsible Business, Lorraine Fursland, and is supported by the Company Secretary, Ann Dibben.

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.

Divisional and operating company boards

Key responsibilities include:
- Health and safety
- Sales and marketing
- Land and planning
- People retention and development
- Regulatory matters
- Production
- Assessing the impact of the economic and political environment
- Site-specific matters
- Customer service

Operational committees

Key responsibilities include:
- Health and Safety
- IT
- Production
- People
- Customer Service
- Land and Planning
- 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 2023.

Michael Dobson, Chairman, Nomination Committee

Committee purpose and responsibilities
The key responsibilities of the Committee include:

- reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board having regard to succession planning and supporting diversity;
- evaluating the balance of skills, knowledge and 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 implemeneting Chairman succession.

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

Membership meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance	% of meetings attended
Michael Dobson (Chairman)*	8 June 2022	●●	100%
Glyn Barker (Chairman)**	18 April 2018	–	0%
Diana Brightmore-Armour	15 October 2015	●●●●●	100%
Sir John Armitt***	23 July 2020	●●●●	100%
William Jackson	5 January 2021	●●●●●	100%
Rachel Downey	16 November 2022	●	100%

* Michael Dobson was appointed Chairman of the Nomination Committee at the conclusion of the 2022 AGM on 6 September 2022.

** Chairman of the Nomination Committee from 23 July 2020. Glyn Barker stepped down as Chairman and a member of the Nomination Committee on his retirement from the Board at the conclusion of the 2022 AGM on 6 September 2022. In accordance with Provision 17 of the Code, Glyn Barker absented himself from meetings of the Nomination Committee between May 2022 and June 2022 as these dealt solely with the appointment of his successor as Chairman of the Board.

*** Sir John Armitt stepped down as a member of the Nomination Committee on 16 November 2022.

Meeting items discussed

May 2022 (1st meeting)
— Chairman succession

May 2022 (2nd meeting)
— Chairman succession

June 2022
— Chairman succession

October 2022
— Board and Committees' composition and succession planning
— Committee changes

April 2023
— Board and Committees' composition and succession planning
— Board and Committees' changes
— Diversity and inclusion

Committee Activities
During the year the Nomination Committee continued to focus on the Chairman succession process, which culminated, on 6 September 2022, in Michael Dobson formally succeeding Glyn Barker as Chairman of the Board and Nomination Committee.

Further details in respect of the Chairman succession process are set out on page 123.

Led by Michael Dobson, following his appointment as Chairman of the Board and Nomination Committee, the Committee gave further consideration to immediate Board and Committee composition, having regard in particular to tenure, independence and ensuring a diverse and inclusive mix of skills, knowledge and experience. Details of Board and Committee changes throughout the year and of further changes to take effect from the 2023 AGM are set out on page 123 of this report.

The Committee additionally had regard to longer-term succession planning and diversity and inclusion matters. During the year, the Committee approved for recommendation to the Board a discrete Board Diversity Policy, which was subsequently approved by the Board, a copy of which is available on the Company's website at www.berkeleygroup.co.uk/investors/corporate-governance. An update in respect of diversity and inclusion is provided on pages 126 to 127.

Chairman Succession
Led by the Senior Independent Director, without the Chairman present, the Nomination Committee concluded the process during the year of identifying and appointing the successor to Glyn Barker as Chairman of the Group.

A full overview of the Chairman succession process was provided in the Company's 2022 Corporate Governance Report. During the previous year, the Committee appointed Ridgeway Advisors (now Teneo People Advisory), an independent executive search consultancy and signatory to the Enhanced Code of Conduct for Executive Search Firms on gender diversity, to assist with the Chairman succession process. Ridgeway had no connections to the Company or any of its individual Directors.

During the year, the Committee, with Ridgeway's support, further developed a shortlist of three candidates. Ridgeway held discussions with the candidates, who then partook in a robust interview process. Ridgeway then assessed 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.

Following the 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 Michael was independent on appointment.

Accordingly, Michael joined the Board as a Non-executive Director, Chairman Designate and member of the Nomination Committee on 8 June 2022.

At the conclusion of the 2022 AGM, Glyn Barker stood down as a Non-executive Director, Chairman of the Board and Nomination Committee and as a member of the Remuneration Committee. The Committee is immensely grateful to Glyn Barker for his stewardship of the Company and, through this Committee, the transition of the Board over the previous two years and for his service over the previous nine years.

On 6 September 2022, following the conclusion of the 2022 AGM, Michael Dobson replaced Glyn Barker as independent Non-executive Chairman of the Board and Nomination Committee and as a member of the Remuneration Committee.

Board and Committees' Composition and Succession Planning

During the year the Committee further 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 Non-executive Directors and Executive Directors with the intention of maintaining and developing still further a strong and diverse Board.

On 6 September 2022, Natasha Adams was appointed as a member of the Remuneration Committee. Thereafter, on 16 November 2022, Rachel Downey replaced Sir John Armitt as a member of the Nomination Committee.

During the year, the Committee had particular regard to the outcome of the 2021/2022 Board evaluation, including in respect of matters of tenure and independence.

As announced on 21 June 2023, Sir John Armitt, Diana Brightmore-Armour and Andy Myers will step down from the Board and retire as Non-executive Directors at the conclusion of the 2023 AGM, each having passed nine years' service on the Board, in line with best corporate governance practice.

The Company has further decided to take this opportunity to streamline the Board by reducing its size and so will not be replacing the departing Non-executive Directors.

In addition, three Executive Directors, Justin Tibaldi, Paul Vallone and Karl Whiteman will also step down from the Board at the conclusion of the 2023 AGM. Justin, Paul and Karl will remain in their current operational roles and as members of the Board of the Company's immediate subsidiary, The Berkeley Group plc with Rob Perrins and Richard Stearn, the Group's CEO and CFO.

Following these changes, the Board will comprise an independent Non-executive Chairman, two Executive Directors (the CEO and CFO) and six Non-executive Directors. The Board size will therefore be reduced from fifteen to nine.

Upon the retirement of the three Non-executive Directors, a number of further changes to Board and Committees' composition will take place with effect from the conclusion of the 2023 AGM: Rachel Downey will replace Diana Brightmore-Armour as Senior Independent Director; Andy Kemp will replace Andy Myers as Chairman of the Audit Committee; Natasha Adams will replace Andy Kemp as Chair of the Remuneration Committee; William Jackson will join the Remuneration Committee; and Natasha Adams and Andy Kemp will join the Nomination Committee.

The process for identifying and recommending new appointments to the Board includes a combination of discussions and consultations, in addition to formal interviews, and utilises the services of an independent recruitment specialist, when appropriate. In accordance with the Board Diversity Policy, when considering the use of open advertising or executive search consultants to facilitate the search for Board appointments, Berkeley will use only those firms that have adopted the Voluntary Code of Conduct in respect of diversity, including in respect of gender and ethnicity. Other than in respect of Chairman succession, further details of which are set out above, there have been no new appointments to the Board during the year ended 30 April 2023.

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 Sir John Armitt, Diana Brightmore-Armour, Andy Myers, Justin Tibaldi, Paul Vallone and Karl Whiteman, who will be stepping down, will be offering themselves for re-election at the 2023 AGM to be held on 8 September 2023.

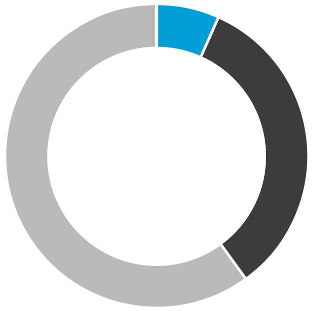
Induction and Development
On appointment, Non-executive Directors are provided with a detailed induction programme. This covers an overview of the Group's operations and its policies, corporate responsibility and corporate affairs issues, legal matters and also the opportunity to meet with Directors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

Members of the Audit and Remuneration Committees receive briefings from the Group's auditor and remuneration advisor 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.

Recognising that six directors will be stepping down from the Board on 8 September 2023 and that a number of Non-executive Directors have served on the Board for less than three years, a fresh perspective to Non-executive Director training and knowledge sharing will be considered and developed during the year ahead, in line with the recommendations of the 2022/2023 Board evaluation.

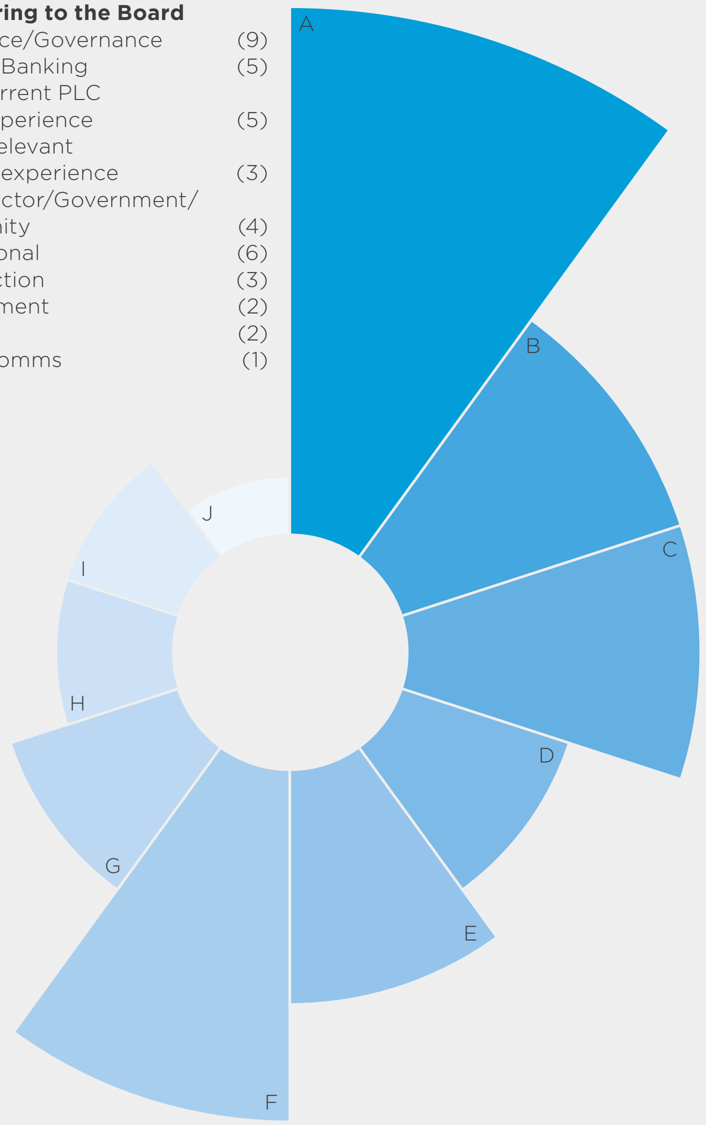
Board composition



Chairman	1
Executive	5
Non-executive Director	9

What we bring to the Board

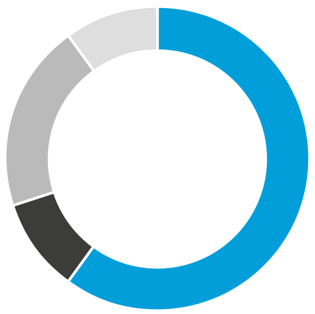
A Commerce/Governance	(9)
B Finance/Banking	(5)
C Other current PLC board experience	(5)
D Recent relevant financial experience	(3)
E Public sector/Government/ Community	(4)
F International	(6)
G Construction	(3)
H Development	(2)
I People	(2)
J Media/Comms	(1)



Gender split

Male	66.66%
Female	33.33%

Non-executive Director tenure



0–3 years	6
3–6 years	1
7–9 years	2
10+ years	1

2021/22 EVALUATION

Following the 2021/22 Board evaluation, the Board set itself the following goals, progress against which is as follows:

Focus area	Progress against each goal
Integration and embedding of the new Chairman within both the Board and the Group	Following conclusion of the Chairman succession process, Michael Dobson succeeded Glyn Barker as Chairman of the Board on 6 September 2022. During the year, the Chairman has met extensively with Directors, shareholders and key individuals within the business and visited a wide range of sites.
Review of standing Board papers to identify opportunities for refinement and more concentrated focus	During the year a number of changes to Board papers were introduced such that these are now more succinct, while still enabling a valuable overview of significant prevailing issues and providing a clear steer on the business of meetings.
Further progress the next phase of Board and Committee succession planning, having regard to mix of skills, experience and diversity and inclusion objectives	During the year, the Committee continued to keep under review future Board and Committees' succession planning. A number of changes to Committees' composition took place during the year. In addition, further changes to Board and Committees' composition were announced on 21 June 2023, to take effect from the conclusion of the 2023 AGM. Further details are set out on page 123.
Turn particular attention to Senior Independent Director and Audit Committee Chairman succession planning	Recognising that three Non-executive Directors will have exceeded nine-years' service in 2023, the Committee gave particular attention to succession planning for the roles of Senior Independent Director and Audit Committee Chairman. Changes to Board and Committee composition announced on 21 June 2023 will see Rachel Downey succeed Diana Brightmore-Armour as Senior Independent Director and Andy Kemp succeed Andy Myers as Chairman of the Audit Committee with effect from the conclusion of the 2023 AGM.

2022/23 EVALUATION

The 2022/23 Board evaluation was conducted earlier this year. Details of the process, focus and resulting goals are set out below:

Process
- The internal Board evaluation for 2022/23 was conducted by the Company Secretary through private discussions with each Director.
- All participants have embraced the exercise, making themselves available, preparing for and engaging in the conversations.
- Interviews of up to one hour were held with each participant. The conversations were searching, free-flowing and covered a wide range of topics.

The 2022/2023 Board evaluation focused on the following areas:
- Board role, performance and effectiveness;
- Board agendas, papers, information and minutes;
- Focus, structure and frequency of Board meetings and informal Board engagement;
- Board and Committees' composition and succession planning;
- Director contributions, knowledge exchange, development and training;
- Committees' effectiveness and performance;
- Stakeholder oversight and engagement; and
- Approach to diversity and inclusion, and people matters.

2022/23 outcome
Feedback demonstrated confidence in the overall performance and effectiveness of the Board, executive management and the business during the period to 30 April 2023.

Directors acknowledged the significant contributions of Glyn Barker, as outgoing Chairman, during the prior period of Board transition and of Michael Dobson, as new Chairman, in respect of changes introduced during the year.

The introduction of renewed focus in key areas through a series of deep dives was greatly welcomed and Directors were appreciative of the depth of debate these enabled, in particular on strategy, purpose, vision and values. Consideration will be given to future deep dives and other mechanisms to further enhance Board effectiveness.

Directors were similarly appreciative of the updates to Board reporting, which enabled still greater value in guiding Directors' focus at meetings and which provided comfort and assurance on business performance.

Directors were cognisant of the challenges to Board composition presented by the extended tenure of three Non-executive Directors who would be exceeding nine-years' service and consideration was given to future Board and Committees' composition, having regard to best corporate governance practice.

Recognising that a number of Directors had served for less than three years, the benefit of tailored knowledge sharing outside of formal Board reporting was identified.

Directors were positive about the performance of the Board Committees, recognising that each Committee had performed strongly in its own area of responsibility during the year.

Goals for 2022/23
- Review Board and Committees' composition to address independence considerations in respect of long-serving tenure;
- Consider fresh perspective to Non-executive Director training and knowledge sharing, including in response to previous and future Board and Committees' composition;
- Reassess Board schedule, with a view to further refining approach to Board priorities and key matters for consideration; and
- Further develop the Company and Board's approach in respect of people, succession and diversity and inclusion matters, in line with 2023 Parker Review recommendations and the FRC's 2023 consultation on proposed changes to the Code.

Diversity and Inclusion
Berkeley strives to create a positive environment for its people; one that fosters respect, support, wellbeing, safety and inclusivity and continues to work towards a workplace that is representative of the areas and communities in which it operates.

Berkeley is committed to equal opportunities and aims to ensure that all individuals receive equal treatment, regardless of age, disability, ethnicity, gender, sexual orientation or socio-economic, educational or professional background.

Recognising the benefits and value that diversity in its broadest sense brings to the Board, and that the Board sets the tone for diversity and inclusion across the business, Berkeley believes in promoting a culture of integrity, openness and inclusivity. Noting the recommendations of the FTSE Women Leaders and the Parker Reviews, and the targets set out in Listing Rule (LR) 9.8.6R(9), the Board is committed to sustaining a strong balance of diversity, that reflects the diverse range of perspective, insight and challenge needed to enable the Board to discharge its duties and responsibilities effectively, and to operate in a way that supports the continued development of a diverse and inclusive culture across the Group.

At 30 April 2023, female representation on the Board stood at 33.33%. The Group meets the ethnic diversity target set by the Parker Review, with one Non-executive Director identifying as being from an ethnically diverse background.

In accordance with LR 9.8.6R(9), set out below is a summary of the Company's compliance with Board diversity targets at 30 April 2023, being the chosen reference date used for the purposes of LR9.8.6R(9)(a).

Targets	Compliance as at 30 April 2023
At least 40% of the individuals on the Board of Directors are women.	At the reference date, 33.33% of the individuals on the Board of Directors are women. This figure will increase to 40% following the Board changes that will take effect at the conclusion of the 2023 AGM.
At least one of the senior Board positions (Chair, Chief Executive, Senior Independent Director, Chief Financial Officer) is held by a woman.	At the reference date, the position of Senior Independent Director is held by a woman, and will continue to be held by a woman following the Board changes that will take effect at the conclusion of the 2023 AGM.
At least one individual on the Board of Directors is from a minority ethnic background.*	The Berkeley Board currently includes one Director from a minority ethnic background.

* The following categories are used to define those from a minority ethnic background: Asian/Asian British; Black/African/Caribbean/Black British; Mixed/Multiple Ethnic Groups; other ethnic group, including Arab

In accordance with LR 9.8.6R(10), as at 30 April 2023, the numerical data on the gender identity and ethnic background of the Board and Group Executive Committee, which was captured directly from the relevant individuals, is as follows:

	Number of Board members	Percentage of the Board	Number of senior positions on the board*	Number in executive management	Percentage of executive management
Men	10	66.66%	3	7	58.33%
Women	5	33.33%	1	5	41.66%
Not specified/prefer not to say	–	–	–	–	0%

	Number of Board members	Percentage of the Board	Number of senior positions on the board*	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	14	93.33%	4	12	100%
Mixed/Multiple ethnic group	–	–	–	–	0%
Asian/Asian British	–	–	–	–	0%
Black/African/Caribbean/Black British	1	6.66%	–	–	0%
Other ethnic group, including Arab	–	–	–	–	0%
Not specified/prefer not to say	–	–	–	–	0%

* Senior positions on Board refer to the Chair, Chief Executive, Senior Independent Director and Chief Financial Officer.

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. Across both the Board and Executive Committee, female representation in the most senior roles within the Group stands at 45.45% at 30 April 2023.

A groupwide Equality and Diversity Policy is in place, in line with Group strategy, making it clear that Berkeley does not tolerate discrimination in any form. Additionally, during the year, the Committee approved the adoption of a discrete Board Diversity Policy in accordance with Disclosure and Transparency Rule 7.2.8AR, which sits alongside the groupwide Equality and Diversity Policy. A copy of the Board Diversity Policy, which applies specifically to the Board and its Committees (including the Nomination, Remuneration and Audit Committees) and sets out the approach to diversity in respect of Berkeley's Board of Directors and Senior Management and the policy's objectives, (together with the groupwide Equality and Diversity Policy) is available on the Company's website at: www.berkeleygroup.co.uk/investors/corporate-governance.

In accordance with the objectives of the Board Diversity Policy, the Nomination Committee regularly reviews the structure, size and composition of the Board. When reviewing the composition of, and succession plans for, the Board and making recommendations to the Board in respect of changes, the Nomination Committee has due regard to all aspects of diversity in determining the appropriate balance of skills, experience, knowledge and independence to enable the Board to continue to operate effectively in the best interests of the Company for the benefit of shareholders and wider stakeholders.

Appointments to the Board follow a formal, rigorous and transparent process, and are made on the basis of merit and objective criteria, having due regard to the benefits of all aspects of diversity.

During the year, other than in respect of LR9.8.6R(9)(a)(iii), full compliance with which will be achieved by 8 September 2023, the Board and its Committees have complied fully with the Board Diversity Policy. Further information on diversity and inclusion throughout the organisation is set out on page 50 of the Strategic Report.

Michael Dobson
Chairman, Nomination Committee
21 June 2023


Residents' facilities at King's Park Road, Fulham

INTRODUCTION

The Board of Directors presents its Audit Committee Report for the year ended 30 April 2023, 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 106 to 109 of this Corporate Governance report and details of Committee meetings are summarised in the table below.

The Board is satisfied that the Audit Committee has sufficient financial experience and competence.

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 are included on the Group's website (www.berkeleygroup.co.uk/investors/corporate-governance).

The key responsibilities of the Committee centre on the following areas:

FINANCIAL REPORTING

— monitoring the integrity of the financial statements and reporting;
— reviewing the application of significant accounting policies, judgments and estimates;

RISK MANAGEMENT AND INTERNAL CONTROL

— 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;

EXTERNAL AUDIT

— overseeing the relationship with the external auditor, including appointment, removal and fees;
— ensuring the external auditor's independence and the effectiveness of the audit process.

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

Membership meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance	% of meetings attended
Andy Myers (Chairman)*	6 December 2013	●●●	100%
Rachel Downey	18 April 2018	●●●	100%
Andy Kemp	1 July 2021	●●●	100%
Sarah Sands**	16 November 2022	●	50%

* Chairman of the Audit Committee since 1 September 2014
** Sarah Sands' absence from one of the two meetings held since her appointment to the Committee was due to a family bereavement

Meeting items discussed

June 2022	— Financial results for the year ended 30 April 2022 — KPMG's report on the Group's results and audit report — Tax report for the year ended 30 April 2022 — Risk management and internal control, with a focus on the viability assessment and assessment of fraud risk — Internal audit report, including approval of the audit plan for the year ending 30 April 2023 — Auditor independence and non-audit fees and services, including an evaluation of the annual audit process — Review of the 2022 Annual Report
December 2022	— Interim results for the six months ended 31 October 2022 — KPMG's report on the interim review period — KPMG's report on the audit plan and strategy for the year ending 30 April 2023 — Internal audit report — Auditor independence and non-audit fees and services
March 2023	— KPMG's report on updates to the audit strategy for the year ending 30 April 2023 — Annual formal review of risk management and internal control systems — Internal audit report — Review of the Group's tax strategy on behalf of the Board — Auditor independence and non-audit fees and services — Tender of the external audit

Meetings
The Committee met formally three times during the year with attendance set out in the adjacent table. By invitation, the external auditor, Chief Financial Officer, and Head of Finance were present at all meetings, while the Chief Executive Officer was present at two meetings. The internal auditor presented at two meetings during the year.

In addition, the Chairman of the Audit Committee meets with the Chief Financial Officer and has the opportunity to meet separately with the external and internal auditors, as required, ahead of each meeting.

The Chairman of the Audit Committee approves any fees for additional work undertaken by the external auditor as permitted by the Group's policy on non-audit fees.

FINANCIAL REPORTING

Ahead of the interim and full year results announcements, the Chief Financial Officer presented, and the Committee debated, a report on the financial results of the Group and the significant financial reporting judgments and estimates relevant to the results.

The Committee reviewed, prior to their publication, the financial disclosures in the Group's Annual Report and interim and year end results announcements, as well as the contents of trading updates issued during the year. The Committee's review incorporated consideration of the appropriateness of the relevant accounting policies and financial reporting estimates and judgments adopted therein.

The reports by the external auditor were taken into account in reaching its conclusions on these matters.

Key accounting matters involving management estimates that were considered by the Committee during the financial year were:

— **Cost of sales recognition**
The Group recognises a cost of sale on each unit sold and recorded in revenue by reference to the overall development margin. The development margin is an estimate of the forecast profit percentage for that development, which is often completed over multiple financial years. Furthermore, the Group incurs site-wide costs. Therefore, the recognition of cost of sales at a point in time is dependent on an estimate of future selling prices and direct costs, including an appropriate allowance for risk, and an allocation of site-wide costs. The assessment of development margin evolves over the life of a development in line with the risk profile.

In addition, the Group's particularly complex, long-term regeneration developments exhibit an inherently higher degree of estimation uncertainty and exposure to cyclical market movements. The Group applies an approach to cost of sales allocation for these sites whereby 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.

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 interim and year end results.

Following review of the paper, the Committee concluded that it was satisfied that the assumptions and estimates adopted were appropriate.

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

The Group holds provisions for post completion development obligations in respect of the construction of its portfolio of complex mixed use 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 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 and estimates adopted were appropriate.

A table of movements in provisions over the year is included in note 2.16 to the Consolidated Financial Statements.

— **Consideration of climate change**
The Committee received updates on the Group's consideration of climate change and concluded that there was no material impact on the financial reporting judgments and estimates in the Financial Statements for the year ended 30 April 2023. The Group's disclosure in this respect is set out in note 1.3 of the Annual Financial Statements on page 178.

— **Review of the Annual Report**
The Committee reviewed the Annual Report and, taking into account the views of the external auditor, considered whether, taken as a whole, it was fair, balanced and understandable and provided the information necessary for users thereof to assess the Group's business strategy and financial performance.

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 the FRC's Guidance on Risk Management, Internal Control and Related Business Reporting, and for formally reviewing their effectiveness on an annual basis.

The Group has ongoing processes and procedures for identifying, evaluating and managing its principal and emerging risks which are embedded within the ongoing business activities. At operating company and divisional level, board meetings are structured around the key risks and opportunities facing each of the businesses. In addition, a quarterly formal process involves each division producing a risk and control report that identify risks, the potential impact of these and the actions being taken to mitigate them. A consolidated Group Risk Management Report is presented at each Board meeting, which overlays wider strategic risks to those which are the focus of the divisional reports. The Group report sets out, and the Board monitors, the evolving nature of risk appetite which is a key element in determining the Group's strategy and is set out on pages 86 to 87 of the Strategic Report.

While risk assessment and management is carried out continuously throughout the year and is embedded within the Group's procedures and debated at each Board meeting, the Audit Committee ordinarily undertakes the formal annual review on behalf of the Board which covers:

— **An assessment of the principal and emerging risks:**
While the formal annual assessment is ordinarily undertaken by the Audit Committee on behalf of the Board, this year the Board dedicated a meeting to the debate of the key principal and emerging risks facing the Group.

The Board's assessment of risks are set out on pages 90 to 99 of the Strategic Report.

- **Assessment of the Group's control processes to mitigate these risks:** The Group has five key components to its internal control framework and the Committee reviewed a paper covering the assessment of controls under each component area:

  1) Environment and culture;
  2) Controls over investment decisions and delivery;
  3) Internal financial and operational reporting;
  4) Policies, procedures and IT security; and
  5) Monitoring and challenge.

  The Committee acknowledges that 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.

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

- **The effectiveness of 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 internal control framework.

  A report summarising the activities of the internal audit function was presented at 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 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 also considered the internal control recommendations raised by the Group's external auditor during the course of the audit and the Group's response to such recommendations.

  The Committee was satisfied that the scope, extent and effectiveness of the internal audit function was appropriate for the Group during the year ended 30 April 2023.

- **Viability assessment**
  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 the Strategic Report.

EXTERNAL AUDIT

Audit approach
KPMG presented their audit strategy to the Committee which identified their assessment of the key audit risks and other areas of audit focus, the scope of the audit work, and included updates in respect of regulatory changes for the current year and those anticipated in future years.

KPMG reported to the Committee ahead of the release of the interim and year end results on their assessment of the Group's accounting estimates in respect of the key audit risk areas and other findings arising from their work.

The external auditor has open recourse to the Non-executive Directors should it consider it necessary. There is an opportunity for private dialogue between the Chairman of the Committee and the external auditor prior to each Committee meeting. After each meeting there is also the opportunity for the Committee to meet with the external auditor without 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.

Nonetheless, during the year KPMG identified that certain of its non-UK member firms had provided preparation of local GAAP financial statement services over the financial years ended 30 April 2018 through 2022 to entities which were not in scope for the Group audit, but which are prohibited by UK ethical rules. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. In each case the work was undertaken after the Group audit opinion was signed for the impacted financial years and had no direct or indirect effect on the Group's Consolidated Financial Statements.

The Committee agreed with KPMG's professional judgment that their integrity and objectivity as auditor was not compromised and, in their belief, that an objective, reasonable and informed third party would conclude that the provision of the services would not impair their integrity or objectivity for any of the impacted financial years.

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 2023 was 0.12:1, well within this limit. The non-audit fees related to:

- The interim review, which is closely related to the annual audit process;
- Provision of limited assurance over the Group's scope 1, 2 and 3 carbon emissions data contained within the Directors report on page 159; and
- Provision of limited assurance on the Group's compliance with its Green Financing Framework.

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:

- that the nature of the work and the basis for using the external auditor shall be disclosed in the Annual Report;
- that the work does not pose any threat to the independence and objectivity of the external auditor; and
- 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 was independent during the year ended 30 April 2023.

Tender of the external audit and reappointment of KPMG
KPMG was first appointed as the Group's auditor with effect from 1 May 2014 by way of a competitive tender. As identified in the Committee's report for the year ended 30 April 2022, a tender process was conducted following the conclusion of last year's audit, in compliance with the applicable legal and regulatory requirements, with the timing of the process allowing for an external auditor to be in place for the financial year ending 30 April 2024. An overview of the process is outlined below.

Two audit firms were invited to tender, in addition to the incumbent auditor KPMG, who had indicated its wish to be reappointed. One of the firms declined to tender.

The ensuing tender process for KPMG and a second firm encompassed:

- An invitation to tender document which set out the key evaluation criteria for the selection;
- A data room with sufficient information on the Group necessary for a detailed and considered proposal to be made;
- Site visits and meetings with management of two large divisions of the Group;
- Meetings with senior Group management including personnel from the finance, tax, internal audit, legal, sustainability and IT functions;
- Meetings with Executive management; and
- Meetings with each member of the Audit Committee.

The tender process concluded with the submission by each Firm of a written tender proposal document and a presentation by each firm to the members of the Audit Committee and Chief Financial Officer.

An assessment of the overall tender process and each firm's proposal was made by the Committee and Chief Financial Officer, which was summarised in written form and presented to the Board.

The external audit tender resulted in the Committee's proposal and Board's agreement thereto that, subject to shareholder approval at the 2023 AGM on 8 September 2023, KPMG be reappointed as the external auditor for the year ending 30 April 2024.

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
21 June 2023

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 2023.

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%
Andy Myers	1 May 2014	●●●●●	83%
Michael Dobson	6 September 2022	●●	100%
Natasha Adams	6 September 2022	●●	100%
Glyn Barker*	13 June 2012	●●●●	100%

* Glyn Barker stepped down from the Board and from his role on the Remuneration Committee on 6 September 2022.

Contents of the Directors' Remuneration Report

Financial highlights of 2022/23
The Company has had another strong year reflected in the following components of performance:

- Net cash of £410 million (2022: £269 million)
- Pre-tax return on shareholders' equity of 18.7% (2022: 17.5%)
- Net asset value per share increased by 10% to £31.01 (2022: £28.18)
- Cash due on forward sales of £2.1 billion (2022: £2.2 billion)
- Future anticipated gross margin in the land bank of £7.6 billion (2022: £8.3 billion)
- Profit before tax of £604.0 million (2022: £551.5 million)

ESG highlights
- Approximately £560 million of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year
- 86% of homes delivered and 86% of land holdings on brownfield land
- Met the Group's science-based target for a reduction of 50% in scopes 1 and 2 GHG emissions well ahead of 2030 target
- Since 2017/18, all new applications have committed to biodiversity net gain, in total 54 developments, which together will create more than 550 acres of new or measurably improved natural habitats
- 23 embodied carbon assessments completed as progress our 1.5 degree aligned Climate Action programme
- Rated "A-" by CDP for climate action and transparency and AAA rated in the MSCI global ESG index
- 230 apprentices and graduates in direct employment during the year, with 10% of employees in 'earn and learn' positions
- Industry leading Net Promoter Score (+79.2) and customer satisfaction ratings maintained
- Industry leading Health and Safety performance (AIIR 79)
- Over £3 million given by the Berkeley Foundation last year to its charity partners through grants and staff fundraising, with over 55% of staff involved with the work of the Foundation

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:

	2013/14	2014/15	2015/16	2016/17	2017/18 Restated	2018/19	2019/20	2020/21	2021/22	2022/23	10 year average
Berkeley	27.5%	35.1%	30.8%	41.1%	41.9%	27.9%	16.6%	16.5%	17.5%	18.7%	27.4%
Sector highest	27.5%	35.1%	30.8%	41.1%	41.9%	34.1%	32.3%	23.1%	27.1%	20.7%	27.4%
Sector lowest	3.5%	12.2%	16.0%	15.7%	11.0%	15.9%	15.0%	5.7%	13.9%	8.8%	12.9%
Sector average* (excluding Berkeley	**11.4%**	**18.2%**	**22.3%**	**24.2%**	**23.3%**	**24.9%**	**23.8%**	**10.5%**	**17.7%**	**13.7%**	**19.0%**

* 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 2022, following the satisfaction of the performance conditions, including the return to shareholders of £282.2 million in respect of the year to that date.

Under the Policy approved in 2022, there continues to be no Annual Bonus Plan for the Executive Directors.

Governance
The key governance highlights for the year were as follows:

- The Committee consulted with the Company's largest shareholders to put in place a new Remuneration Policy at the 2022 AGM.
- The Committee responded to feedback received from shareholders by amending the change of control provisions for long-term remuneration.
- Appointment of two new members to the Remuneration Committee.
- Approval of the Investment Association statement six months after the 2022 AGM.

ANNUAL STATEMENT OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Decisions made during the year

The Committee determined the following during the year:

- Significant work to finalise the Directors' Remuneration Policy for approval at the 2022 AGM, including an extensive multi-phase consultation with shareholders, during which the Committee responded to feedback on the proposals and committed to amend change of control provisions for the new plans.
- Consideration of and approval of vesting of the 2011 LTIP tranche in September 2022, including consideration of the extent to which financial and individual performance conditions were met.
- Adoption of new plan rules and granting of awards to Executive Directors under the Restricted Share Plan (RSP) and to Executive Directors and over 55 senior employees under the Long Term Option Plan (LTOP).
- Determination of salary increases for Executive Directors of 3% for 2022/23, below the average workforce increases of 6.2%.
- Determination of the annual fees for Michael Dobson on his appointment as Non-executive Chairman.

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 173 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.

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 £103,200 (2022: £92,000) were provided to PwC during the year in respect of advice to the Committee on directors' remuneration. 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.

Dear Shareholder,

I am pleased to introduce our Directors' Remuneration Report for the year ended 30 April 2023.

2022/23 has been another 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.

As set out elsewhere in this Annual Report and summarised on page 133, Berkeley has performed well this year, delivering its profit guidance provided at the start of the financial year, maintaining its shareholder returns programme and increasing its net cash position, while also delivering on its Our Vision 2030 ESG commitments and demonstrating positive outcomes for all our stakeholders. All this in a year which saw continued volatility in global markets, including a sharp rise in interest rates in September and stubbornly high inflation.

At a time when our colleagues, customers and communities continue to be faced with ongoing volatility in the domestic and international economy and political landscape, the business is well placed to continue serving all our stakeholders in the years to come.

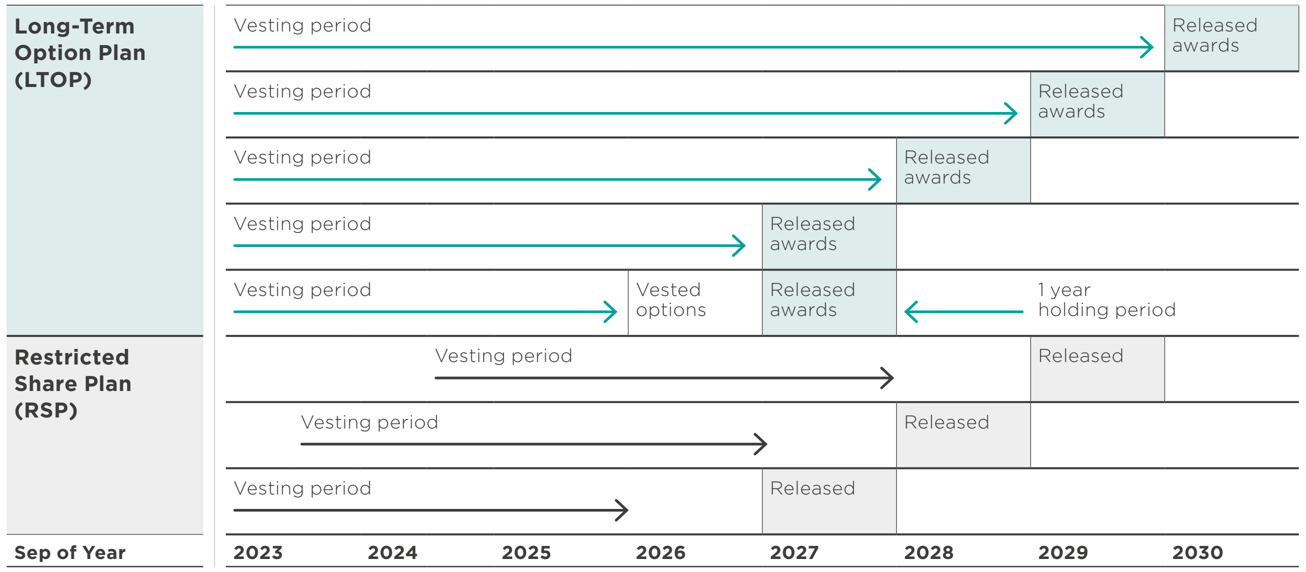
Our remuneration principles, which cascade throughout the business, underpin our Remuneration Policy (the "2022 Policy") and can be found on page 140. The Remuneration Committee is committed to ensuring that remuneration structure and outcomes reflect these principles.

The 2022 Directors' Remuneration Policy is set out on pages 18 to 28 of the 2022 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.

Review of Remuneration Policy

The following diagrams show a summary of the remuneration structure under the 2022 Directors' Remuneration Policy and how the remuneration elements have been designed to be aligned with the Our Vision 2030 priorities:

Summary of the revised Remuneration Policy



Summary of operation:

- Annual grants of Restricted Shares made following the September 2022 AGM with vesting after 4 years (plus one year holding period). Subject to Return on Equity and strategic underpins.
- One-off award under Long-Term Option Plan granted following the September 2022 AGM subject to exercise price at the higher of the share price at grant and £48.50, with vesting in annual tranches (released no earlier than 5 years from grant).
- Remaining legacy 2011 LTIP awards continue to vest as normal subject to targets.

Our Vision 2030 Priorities

How we work

Employee experience
- Health & Safety
- Diversity & Inclusion
- Wellbeing and engagement

Modernised production
- Advanced manufacturing
- Modern construction
- Use of digital technology

Future skills
- Evolving industry image
- Early careers and employee skills

Supply chain
- Collaboration
- Materials strategy
- CIPS certification

Shared value
- Sustainable returns
- Value to society
- The Berkeley Foundation

What we create

Customers
- Experience
- Digitalisation

Quality
- Quality and safe homes

Communities
- 90% of homes on brownfield land
- Connectivity, social value and community plans

Climate action
- Science-based Targets
- Low carbon homes and operations
- Net zero carbon by 2040

Nature
- Overall environmental net gain by 2030

Remuneration link

Base salary, benefits and pension
- Modest fixed pay keeps costs low with upside for achievement against the priorities through variable pay

No bonus opportunity
- Not aligned with operation of and measurement of long-term Vision

Restricted shares
- Alignment with longer term shareholder value
- Strategic underpin tests progress against the priorities of the Our Vision 2030 on aspects such as Climate action and Customers
- Rolling RoE underpin measured over 4 years tests sustainability of returns for investors per the Shared value priority
- Together with fixed pay, provides below market median remuneration to the extent that returns to shareholders are median (and hence the option award does not deliver significant value)

Option award
- Progress against the Our Vision 2030 reflected in ability to pay distributions and grow share price
- Vesting over 2026 to 2030 aligns reward to management with realisation of the Vision
- Level of potential upside reflects stretch in the priorities across the Vision

Shareholding requirements
- Enhanced to further align Executive Directors with shareholder value per the Shared value priority

ANNUAL STATEMENT OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Elements of the Remuneration Policy

A summary of the elements under the Remuneration Policy is provided below. Note that the Company does not operate any form of Annual Bonus Plan for the Executive Directors.

Element	Terms
Pension	— Reduced to 6% of salary from 31 December 2022 in line with the wider workforce.
Restricted Share Plan (RSP)	— Annual restricted share awards of 175% of salary for CEO and 150% of salary for other Directors. — First awards granted during the year ended 30 April 2023 with vesting after 4 years, and with a further 1 year holding period. — Awards vest subject to a Return on Equity underpin (average 15%). — A further strategic underpin will adjust the vesting downwards by up to 20% in the event of unsatisfactory progress against strategic and ESG priorities.
Long-Term Option Plan (LTOP)	— One-off grant during the year ended 30 April 2023 of 1,000,000 options to CEO and 350,000 options to other Executive Directors with an exercise price at the higher of the share price at grant and £48.50, the price at which shareholders transacted their shares under the B-share consolidation. — Vesting will occur in five equal tranches between September 2026 and September 2030, with a holding restriction being in place until at least 5 years from grant. — The exercise price of the options increases by £2.50 per year for vesting dates from September 2027 onwards. — Shareholder returns are deducted from the exercise price, consistent with the approach used under the previous Director's Remuneration Policy.
Cap	— The annual total remuneration caps will be maintained at £8 million for CEO, £3.25 million for CFO and between £2.4 million and £3.25 million for other Executive Directors.
Existing 2011 LTIP	— No new awards will be granted and there will be no change to the existing terms of these awards. — Awards continue to vest annually up to September 2025.
Shareholding requirement	— Shareholding requirements increased from 400% of salary for the CEO and 200% of salary for other Executive Directors, to 1,000% of salary for all Executive Directors, to be achieved within a 10 year period. — An interim requirement equal to 400% of salary should be achieved within 5 years. — Post-cessation shareholding requirement maintained at 100% of actual shareholding (or requirement if lower) for 2 years post-cessation.

Shareholder consultation

The Committee invited the Company's top shareholders, the IA, ISS and Glass Lewis to take part in an extensive shareholder consultation exercise in advance of tabling the Remuneration Policy to a shareholder vote. At the AGM, 60% of shareholders voted in favour of the Remuneration Policy. Of the shareholders who engaged with us on the proposals, 85% of their respective proportion of the register voted in favour. The Committee is grateful for the time and effort spent by shareholders and their representative bodies in engaging with the Company.

Following the AGM, the Company continued to hold active dialogue with shareholders. In early 2023, I wrote to a number of the Company's largest shareholders who did not support the remuneration related resolutions at the 2022 AGM, to continue a dialogue and listen to their views as significant investors in Berkeley. This has resulted in various correspondence and a number of conversations with shareholders. Overall, the Company's investor base understands how the bespoke remuneration arrangements support Berkeley's unique long-term operating model.

Following this engagement process, the Company released a six month update statement setting out the actions taken as set out above. The Remuneration Committee continues to be grateful for the feedback received and the two-way engagement with shareholders.

Vesting of the seventh tranche of the 2011 LTIP (30 September 2022)

This tranche of the LTIP was the third to be subject to the enhanced performance conditions set out on pages 112 and 113 of the 2020 Report and Accounts. The following table sets these out split between Return Targets and Financial Targets:

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.	
Performance Condition	Detail	Actual Performance
Base Return	Target returns in respect of the 12 months to 30 September 2022: £282 million (approximately). Cumulative return target since 2011: £1,679.1 million.	Actual returns made in respect of the 12 months to 30 September 2022: £282.2 million. Actual cumulative return since 2011: £1,679.1 million.
Enhanced Return	Enhanced return: £455m million (approximately). The Enhanced Return performance condition will be satisfied provided that one or more of the following conditions are met at the September 2022 vesting date: 1. The Enhanced Return has been made; 2. Additional investment in land interests have been made, equivalent in value to the Enhanced Return, above the cost of the replacement of land that has been used in the Profit & Loss Account. 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 2022 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 due to vest at 30 September 2022 will lapse.	This element of the award vested in full on September 2022.
Financial Targets	Provided the return performance conditions have been satisfied 50% of this tranche under the 2011 LTIP is subject to the satisfaction of the following additional performance conditions.	
Performance Condition	Detail	Actual Performance
Cumulative ROE	30% of the tranche is subject to achieving a cumulative pre-tax Return on Equity (ROE) of a minimum of 15% (to be calculated commencing 1 May 2019).	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 £551.5 million for the year ended 30 April 2022. Full vesting of the 20% of the tranche subject to this performance condition.
	Vesting of the 2011 LTIP tranche on 30 September 2022	**100%**

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

As detailed on page 128 of the 2021 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 seventh 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:

	Cumulative banked options b/f[1]	Options in each annual tranche for 2022 to 2025[2]	Net Total Remuneration Cap after fixed pay[3]	Maximum number of banked options capable of vesting[4]	Actual number of options capable of vesting[5]	Performance measure and outcome	Number of options vested after performance test	Value of gain on options vested[6]
R C Perrins	2,363,617	590,904	7,323,400	276,490	276,490	See above for performance measures. Vesting outcome – 100%	276,490	7,323,400
R J Stearn	269,212	67,303	2,796,400	105,576	67,303		67,303	1,782,655
K Whiteman	298,383	74,596	2,814,320	106,253	74,596		74,596	1,975,824
P Vallone	247,516	61,879	1,964,320	74,162	61,879		61,879	1,638,989
J Tibaldi	247,516	61,879	1,964,320	74,162	61,879		61,879	1,638,989

Notes
1. This is the total banked shares for all years up to 30 September 2021.
2. The banked options at 30 September 2021 vest in four equal tranches from September 2022 to September 2025, subject to the application of the LTIP cap at each vesting.
3. The LTIP Cap continues to limit the LTIP vesting at each vesting date. The LTIP Cap operated for the 2022/23 financial year and where the LTIP value would have been greater without the Cap based on the cumulative banked options vesting in four equal tranches, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
4. This is the maximum number of options that could have vested up to the LTIP cap.
5. This is the maximum number of options that vested, being the lesser of (2) and (4)
6. This is the value of the options that vested, calculated using the opening share price of £31.79 on 30 September 2022 (the date the options vested and became exercisable) less the exercise price of £5.3030 per share.

The Committee did not adjust the level of option vesting as a result of share price growth over the performance period. It is an inherent feature of the 2011 LTIP that management and shareholders' interests are 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 RSP has a combined vesting and holding period of 5 years and the LTOP has a vesting period of between 4 and 8 years, with a minimum holding period from 5 years from grant.
Phased release of equity awards	The RSP 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 Executive Directors to 6%, to be in line with eligibility for the majority of the wider workforce, 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 Code.

Shareholder support
The results of the shareholder votes on the 2022 Remuneration Policy and 2022 Annual Report on Remuneration at the 2022 AGM are set out below.

2022 Annual Report on Remuneration

2022 Remuneration Policy

The Committee carefully considered the results of the shareholder vote on the resolution to approve the revised Directors' Remuneration Policy at the 2022 AGM. As detailed in the six month update provided by the Company following the AGM, the Committee continued an active dialogue with investors, and I wrote to the largest shareholders in early 2023. This has led to various correspondence and a number of conversations with investors.

Overall, the Company's investor base understands how the bespoke remuneration arrangements support Berkeley's unique long-term operating model. Shareholders were further appreciative of the introduction of ESG underpins into the incentive framework to align with the Company's Our Vision 2030 strategy, the normalisation of pension contributions and increased shareholding requirements. However, while some shareholders and proxy advisers prefer an approach incorporating a more market familiar performance share plan, the Board is confident that a remuneration policy linked to long-term shareholder returns with no short-term cash incentive element is the most appropriate for the Group's long-term operating strategy.

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 2022/23 are appropriate. I would like to thank shareholders for their engagement during the year, and I welcome any comments you may have on this report.

Andy Kemp
Chairman of Remuneration Committee
21 June 2023

Our remuneration philosophy

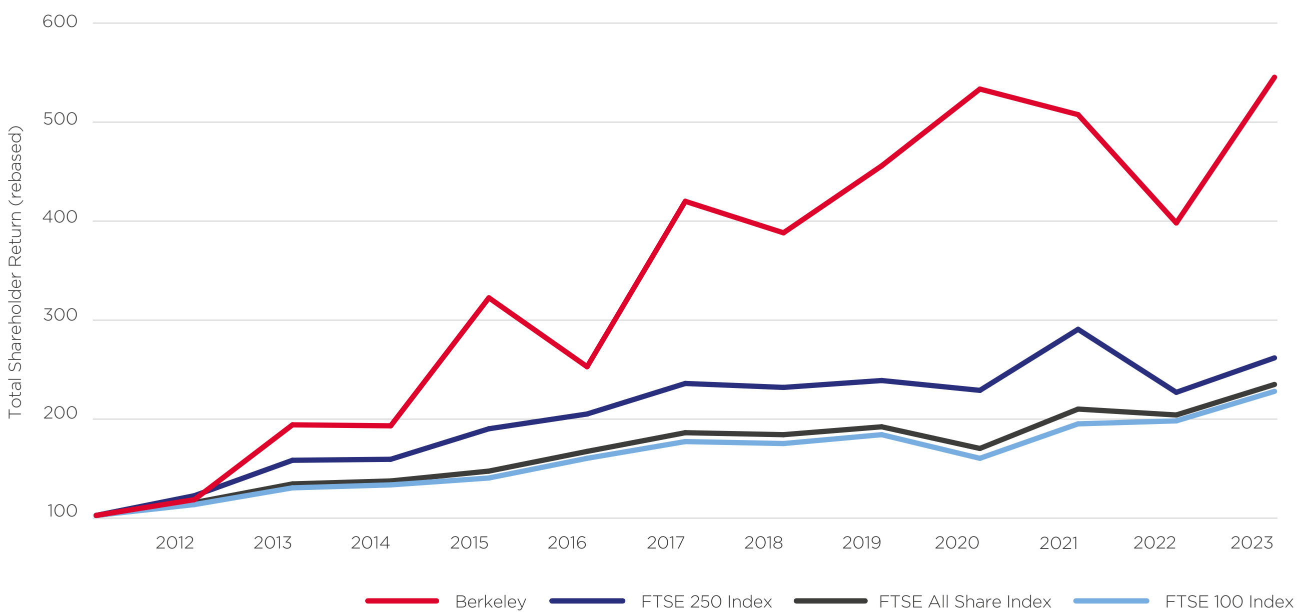
We have developed a clear set of principles which embed our strategy into how we deliver remuneration to our Executive Directors.

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 2030, 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 align with 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 total 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.



What we paid Executive Directors in the year

Executive Director £'000	Salary 2023	Pension 2023[1]	Annual bonus 2023[2]	LTIP[3]	Total remuneration Cap[4]	Total remuneration Actual[5]	Benefits 2023[6]	**Total 2023**	Total 2022
R C Perrins	597	80	–	7,323	**8,000**	8,000	43	**8,043**	8,043
R J Stearn	405	49	–	1,782	**3,250**	2,236	23	**2,259**	3,273
K Whiteman	389	47	–	1,976	**3,250**	2,412	27	**2,439**	3,282
J Tibaldi	389	47	–	1,639	**2,400**	2,075	14	**2,089**	2,414
P Vallone	389	47	–	1,639	**2,400**	2,075	14	**2,089**	2,414

Notes

1. P Vallone is a member of a defined contribution scheme and received an element of his pension entitlement as contributions, with the remainder received by way of payments in lieu of a pension contribution from the Company. No amounts were paid into pension arrangements in respect of R C Perrins, K Whiteman, R J Stearn and J Tibaldi during the year ended 30 April 2023, who instead received payments in lieu of a pension contribution from the Company. For the period to 31 December 2022, the Executive Directors received pension entitlements of 15% of salary, with the exception of R Perrins who received entitlements of 17% of salary. From 31 December 2022 onwards, the pension entitlements for the Executive Directors were reduced to 6% of salary in line with the wider workforce.
2. The Company does not operate a Bonus Plan for Executive Directors.
3. This represents the seventh tranche of the 2011 LTIP that vested on 30 September 2022 at a share price of £31.79 subject to the operation of the Total Remuneration Cap (see table on page 152 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.
5. The Total Remuneration Cap operated for the 2022/23 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.

The following table sets out the total fixed pay and total variable pay in 2022/23 and 2021/22:

£'000	Total Fixed **2023**	Total Fixed 2022	Total Variable **2023**	Total Variable 2022
R C Perrins	**720**	721	**7,323**	7,322
R J Stearn	**477**	475	**1,782**	2,798
K Whiteman	**463**	466	**1,976**	2,816
J Tibaldi	**450**	448	**1,639**	1,966
P Vallone	**450**	448	**1,639**	1,966

Annual Bonus

In line with the Remuneration Policy, the Company does not operate a bonus plan for the Executive Directors of the Company.

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.

£'000	Interim shareholding requirement (to be met within 5 years of 2022 AGM)	Full shareholding requirement (to be met within 10 years of 2022 AGM)	Value of beneficially owned shares
R C Perrins	400%	1000%	9,403%
R J Stearn	400%	1000%	2,418%
K Whiteman	400%	1000%	3,907%
J Tibaldi	400%	1000%	1,088%
P Vallone	400%	1000%	1,133%

All Executive Directors exceeded the shareholding requirement at the year end. 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 element of the Company's Remuneration Policy.

DIRECTORS' REMUNERATION REPORT CONTINUED
HOW THE REMUNERATION POLICY WAS OPERATED IN 2022/23 AND HOW IT WILL BE OPERATED IN 2023/24

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 2022/23

The salaries for 2022/23 are set out below:

	£'000s	% 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 2022/23 and in order to manage the fixed cost base, the Committee consciously set these below the increases awarded to employees throughout the Group, which were on average 6.2%.

How we plan to implement the Remuneration Policy in 2023/24

Base salary levels for 2023/24 will be as follows:

	£'000s	% Increase
R C Perrins	597.0	–
R J Stearn	405.0	–
K Whiteman	389.0	–
J Tibaldi	389.0	–
P Vallone	389.0	–

In reviewing the salaries of the Executive Directors for 2023/24, the Committee took account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 3.8%.

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 2022/23

Normal company benefit provision.

How we plan to implement the Remuneration Policy in 2023/24

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 2022/23

The pension contributions as a percentage of salary for 2022/23 were as follows:

	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%

The committee aligned the pension contributions of incumbent Executive Directors with the wider workforce on 31 December 2022.

How we plan to implement the Remuneration Policy in 2023/24

The pension contributions as a percentage of salary for 2023/24 will be as follows.

	% salary
R C Perrins	6%
R J Stearn	6%
K Whiteman	6%
J Tibaldi	6%
P Vallone	6%

The pension contributions of Executive Directors are aligned with the wider workforce.

LTIP

Element and key features of current Remuneration Policy

No new grants to be made under this legacy plan.

How the Remuneration Policy was implemented in 2022/23

The seventh vesting of options under the 2011 LTIP occurred on 30 September 2022.

How we plan to implement the Remuneration Policy in 2023/24

The eighth vesting of options under the 2011 LTIP is due on 30 September 2023.

LTOP

Element and key features of current Remuneration Policy

A one-off grant of options, with vesting in five equal tranches between September 2026 and September 2030 (i.e. between 4 years and 8 years from grant), with holding restriction until at least 5 years from grant.

Exercise price operates as a ratchet mechanism whereby price increases by £2.50 per year for awards vesting from September 2027 onwards.

How the Remuneration Policy was implemented in 2022/23

One-off grant during 2022/23 of:

- 1,000,000 options to the Chief Executive Officer; and
- 350,000 options to other Executive Directors.

No further performance conditions apply in addition to the exercise price.

How we plan to implement the Remuneration Policy in 2023/24

N/A – one off award so no further awards will be made to incumbent Executive Directors.

RSP

Element and key features of current Remuneration Policy

Annual grant of restricted share awards with vesting after 4 years subject to underpin conditions, and with a further 1 year holding period.

How the Remuneration Policy was implemented in 2022/23

Annual grant of nil-cost options made during 2022/23.

175% of salary per annum for the Chief Executive Officer and 150% of salary per annum for other Executive Directors.

The vesting of awards is subject to two underpin conditions:

(i) In order for any of the award to vest, the average Return on Equity over the prior four years must be at least 15%

(ii) Up to 20% of the award will be forfeited in the event of unsatisfactory progress against strategic and ESG priorities over the vesting period.

Malus and clawback provisions apply.

How we plan to implement the Remuneration Policy in 2023/24

Annual grant anticipated to be made in line with the Remuneration Policy.

Total Remuneration Cap

Element and key features of current Remuneration Policy

Individual caps will limit the amount of total remuneration that can be paid in respect of the financial year.

How the Remuneration Policy was implemented in 2022/23

The Total Remuneration Cap for the Executive Directors are set out below (these remain the same as under the previous Remuneration Policy):

	Total Remuneration Cap p.a. (£)
R C Perrins	8,000,000
R J Stearn	3,250,000
K Whiteman	3,250,000
J Tibaldi	2,400,000
P Vallone	2,400,000

How we plan to implement the Remuneration Policy in 2023/24

The Total Remuneration Caps remain unchanged.

Minimum shareholding requirement

Element and key features of current Remuneration Policy

The Committee operates a system of shareholding guidelines to encourage long-term share ownership by the Executive Directors.

How the Remuneration Policy was implemented in 2022/23

Shareholding requirements increased from 400% of salary for the CEO and 200% of salary for other Executive Directors, to 1000% of salary for all Executive Directors, to be achieved within the later of 10 years from appointment and the effective date of the Remuneration Policy.

An interim requirement equal to 400% of salary should be achieved within the later of 5 years from appointment and the effective date of the Remuneration Policy.

How we plan to implement the Remuneration Policy in 2023/24

The minimum shareholding requirement remains unchanged.

Post-cessation shareholding requirement

Element and key features of current Remuneration Policy

To ensure that Executive Directors continue to be aligned with the shareholders' interests post their cessation of employment with the Group.

How the Remuneration Policy was implemented in 2022/23

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.

How we plan to implement the Remuneration Policy in 2023/24

The post-cessation shareholding requirement remains unchanged.

HOW THE REMUNERATION POLICY WAS OPERATED IN 2022/23 AND HOW IT WILL BE OPERATED IN 2023/24

Element and key features of current Remuneration Policy	How the Remuneration Policy was implemented in 2022/23	How we plan to implement the Remuneration Policy in 2023/24
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 2022/23 were 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%. Michael Dobson was appointed Chairman of the Board effective from the date of the 2022 AGM. His annual fee was set at £400,000.	Non-executive Director fee levels for 2023/24 remain unchanged as follows: — Chairman: £400k; — SID fee: £88.5k; — Basic fee: £72.5k; — Additional fee for chairmanship of Committee: £13k. The average employee rise in salaries was 3.8%.

Key elements of Berkeley's Remuneration Policy for 2023/24

Policy elements	Purpose	22/23	23/24	24/25	25/26	26/27	27/28
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	→					
LTOP	To provide an opportunity for Executive Directors to earn reward for growth in shareholder value achieved over the longer term	→	→	→	→	→	→
RSP	Reflects the absence of annual bonus opportunity in order to drive longer term rather than in-year performance, and together with fixed pay delivers remuneration that is aligned with market levels for market competitive performance	→	→	→	→	→	→
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	→	→	→	→	→	→

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 'Our Vision 2030: 10 Strategic Priorities', on pages 50 and 52, 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 a review of key remuneration elements, policies and processes during the 2022/23 financial year, in order to ensure that wider workforce pay and policies were 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
Base 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 the wider workforce is 15% of salary; the average is 6%, the level to which pension contributions for the Executive Directors have been aligned since 31 December 2022.
Benefit	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 not eligible for annual bonuses.
LTOP	A number of senior individuals participate in the LTOP, on largely similar terms to those for the Executive Directors.
Medium-term incentives	In addition, medium-term incentive schemes are in place for all levels of staff below Executive Director level.

In conducting the review process for wider workforce remuneration for the coming financial year, and recognising the ongoing cost of living pressures, the Company focused reviews on lowers salary levels and young talent, and exhibited restraint at higher salary levels.

EMPLOYMENT AT BERKELEY

The Committee is satisfied that:

- All employees are treated consistently and that the context and knowledge shared with the Committee is a useful underpin to ensure that the Committee's future decision making around Executives' and Senior Management's pay supports fair and equal remuneration;
- Salary increases for employees across the Company are being applied on an equitable basis, and that average employee increases are considered when setting 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 36.0%. 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 in the Group to promote from within and therefore providing increased opportunities for career progression within the organisation and to more senior roles over the long-term.

Central to this is to create a positive working environment for our people; one that fosters respect, support, wellbeing, safety and inclusivity. In 2022 we further developed our action plans in support of the strategic priorities within Our Vision 2030, Berkeley's long-term strategy.

Employee experience and diversity and inclusion
The first priority area is 'Employee Experience' which places a specific focus on several areas, including employee experience and diversity and inclusion. We are focusing on a range of actions across the business to help drive change; setting the tone from the top with strong leadership; working in partnership with external organisations; training all of our people in equity, diversity and inclusion; enhancing networking opportunities; raising awareness to all through communication on key topics and employing best practice recruitment practices.

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 are committed to creating an engaged and inclusive environment by developing guiding principles and seeking to attract and retain a diverse workforce.

We have enhanced maternity and paternity policies, with the view of attracting and retaining more women, and also a more agile approach to working compared to traditional construction roles 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. 74% 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.

Throughout the individual operating companies local initiatives have been implemented to continue to improve the personal and professional development of women within the business. Included in this is the establishment of Employee Resource Networks (ERNs). Two of these groups are focused on addressing gender equality: Parents and Carers, and Women and Allies.

These networks have evolved to include activities such as large-scale events bringing women together, the implementation of training and development specifically focused in areas such as imposter syndrome and public speaking, and improving resources and materials such as menopause support and women returning to work from Maternity Leave.

Future skills and long-term change
Our second strategic priority focuses on 'Future Skills' looking at how we can create tangible long-term change within the industry and inspire a broad range of people to join the built environment sector.

Our graduate scheme continues to target a balanced intake each year, aiming to identify the next generation of leaders within the organisation, in 2022/23 we saw 36% of positions filled by female candidates. This will naturally take a period of time but we are investing for the long-term.

In line with our continued work with local communities we have completed a number of engagements with young people in schools, some of which have been designed to specifically promote careers in the built environment to young women and girls.

We have a number of affiliations with companies 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 Chief Executive to that of the median, 25th and 75th percentile total remuneration of full-time equivalent UK employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022/23[1]	Option B	189:1	123:1	77:1
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 2022/23 is 123:1. The Company considers that the median pay ratio for 2022/23 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 2023) 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	75th percentile
Salary	33,750	55,000	80,000
Total pay and benefits	42,471	65,571	104,866

In addition to the all-employee ratio, we also present below the ratio of total single figure remuneration across the entire Berkeley senior Executive team with that of the Chief Executive. This demonstrates broadly consistent ratios across the team reflecting the consistent nature of the pay structures for these individuals.

	Chief Executive pay ratio
R J Stearn	3.6
K Whiteman	3.3
J Tibaldi	3.9
P Vallone	3.9

EMPLOYMENT AT BERKELEY

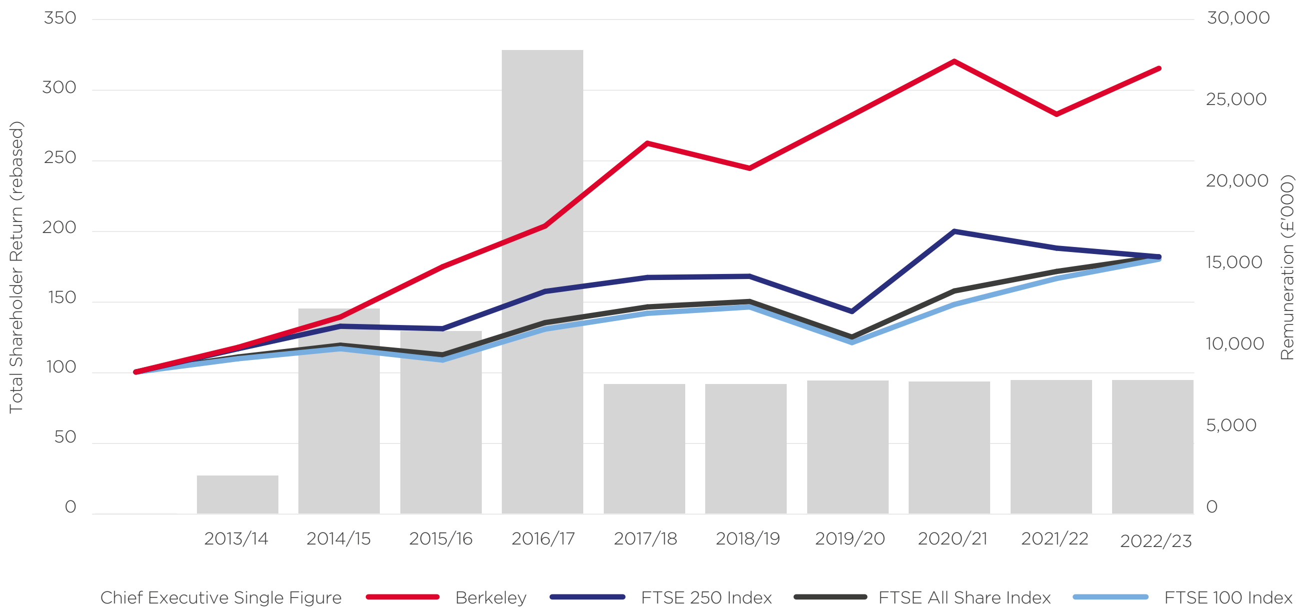
Shareholders expect the Chief Executive to have a significant proportion of his pay based on performance and paid in shares. It is this element of his package which will provide any observed volatility in his remuneration when comparing on a year to year basis to the wider employee population. The Committee 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 long-term incentive arrangements, 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, reflecting alignment with shareholder value.
— 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 – 17:1
  — To employee at the 50th percentile – 11:1
  — To employee at the 75th percentile – 7:1

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 figure total of remuneration (£’000)		
	R C Perrins Chief Executive	Annual bonus pay-out (as % maximum opportunity)	Multi-year incentive vesting awards (as % maximum opportunity)
2022/23	8,043	–	100%
2021/22	8,043	–	100%
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%

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	2023	2022	2021	2023	2022	2021	2023	2022	2021
Executive Directors[1]									
R C Perrins	3.0%	3.5%	0%	1%	64%	-37%	n/a	n/a	n/a
R J Stearn	3.0%	3.5%	0%	1%	1%	1%	n/a	n/a	n/a
K Whiteman	3.0%	3.5%	0%	-14%	32%	-2%	n/a	n/a	n/a
J Tibaldi	3.0%	3.5%	0%	1%	1%	0%	n/a	n/a	n/a
P Vallone	3.0%	3.5%	0%	0%	-1%	-23%	n/a	n/a	n/a
Non-executive Directors[2]									
M Dobson[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J Armitt	3.0%	3.5%	0%	n/a	n/a	n/a	n/a	n/a	n/a
G Barker[4]	3.0%	3.5%	Note 5	n/a	n/a	n/a	n/a	n/a	n/a
A Myers	3.1%	3.5%	0%	n/a	n/a	n/a	n/a	n/a	n/a
D Brightmore-Armour	3.0%	3.5%	Note 6	n/a	n/a	n/a	n/a	n/a	n/a
R Downey	3.1%	3.5%	0%	n/a	n/a	n/a	n/a	n/a	n/a
E Adekunle	3.1%	3.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
W Jackson	3.1%	3.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
S Sands	3.1%	3.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A Kemp	3.1%	3.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
N Adams	3.1%	3.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average percentage increase for employees[7,8]	6.2%	5.3%	0.2%	5%	4%	4%	2%	5%	7%

Notes

1. Executive Director salaries were reduced by 20% between 1 April and 30 September 2020.
2. Non-executive Director fees were reduced by 20% between 1 April and 30 September 2020.
3. M Dobson was appointed to the Board on 8 June 2022.
4. G Barker stepped down from the Board on 6 September 2022 and the figure is based on FTE fees.
5. On appointment as Group Chairman on 26 June 2020, G Barker's fee increased from £123.1k to £350k per annum.
6. On appointment as Senior Independent Director on 23 July 2020 D Brightmore-Armour's fee increased from £68k to £83k per annum.
7. 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).
8. 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 AGM on 6 September 2022, was implemented for Executive Directors during the financial year that ended on 30 April 2023.

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 2022/23 financial year. The components of the single figure for 2022/23 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, re-approved at the 2019 and 2022 AGM.

				Total remuneration						
Executive Director £'000	Salary 2023	Pension 2023	Annual bonus 2023[1]	LTIP[2]	Cap[3]	Actual[4]	Benefits 2023[5]	Total fixed 2023	Total variable 2023	Total 2023
R C Perrins	597	80	–	7,323	8,000	8,000	43	720	7,323	**8,043**
R J Stearn	405	49	–	1,782	3,250	2,236	23	477	1,782	**2,259**
K Whiteman	389	47	–	1,976	3,250	2,412	27	463	1,976	**2,439**
J Tibaldi	389	47	–	1,639	2,400	2,075	14	450	1,639	**2,089**
P Vallone	389	47	–	1,639	2,400	2,075	14	450	1,639	**2,089**

Notes

1. The Company does not operate a Bonus Plan for Executive Directors.
2. This represents the seventh tranche of the 2011 LTIP that vested on 30 September 2022 at a share price of £31.79 subject to the operation of the Total Remuneration Cap (see table on page 152 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 2022/23 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.

Comparative figures for 2021/22, as disclosed in last year's Directors' Remuneration Report, are set out in the table below.

				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	7,332	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
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 does not operate a Bonus Plan for Executive Directors.
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. 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.

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.

	Basic fees		Additional fees[1]		Total fees	
Non-executive Director £'000	**2023**	2022	**2023**	2022	**2023**	2022
M Dobson[2]	**359.5**	–	**–**	–	**359.5**	–
J Armitt[3]	**87.8**	85.3	**–**	–	**87.8**	85.3
G Barker[4]	**130.1**	362.4	**–**	–	**130.1**	362.3
A Myers	**72.5**	70.4	**13.0**	13.0	**85.5**	83.4
D Brightmore-Armour	**88.5**	85.9	**–**	–	**88.5**	85.9
R Downey	**72.5**	70.4	**–**	–	**72.5**	70.4
E Adekunle	**72.5**	70.4	**–**	–	**72.5**	70.4
W Jackson	**72.5**	70.4	**–**	–	**72.5**	70.4
S Sands	**72.5**	70.4	**–**	–	**72.5**	70.4
A Kemp[5]	**72.5**	58.6	**13.0**	5.4	**85.5**	64.0
N Adams[6]	**72.5**	17.6	**–**	–	**72.5**	17.6

Notes

1. Additional fees represent fees paid for the role of Committee Chairmanship.
2. M Dobson was appointed to the Board on 8 June 2022 and to the role of Chairman on 6 September 2022.
3. J Armitt receives a base fee of £87,800 to reflect his experience and pre-eminent standing in construction and infrastructure, and the value he continues to add to the Board.
4. G Barker stepped down from the Board on 6 September 2022.
5. A Kemp was appointed to the Board on 1 July 2021 and to the role of Remuneration Committee Chair on 6 December 2021.
6. N Adams was appointed to the Board on 1 February 2022.

Long-term incentives (Audited)

The seventh vesting of options under the 2011 LTIP occurred on 30 September 2022, subject to the performance conditions set out on page 137.

These performance conditions were 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.

	Cumulative banked options b/f[1]	Options in each annual tranche for 2022 to 2025[2]	Net Total Remuneration Cap after fixed pay[3]	Maximum number of banked options capable of vesting[4]	Actual number of option capable of vesting[5]	Performance measure and outcome	Number of options vested after performance test	Value of gain on options vested[6]	Cumulative banked options c/f[7]
R C Perrins	2,363,617	590,904	7,323,400	276,490	276,490	See page 137 for performance measures. Vesting outcome – 100%	276,490	7,323,400	2,087,127
R J Stearn	269,212	67,303	2,796,400	105,576	67,303		67,303	1,782,655	201,909
K Whiteman	298,383	74,596	2,814,320	106,253	74,596		74,596	1,975,824	223,787
P Vallone	247,516	61,879	1,964,320	74,162	61,879		61,879	1,638,989	185,637
J Tibaldi	247,516	61,879	1,964,320	74,162	61,879		61,879	1,638,989	185,637

Notes

1. This is the total banked shares for all years up to 30 September 2021.
2. The banked options at 30 September 2021 vest in four equal tranches from September 2022 to September 2025, subject to the application of the LTIP cap at each vesting.
3. The LTIP Cap continues to limit the LTIP vesting at each vesting date. The LTIP Cap operated for the 2022/23 financial year and where the LTIP value would have been greater without the Cap based on the cumulative banked options vesting in four equal tranches, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
4. This is the maximum number of options that could have vested up to the LTIP cap.
5. This is the maximum number of options that vested, being the lesser of (2) and (4)
6. This is the value of the options that vested, calculated using the opening share price of £31.79 on 30 September 2022 (the date the options vested and became exercisable) less the exercise price of £5.3030 per share.
7. These are the banked options carried forward to next year.
8. Each Executive Director exercised all the options that vested on 30 September 2022. 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.

The table below sets out the Long Term Option Plan (LTOP) awards granted to the Executive Directors on 9 February 2023. The awards vest in five equal tranches commencing on 30 September 2026.

Executive Director	Type of award	Number of awards granted	Aggregate market value[1]	Exercise price on grant	Vesting dates (awards vest in equal tranches)
R C Perrins	Option	1,000,000	£42.81m	Tranche 1: £48.50	Tranche 1: 30 September 2026
R J Stearn		350,000	£14.98m	Tranche 2: £51.00	Tranche 2: 30 September 2027
K Whiteman		350,000	£14.98m	Tranche 3: £53.50	Tranche 3: 2 October 2028
J Tibaldi		350,000	£14.98m	Tranche 4: £56.00	Tranche 4: 1 October 2029
P Vallone		350,000	£14.98m	Tranche 5: £58.50	Tranche 5: 30 September 2030

Notes

1. Based on the average closing share price of £42.81 over the three days prior to grant.

The exercise price operates as a ratchet mechanism whereby price increases by £2.50 per year for awards vesting from September 2027 onwards. Dividends or other distributions to shareholders (other than in relation to share buy-backs) are deducted from the exercise price between grant and exercise.

Tranches 1 and 2 are subject to a holding period beginning on the vesting date and ending 9 February 2028.

The Company intends to manage the level of dilution arising from the LTOP awards by implementing net settling for tax and the exercise price where appropriate.

The table below sets out the Restricted Share Plan (RSP) awards granted to the Executive Directors on 9 February 2023.

Executive Director	Type of award	Number of awards granted	Award as % of salary	Aggregate market value[1]	Vesting date
R C Perrins	Nil-cost option	24,407	175%	£1,044,750	9 February 2027
R J Stearn		14,192	150%	£607,500	
K Whiteman		13,631	150%	£583,500	
J Tibaldi		13,631	150%	£583,500	
P Vallone		13,631	150%	£583,500	

Notes

1. Based on the average closing share price of £42.81 over the three days prior to grant.

The Awards entitle Executive Directors to acquire Shares up to the maximum number set out above, subject to continued employment and two underpins being:

— the Company's average return on equity over the four financial years commencing with the financial year ending 30 April 2023 being at least 15% on an annualised basis; and,
— an additional discretionary underpin pursuant to which the Remuneration Committee of the Company may reduce the level of vesting by up to 20% to reflect what it considers to be unsatisfactory progress over the performance period against the strategic and ESG priorities set out in Our Vision 2030.

The Awards are also subject to a holding period ending on 9 February 2028.

Dilution

A maximum of approximately 19 million shares were approved by shareholders under the 2011 LTIP. The actual number issued is significantly lower due to a combination of remuneration caps, the settlement of awards net of both the option price and participants' tax obligations and leavers.

To date, 4.0 million shares have been issued under the 2011 LTIP since 2016 and it is anticipated that, applying the same principles, a maximum of approximately 0.9 million further shares will be awarded by the scheme's final vesting in September 2025; in total 4.3% of the company's current issued share capital over a ten year period.

Beyond September 2025, the total maximum dilution in respect of discretionary share plans over a 10 year period is anticipated to fall to around 3% based on the operation of the new plans under the Directors' Remuneration Policy.

Payments to past Directors (Audited)

Sean Ellis stepped down from the Board in October 2021 but remained employed by the Company until October 2022, and received agreed final remuneration over this period totalling £4.6 million in value. No further sums are due to him.

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. Using the Company's closing share price of £44.47 on 30 April 2023, compliance with the requirements was as follows:

	Obligation (% of base salary)	Actual Share-holding as a % of base salary at 30 April 2023	Achievement at 30 April 2023
Executive Directors[1]			
R C Perrins	400%/1000%	9,403%	✓
R J Stearn	400%/1000%	2,418%	✓
K Whiteman	400%/1000%	3,907%	✓
J Tibaldi	400%/1000%	1,088%	✓
P Vallone	400%/1000%	1,133%	✓
Non-executive Directors[2]	**Obligation (% NED net fees)**	**Actual share-holding as % of net fees at 30 April 2023**	**Achievement at 30 April 2023**
M Dobson[3]	100%	167%	✓
J Armitt	100%	586%	✓
G Barker[4]	100%	224%	✓
A Myers	100%	272%	✓
D Brightmore-Armour	100%	84%	✗
R Downey	100%	138%	✓
E Adekunle	100%	128%	✓
W Jackson	100%	3,472%	✓
S Sands	100%	0%	✗
A Kemp	100%	259%	✓
N Adams	100%	225%	✓

Notes

1. A 1000% of salary requirement for all Executive Directors is to be achieved within the later of 10 years from appointment and the effective date of the Remuneration Policy. An interim requirement equal to 400% of salary should be achieved within the later of 5 years from appointment and the effective date of the Remuneration Policy.
2. To be achieved within three years of appointment.
3. M Dobson was appointed to the Board on 8 June 2022.
4. G Barker ceased to be a Director on 6 September 2022 and his shareholding is shown as at that date.

	Beneficially owned shares[1]	Banked LTIP options[2]	LTOP options[3]	RSP awards[4]	Total interests held
Executive Directors					
R C Perrins	1,262,370	2,087,127	1,000,000	24,407	4,373,904
R J Stearn	220,222	201,909	350,000	14,192	786,323
K Whiteman	341,778	223,787	350,000	13,631	929,196
J Tibaldi	95,168	185,637	350,000	13,631	644,436
P Vallone	99,067	185,637	350,000	13,631	648,335
Non-executive Directors					
M Dobson[5]	8,259	–	–	–	8,259
J Armitt	6,363	–	–	–	6,363
G Barker[6]	12,857	–	–	–	12,857
A Myers	2,770	–	–	–	2,770
D Brightmore-Armour	923	–	–	–	923
R Downey	1,191	–	–	–	1,191
E Adekunle	1,108	–	–	–	1,108
W Jackson	30,000	–	–	–	30,000
S Sands	-	–	–	–	–
A Kemp	2,636	–	–	–	2,636
N Adams	1,947	–	–	–	1,947

Notes

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. 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.
3. LTOP options vest in equal tranches subject to continued service.
4. RSP awards vest after four years subject to satisfaction of underpin conditions and continued service.
5. M Dobson was appointed to the Board on 8 June 2022.
6. G Barker stepped down from the Board on 6 September 2022 and his share interests are shown as at that date.

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	142
Total pension entitlements (Audited)	Yes	142
Payments to past Directors (Audited)	Yes	153
Payments for loss of office (Audited)	No payments	153
Directors' shareholding and share interests (Audited)	Yes	154 to 155

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2021/22 and 2022/23 financial years compared with distributions to shareholders.

	2022/23 (£m)	2021/22 (£m)	% change
Remuneration of Group employees (including Directors)	255	239	7%
Distributions to shareholders by way of dividends and share buy-backs	254	515	(51%)

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 Directors			
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 Directors			
M Dobson	8 June 2022	Renewal annually on 1 May	n/a
J Armitt	1 October 2007	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 2023.

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 2023.

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, Listing Rule (LR) 9.4.3R and LR 9.8R can be found in the Strategic Report and the Corporate Governance section of this Annual 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	158 (i.e. EBT)

The Corporate Governance section on pages 102 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 102, 117 and 138 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 likely future developments, as required by DTR 4.1.8R, is set out on pages 20 to 27 of the Strategic Report and is incorporated into this report by reference.

Financial risk management and financial instruments
The Company has not used financial instruments during the year under review. 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 99 of the Strategic Report and in note 2.23 of the Consolidated Financial Statements, and is incorporated into this report by reference.

Dividends
An interim dividend of 21.25 pence per share was paid to shareholders on 9 September 2022 and a further interim dividend of 69.44 pence per share was paid on 24 March 2023.

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 51.

Share capital
As at 30 April 2023, the Company had 116,537,358 ordinary shares of 5.4141 pence each in issue (2022: 120,589,892 ordinary shares of 5.4141 pence each), which are fully paid.

During the year to 30 April 2023, and in accordance with the authority provided by shareholders at the 2021 and 2022 AGMs, the Company has purchased through the market for cancellation 4,052,534 ordinary shares with a nominal value of £219,408.24, which equated to 3.64% of the called-up share capital of the Company at the beginning of the financial year, excluding treasury shares. The aggregate consideration paid for these shares was £155.4 million.

As at 30 April 2023, the Company held 8,959,264 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 2022 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.

At the Company's 2022 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 £1,989,322.13 and to allot shares for a similar aggregate nominal amount for the purposes of a rights issue.

The Directors were further authorised to disapply statutory pre-emption rights in connection with certain allotments of shares. These authorities will apply until the conclusion of the 2023 AGM and it is proposed that shareholders will be asked to authorise the Directors to allot shares and disapply statutory pre-emption rights at the 2023 AGM.

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.

There are no specific restrictions on the size of a shareholding or on the transfer of shares, which are both governed by the Articles 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 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, Directors can be appointed or removed by shareholders in a general meeting.

The Articles may only be amended by special resolution at a general meeting of shareholders. The Articles are available on the Company's website (berkeleygroup.co.uk/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 106 to 109 and are incorporated into this report by reference. During the year under review, Michael Dobson was appointed as a Non-executive Director on 8 June 2022 and Glyn Barker resigned as a Non-executive Director on 6 September 2022. 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 AGM and shall then be eligible for reappointment.

The Articles 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 Sir John Armitt, Diana Brightmore-Armour, Andy Myers, Justin Tibaldi, Paul Vallone and Karl Whiteman, who will be stepping down as Directors on conclusion of the AGM, will offer themselves for re-election at the forthcoming AGM to be held on 8 September 2023.

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 125.

The interests of the Directors and their connected persons in the share capital of the Company and its subsidiaries are set out on page 155. At 30 April 2023 each of the Executive Directors was deemed to have a non-beneficial interest in 103,506 (2022: 73,732) 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 Trustees 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.

Substantial shareholders
The latest notifications received by the Company from shareholders in respect of their interests, pursuant to DTR 5, as at 30 April 2023 are as follows:

	Number of ordinary shares held(i)	% of voting rights(i)
First Eagle Investment Management LLC	11,209,809	10.26
BlackRock Inc	11,698,607	8.72
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 2023 and 20 June 2023 the Company was not notified of any changes to substantial interests pursuant to DTR 5.

Political donations
The Group did not make any political donations or incur any political expenditure (2022: £nil) during the year.

Capitalised interest
No interest has been capitalised by the Group (2022: £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 50 and 80 of the Strategic Report.

The Group has in place an Equal Opportunities Policy which aims to ensure that all employees, potential employees and other individuals receive equal treatment (including access to employment, training, career development 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 s172(1) Statement on page 79 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 greenhouse gas (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; biodiesel HVO (Hydrotreated Vegetable Oil), 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 have been newly included for 2023, whilst gas oil emissions are not relevant from April 2022.
- **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 Renewable Energy Guarantees of Origin (REGOs) to certify that 100% of UK electricity is from a renewable source (i.e. solar, wind or hydro power).

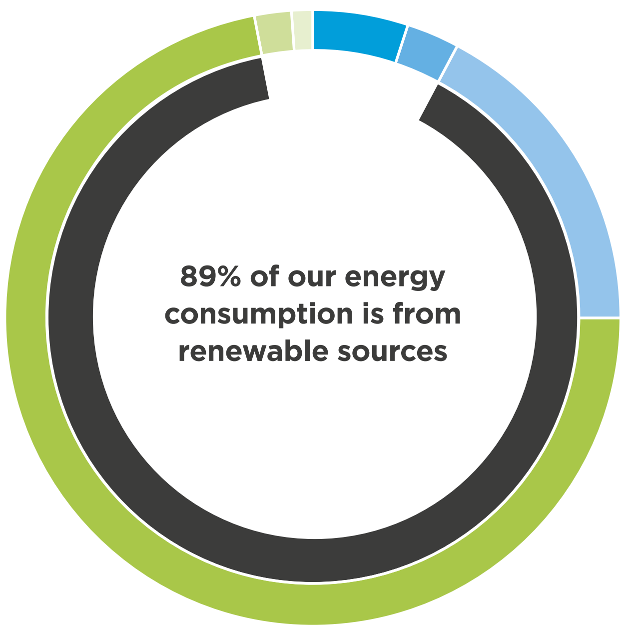
The emissions intensity ratios have been calculated using the floor area of legally completed homes and commercial space during the year (in square metres), including our joint ventures.

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 2023 biogenic CO_2 (considered 'outside of scopes') amounted to 3,808 tCO_2.

		2023			2022		
	Unit	**Total**	**UK**	**Global (excluding UK)**	Total	UK	Global (excluding UK)
Scope 1 emissions	tCO_2e	**713 (A)**	**713**	**–**	1,974	1,974	–
Scope 2 (location-based) emissions	tCO_2e	**4,510 (A)**	**4,352**	**158**	5,858	5,702	156
Scope 2 (market-based) emissions	tCO_2e	**250 (A)**	**92**	**158**	237	81	156
Scopes 1 and 2 (location-based) emissions	tCO_2e	**5,223 (A)**	**5,065**	**158**	7,832	7,676	156
Scopes 1 and 2 (location-based) emissions intensity	tCO_2e/100sqm	**1.46**	**–**	**–**	2.17	–	–
Scopes 1 and 2 (market-based) emissions	tCO_2e	**963 (A)**	**805**	**158**	2,211	2,055	156
Scopes 1 and 2 (market-based) emissions intensity	tCO_2e/100sqm	**0.27**	**–**	**–**	0.61	–	–
Energy consumption associated with scope 1 emissions	MWh	**7,572 (A)**	**7,572**	**–**	9,133	9,133	–
Energy consumption associated with scope 2 emissions	MWh	**22,848 (A)**	**22,568**	**280**	27,202	26,941	261
Energy consumption associated with scopes 1 and 2 emissions	MWh	**30,420 (A)**	**30,140**	**280**	36,335	36,074	261

(A) 2023 information has been separately subject to limited assurance by KPMG LLP. For further details of the assurance provided in 2023 and prior years, see the independent assurance reports found at www.berkeleygroup.co.uk/sustainability/reports-and-case-studies.

Energy Consumption by Fuel Type



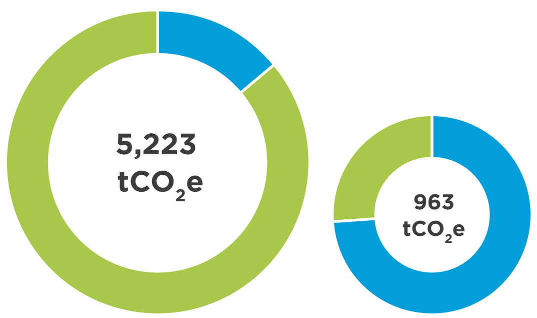
Scope 1

Vehicle Travel	5%
Natural Gas	3%
Biodiesel HVO	17%
Diesel	0%
LPG	0%
Petrol	0%

Scope 2

Purchased Electricity – UK	72%
Purchased Heat	2%
Purchased Electricity – Global exc UK	1%
Vehicle Travel	0%
On-site Generated Renewable Electricity	0%

GHG Emissions by Scope



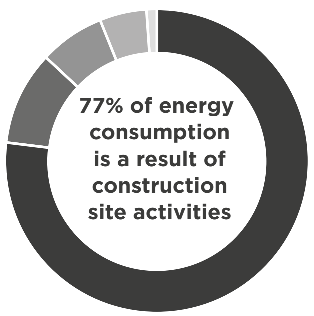
Location-based

Scope 1	14%
Scope 2	86%

Market-based

Scope 1	74%
Scope 2	26%

Energy Consumption by Activity Type



Development Site	77%
Divisional Office	10%
Sales Suite	7%
Vehicle Travel	5%
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.

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 actions have been implemented in the year to reduce emissions. We have continued to encourage the use of biodiesel HVO; in 2023, 89% (2022: 38%) of construction sites directly procuring fuel utilised biodiesel HVO as an alternative to diesel. This has reduced scope 1 emissions by 1,328 tCO_2e in the year compared to an equivalent use of diesel. Other energy efficiency actions include a Group-wide energy awareness campaign including two weeks of engagement with our workforce on ways to reduce energy consumption at work; in their own homes; and how to spread this knowledge to our customers and contractor supply chain. The campaign has inspired our teams to challenge themselves and share lessons learnt. We have witnessed numerous success stories, with one office achieving a 60% reduction in weekly consumption mainly due to a change to their heating strategy, whilst our Silkstream development site team is using ground-mounted solar panels with supplementary battery storage to see an energy saving of approximately 75% across their site cabins.

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.

During the year, a competitive tender process was conducted in respect of the appointment of the Group's auditor. Further details are set out in the Report of the Audit Committee on page 131. At the conclusion of this process, the Board approved the re-appointment of KPMG, who has confirmed its willingness to continue in office. 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 .00 a.m. on 8 September 2023. 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.

DIRECTORS' REPORT CONTINUED AND 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 judgments 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 2023, the Group has net cash of £410.4 million and total liquidity of £1,610.4 million when this net cash is combined with banking facilities of £800 million, (which expire in February 2028) and £400 million listed Green Bonds (which mature in August 2031). Furthermore, the Group has cash due on forward sales of £2,136 million, a significant amount 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, 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

21 June 2023

Directors' responsibility statement

Each of the Directors confirms that, to the best of each person's knowledge:

- the Consolidated 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
21 June 2023

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

1. Our opinion is unmodified

In our opinion:

- the Financial Statements of The Berkeley Group Holdings plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2023, 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 Group and Parent Company Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company Financial Statements of The Berkeley Group Holdings plc ("the Company") for the year ended 30 April 2023 (FY23) included in the Annual Report, which comprise:

Group	Parent Company (The Berkeley Group Holdings plc)
Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes 1 to 2.26 to the Group Financial Statements, including the accounting policies in notes 1 to 2.26.	Company Balance Sheet, Company Statement of Changes in Equity and Notes C1 to C2.9 to the Parent Company financial statements, including the accounting policies in notes C1 to C2.9.

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 and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee.

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.

2. Overview of our audit

Factors driving our view of risks

Our risk assessment considers the Group's operations, the macro-economic and other relevant external factors which impact the judgements and estimates made by the Group. Having considered these external factors, we have identified the same key audit matters as in the prior year. We have also concluded that the level of risk in relation to the key audit matters remains consistent with the prior year.

Cost of sales recognition includes estimation over multiple years and economic cycles and, as a result, the deterioration in the macro-economic environment during FY23 is not considered to have had a significant impact on the already high estimation uncertainty associated with this key audit matter.

Post completion development provisions are estimated based on historic experience of liabilities arising on completed developments and have a high level of estimation uncertainty that is also not significantly impacted by the deterioration in the macro-economic environment during FY23.

Recoverability of investments in, and amounts due from, subsidiaries remains our biggest focus in the audit of the Parent Company, The Berkeley Group Holdings plc, due to their materiality in the context of the Parent Company Financial Statements.

Key Audit Matters	vs FY22	Item
Cost of sales recognition	←→	4.1
Post completion development provisions	←→	4.2
Recoverability of Parent Company's investments in, and amounts due from its subsidiaries	←→	4.3

Audit committee interaction

During the year, the Audit Committee met three times. KPMG is invited to and attended all Audit Committee meetings and is provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each key audit matter, we have set out communications with the Audit Committee in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Report on page 129 are materially consistent with our observations of those meetings.

Our independence

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.

Apart from the matter noted below, we have not performed any non-audit services during the year ended 30 April 2023 or subsequently which are prohibited by the FRC Ethical Standard.

During 2023, we identified that certain KPMG member firms had provided preparation of local GAAP financial statement services over the period FY18 to FY23 to entities which were residual components and therefore not in scope for the Group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work was undertaken after the Group audit opinion was signed by KPMG LLP for the impacted financial years and had no direct or indirect effect on The Berkeley Group Holding plc's Consolidated Financial Statements.

In our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The Audit Committee concurred with this view.

Following a competitive tender process undertaken in FY23, the Group's Board has announced its intention to reappoint KPMG as its external auditor for the financial year end 30 April 2024, subject to shareholder approval at its 2023 Annual General Meeting.

We were first appointed as auditor by the Directors for the year ended 30 April 2014. The period of total uninterrupted engagement is for the 10 financial years ended 30 April 2023.

The Group engagement partner is required to rotate every five years. As these are the second set of the Group's Financial Statements signed by Anna Jones, she will be required to rotate off after the FY26 audit.

The average tenure of partners responsible for component audits as set out in (section 7) below is four years, with the shortest being two and the longest being six.

Total audit fee	£1.3 million
Audit related fees (including interim review)	£0.1 million
Other services	£0.1 million
Non-audit fee as a % of total audit and audit related fee %	7%
Date first appointed	27 November 2013
Uninterrupted audit tenure	10 years
Next financial period which requires a tender	FY34
Tenure of Group engagement partner	2 years
Average tenure of component signing partners	4 years

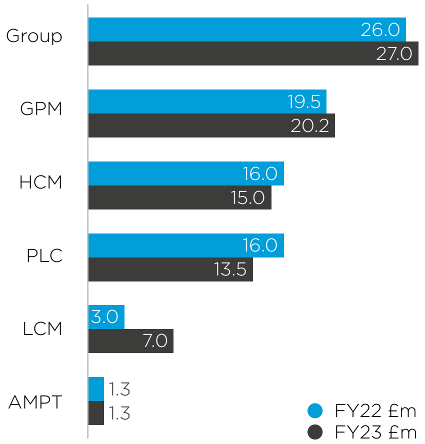
Materiality
(Item 6 below)
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group Financial Statements as a whole at £27.0 million (FY22: £26.0 million) and for the Parent Company Financial Statements as a whole at £13.5 million (FY22: £16.0 million).

Consistent with FY22, we determined that Group profit before tax remains the benchmark for the Group as the users of the Financial Statements will be primarily interested in the profitability of the Group and its ability to generate returns for shareholders. As such, we based our Group materiality on Group profit before tax, of which it represents 4.5% (FY22: 4.7%).

Materiality for the Parent Company Financial Statements was determined with reference to a benchmark of Parent Company total assets of £1,981.6 million, of which it represents 0.7% (2022: 0.8%).

Materiality levels used in our audit



Group	Group Materiality
GPM	Group Performance Materiality
HCM	Highest Component Materiality
PLC	Parent Company Materiality
LCM	Lowest Component Materiality
AMPT	Audit Misstatement Posting Threshold

Group scope
(Item 7 below)
We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group Financial Statements, the type of procedures to be performed at these components and the extent of involvement required from our component auditors.

The Group operates in the UK across a number of components. We scoped the audit by obtaining an understanding of the Group, its environment and assessing the risk of material misstatement at the Group and component level.

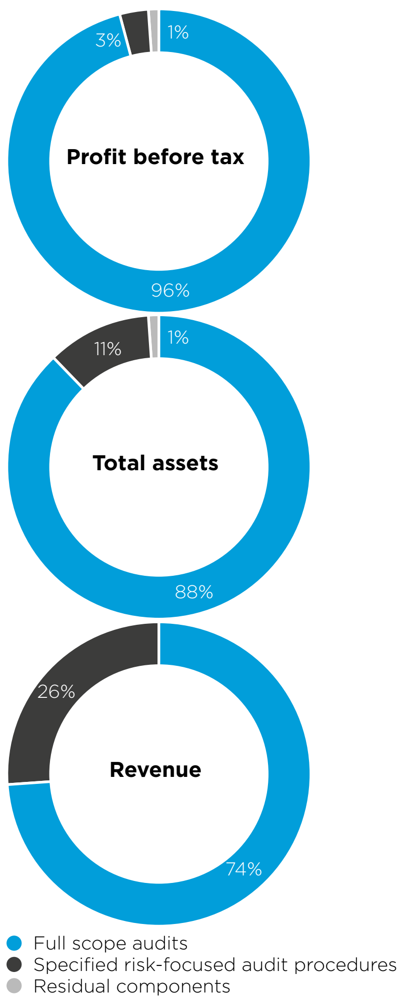
We have considered components based on their contribution to Group revenue, Group profit before tax and Group total assets.

Of the Group's 16 (2022: 16) reporting components, we subjected seven (2022: six) to full scope audits for Group purposes and three (2022: three) to specified risk-focused audit procedures. We subjected three (2022: two) components to specified risk-focused audit procedures over cost of sales recognition and post completion development provisions and one (2022: one) to specified risk-focused audit procedures over property, plant and equipment (2022: cash and borrowings).

The components within the scope of our work accounted for the percentages illustrated below.

In addition, we have performed Group level analysis on the residual components to determine whether further risks of material misstatement exist in those components.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.



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 Vision 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 cash flows are inherently uncertain and the Group's assessment continues to evolve. Further information is provided in the Strategic Report on pages 44 to 49 and the Group's TCFD Recommended Disclosure section on pages 62 to 77 of the Annual Report.

Climate change initiatives and commitments could impact the Group's future cash flows, particularly the forecasts of future build costs. For example, in relation to materials, new building technologies, regulatory changes, and changes in specifications. The potential effect of climate on build costs in the future is not separately identifiable and the full extent is uncertain. Our work on the 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.

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.

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.

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the Financial Statements on a going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that, the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

Going concern
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 scenario, 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;
- inspecting the loan agreements to confirm the nature of the associated covenant requirements and critically assessed forecast compliance in the base case and downside scenarios;
- inspecting confirmation from banks of the level of cash and cash equivalents held at year end; and
- assessing the completeness of going concern disclosure in notes 1.2 and C1.2 to the Financial Statements.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. 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.

Summary of our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or 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 notes 1.2 and C1.2 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 notes 1.2 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.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

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 Principal Risks on page 87 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.

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.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the Financial Statements and our audit knowledge.

4. Key audit matters

What we mean

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 include below the key audit matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the Financial Statements as a whole. We do not provide a separate opinion on these matters.

4.1 Cost of sales recognition (Group)

Financial Statement Elements	Cost of sales of £1,853.4 million; (2022: £1,683.2 million)
Our assessment of risk vs FY22	←→ We have not identified any significant changes in our assessment of the level of risk relating to costs of sales compared to FY22.
Our results	**FY23: Acceptable** FY22: Acceptable

Description of the Key Audit Matter

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, uncertainties over associated costs and sales prices.

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 1.1) disclose that this is unlikely to have a material effect in the next financial year.

Our response to the risk

Our procedures to address the risk 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 haphazard sample of the Group's build cost meetings that are held for each site 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: We 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. For forecast costs we also assessed management's historical accuracy of forecasting sensitised assumptions against industry indices;

Test of detail: We agreed a sample of costs incurred in the year to invoices and/or payments, as they form part of the total costs for the site;

Benchmarking assumptions: We 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, including other potential changes such as new regulations or climate related costs in longer-term developments and contingencies held for specific sites;

Our sector experience: We challenged management's forecast sales price and forecast cost assumptions using our own expectations based on our knowledge of the entity and experience of the industry in which the entity operates;

Sensitivity analysis: We 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; and

Assessing transparency: We have also considered the adequacy of the Group's disclosures in note 2.12 to the Financial Statements regarding the degree of judgement, estimation uncertainty and sensitivity to key assumptions involved in arriving at the forecast site margins and resultant cost of sales recognised.

Communications with The Berkeley Holdings Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of cost of sales including details of our planned substantive procedures and the extent of our control reliance;
- Our assessment of the key assumptions used by management in determining the cost of sales to be recognised for units legally completed in the year;
- Our assessment of the level of contingency held within sites selected for testing; and
- The adequacy of disclosures made by the Group on the estimates, and related estimation uncertainty, used to determine the amount of cost of sales to recognise.

Areas of particular auditor judgement

We identified the cost, sales, and risk allowance forecast utilised in management's estimate as the area of particular auditor judgement.

Our results

We found the cost of sales recognised to be acceptable (FY22 result: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 129 for details on how the Audit Committee considered cost of sales recognition as an area of significant attention, note 2.12 for the accounting policy on cost of sales recognition.

4.2 Post completion development provision (Group)

Financial Statement Elements	Post completion development provision of £189.0 million (2022: £157.2 million) (Note 2.16)
Our assessment of risk vs FY22	←→ We have not identified any significant changes in our assessment of the level of risk relating to the post completion development provision compared to FY22.
Our results	**FY23: Acceptable** FY22: Acceptable

Description of the Key Audit Matter

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 1.1) disclose that this is unlikely to have a material effect in the next financial year.

Our response to the risk

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 inspected board minutes to identify potential claims to be provided for and corroborated through enquires of Group Directors and Management, and divisional management and compared to the Group's provision assessments;
- **Test of detail:** When a provision has been made for significant known issues and claims, we critically assessed the Group's calculation of the provision held, challenged internal remediation cost assessments and considered third-party evidence, where available;
- **Historical comparisons:** Where past events that indicate an obligation may arise have been identified, we evaluated the Group's 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:** We utilised the audit team's experience to challenge the assumptions over appropriateness of the rectification cost assumptions;
- **Enquiry of lawyers:** In respect of open matters of litigation, we held enquiries with the Group's in-house legal counsel and inspected relevant correspondence and considered against the provisions made; and
- **Assessing transparency:** We have also considered the adequacy of the Group's disclosures in note 2.16 to the Financial Statements regarding the degree of judgement, estimation uncertainty, and sensitivity to key assumptions involved in arriving at the recorded post completion development provisions.

Communications with The Berkeley Group Holdings plc's Audit Committee
Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the post completion development provision including details of our planned substantive procedures;
- Our assessment of the Group's methodology for accounting for provisions;
- Our conclusion on the appropriateness of estimates made in making provisions; and
- The adequacy of the disclosures made by the Group on the estimates, and related estimation uncertainty, used to determine the amount of provisions to recognise.

Areas of particular auditor judgement
We identified the Groups' estimation of amounts to be recognised as a provision to be the area of particular auditor judgement.

Our results
We found the amount of post completion development provision to be acceptable (FY22 result: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 129 for details on how the Audit Committee considered the post completion development provision as an area of significant attention, page 196 for the accounting policy on the post completion development provision, and note 2.16 for the financial disclosures.

4.3 Recoverability of the Parent Company's investment in subsidiary, and amounts due, from its subsidiaries (Parent Company)

Financial Statement Elements		**FY23**	FY22
	Investment carrying value (Note C2.4)	£1,438.1 million	£1,435.7 million
	Amounts due from its subsidiaries (Note C2.5)	£536.6 million	£532.7 million
Our assessment of risk vs FY22	←→ We have not identified any significant changes in our assessment of the level of risk relating to the recoverability of the Parent Company investment in, and amounts due, from its subsidiaries compared to FY22.		
Our results	**FY23: Acceptable** FY22: Acceptable		

Description of the Key Audit Matter
The carrying amount of the Parent Company's investment in subsidiary and amounts due from its subsidiaries represents 72.6% and 27.1% (2022: 72.5% and 26.9%) of the Parent Company's total assets, respectively. Their recoverability is not at high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company Financial Statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.

Our response to the risk
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:

- We compared the carrying amount of 100% of the investment with the subsidiary's net assets in the Group's consolidation to identify whether its net assets, being an approximation of minimum recoverable amount, were in excess of their carrying amount;
- We assessed 100% of amounts due from subsidiaries with reference to the relevant debtors' balances in the Group's consolidation and checked whether they have positive net assets and therefore coverage of the debt owed; and
- We assessed whether those subsidiaries have historically been profit making.

Communications with The Berkeley Group Holdings plc's Audit Committee
Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the recoverability of the Parent Company investment in subsidiary, and amounts due, from its subsidiaries including details of our planned substantive procedures; and
- Our conclusion on the appropriateness of the carrying value of the Parent Company's investment in subsidiary and amounts due from its subsidiaries.

Our results
We found the Parent Company's conclusion that there is no impairment of its investment in subsidiary and the amount due from subsidiaries balance to be acceptable (FY22 result: acceptable).

Further information in the Annual Report and Accounts: note C2.4 for the accounting policy on of the Parent Company investment in, and amounts due, from its subsidiaries, and notes C2.4 and C2.5 for the financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud
Fraud risk assessment
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:

- our forensic specialists assisted us in identifying key fraud risks. This included attending the Risk Assessment and Planning Discussion, holding a discussion with the engagement partner, engagement manager, and engagement quality control reviewer, and assisting with designing relevant audit procedures to respond to the risk of management override of controls;
- 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.

Risk communications
We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Fraud risks
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 judgements 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 judgement with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue. We did not identify any additional fraud risks.

Procedures to address 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, seldom used accounts and journals posted by leavers; and
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations
Laws and regulations risk assessment
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 Group's procedures for complying with regulatory requirements.

Risk communications
We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

Direct laws context and link to audit
The potential effect of these laws and regulations on the Financial Statements varies considerably.

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, taxation legislation and the Building Safety Act and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Most significant indirect law/regulation areas
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
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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the Financial Statements as a whole.

£27.0 million (FY22: £26.0 million) **Materiality for the Group Financial Statements as a whole**	**What we mean** A quantitative reference for the purpose of planning and performing our audit. **Basis for determining materiality and judgements applied** Materiality for the Group Financial Statements as a whole was set at £ 27.0 million (FY22: £26.0 million). This was determined with reference to a benchmark of Group profit before tax. Consistent with FY22, we determined that Group profit before tax remains the main benchmark for the Group as the users of the Financial Statements will be primarily interested in the profitability of the Group and its ability to generate returns for shareholders. Our Group materiality of £27.0 million was determined by applying a percentage to the Group profit before tax. When using a benchmark of profit before tax to determine overall materiality, KPMG's approach for listed entities considers a guideline range 3% – 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.5% (FY22: 4.7%) to the benchmark. Materiality for the Parent Company Financial Statements was set at £13.5 million (2022: £16.0 million) determined with reference to a benchmark of Parent Company total assets of £1,981.6 million (2022: £1,980.0 million), of which it represents 0.7% (FY22: 0.8%).
£20.2 million (FY22: £19.5 million) **Performance materiality**	**What we mean** 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. **Basis for determining materiality and judgements applied** We have considered performance materiality at a level of 75% (FY22:75%) of materiality for The Berkeley Group Holdings plc Group Financial Statements as a whole to be appropriate. This has therefore been set at £20.2 million (FY22: £19.5 million). The Parent Company performance materiality was set at £10.1 million (FY22: £12.0 million), which equates to 75% (FY22: 75%) of materiality for the Parent Company Financial Statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.
£1.3 million (FY22: £1.3 million) **Audit misstatement posting threshold**	**What we mean** This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to The Berkeley Group Holdings plc's Audit Committee. **Basis for determining materiality and judgements applied** We set our audit misstatement posting threshold at 5% (FY22: 5%) of our materiality for the Group Financial Statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group Financial Statements of £27.0 million (FY22: £26.0 million) compares as follows to the main Financial Statement caption amounts:

	Total Group Revenue		Group Profit Before Tax		Total Group Assets	
	FY23	FY22	**FY23**	FY22	**FY23**	FY22
Financial statement Caption	**£2,550.2m**	£2,348.0m	**£604.0m**	£551.5m	**£6,859.7m**	£6,587.7m
Group Materiality as % of caption	**1.1 %**	1.1%	**4.5%**	4.7%	**0.4%**	0.4%

7. The scope of our audit

Group scope
What we mean
How the Group audit team determined the procedures to be performed across the Group.

The Group has 16 (2022: 16) reporting components. In order to determine the work performed at the reporting component level, we identified those components which we considered to be of individual financial significance, those which were significant due to risk and those remaining components on which we required procedures to be performed to provide us with the evidence we required in order to conclude on the Group Financial Statements as a whole. We scoped the audit by obtaining an understanding of the Group and its environment and assessing the risk of material misstatement at the Group and component level.

The Group operates within the UK and all audit work is performed by the same audit team.

We determined individually financially significant components as those contributing at least 10% (2022: 10%) of Group total assets or 10% of Group revenue (2022: 10%). We selected Group revenue and Group total assets because these are the most representative of the relative size of the components. We identified 6 (2022: 6) components as individually financially significant components and performed full scope audits on these components.

In addition to the individually financially significant components, we identified 3 (2022: 3) components as significant, owing to significant risks of material misstatement affecting the Group Financial Statements. Of the 3 (2022: 3) components identified as significant due to risk, we performed specific risk-focused audit procedures over provisions and cost of sales.

In addition, to enable us to obtain sufficient appropriate audit evidence for the Group Financial Statements as a whole, we selected 1 (2022: 1) components on which to performed specified risk-focused audit procedures over property, plant and equipment balance.

The components within the scope of our work accounted for the following percentages of the Group's results, with the prior year comparatives indicated in brackets:

Scope	Number of Components	Range of Materiality Applied	Group Revenue	Group PBT	Group Total Assets
Full scope audit	7	£8m-£15m	74% (100%)	96% (81%)	88% (85%)
Specified risk focused audit procedures	4	£7m-£8m	26% (0%)	3% (16%)	11% (11%)

The remaining 1% (2022: 3%) of Group profit before tax and 1% (2022: 4%) of total Group assets is represented by reporting components, none of which individually represented more than 0.1% (2022: 0.1%) of any of total Group revenue, Group profit before tax or total Group assets.

For these 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.

For the audit of the Group Financial Statements, we were able to rely upon the Group's internal controls 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.

The Parent Company audit is subject to a full scope, fully substantive audit.

Group audit team oversight
What we mean
The extent of the Group audit team's involvement in component audits.

The work on all components (2022: all components) within the scope of our work, including the audit of the Parent Company was performed by the Group team.

8. 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.

All other information
Our responsibility
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.

Our reporting
Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic Report and Directors' Report
Our responsibility and reporting
Based solely on our work on the other information described above we report to you as follows:

- 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
Our responsibility
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance disclosures
Our responsibility
We are required to perform procedures to identify whether there is a material inconsistency between the Financial Statements and our audit knowledge, and:

- the Directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- 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 also 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.

Our reporting
Based on those procedures, we have concluded that each of these disclosures is materially consistent with the Financial Statements and our audit knowledge.

We have nothing to report in this respect.

Other matters on which we are required to report by exception
Our responsibility
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.

Our reporting
We have nothing to report in these respects.

9. 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 Rinancial 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.

10. 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
London
21 June 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	2023 £m	2022 £m
Revenue	2.1	**2,550.2**	2,348.0
Cost of sales		**(1,853.4)**	(1,683.2)
Gross profit		**696.8**	664.8
Net operating expenses		**(178.5)**	(156.9)
Operating profit		**518.3**	507.9
Finance income	2.3	**23.1**	2.5
Finance costs	2.3	**(33.7)**	(15.0)
Share of results of joint ventures using the equity method	2.11	**96.3**	56.1
Profit before taxation for the year		**604.0**	551.5
Income tax expense	2.6	**(138.3)**	(69.1)
Profit after taxation for the year		**465.7**	482.4
Earnings per share (pence):			
— Basic	2.7	**426.8**	417.8
— Diluted	2.7	**422.4**	411.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April	Notes	2023 £m	2022 £m
Profit after taxation for the year		**465.7**	482.4
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Actuarial loss recognised in the pension scheme	2.5	**(1.3)**	(1.6)
Total items that will not be reclassified to profit or loss		**(1.3)**	(1.6)
Other comprehensive expense for the year		**(1.3)**	(1.6)
Total comprehensive income for the year		**464.4**	480.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April	Notes	2023 £m	2022 £m
Assets			
Non-current assets			
Intangible assets	2.8	**17.2**	17.2
Property, plant and equipment	2.9	**34.6**	40.5
Right-of-use assets	2.10	**5.2**	5.8
Investments in joint ventures	2.11	**223.4**	190.4
Deferred tax assets	2.17	**114.5**	120.7
		394.9	374.6
Current assets			
Inventories	2.12	**5,302.1**	5,134.0
Trade and other receivables	2.13	**92.3**	145.7
Current tax assets		**–**	4.5
Cash and cash equivalents	2.14	**1,070.4**	928.9
		6,464.8	6,213.1
Total assets		**6,859.7**	6,587.7
Liabilities			
Non-current liabilities			
Borrowings	2.23	**(660.0)**	(660.0)
Trade and other payables	2.15	**(863.4)**	(719.8)
Lease liabilities	2.10	**(2.9)**	(3.8)
Provisions for other liabilities and charges	2.16	**(115.1)**	(98.5)
		(1,641.4)	(1,482.1)
Current liabilities			
Trade and other payables	2.15	**(1,801.6)**	(1,904.9)
Lease liabilities	2.10	**(2.2)**	(2.1)
Current tax liabilities		**(3.7)**	–
Provisions for other liabilities and charges	2.16	**(78.5)**	(62.5)
		(1,886.0)	(1,969.5)
Total liabilities		**(3,527.4)**	(3,451.6)
Total net assets		**3,332.3**	3,136.1
Equity			
Shareholders' equity			
Share capital	2.18	**6.3**	6.5
Share premium	2.18	**49.8**	49.8
Capital redemption reserve	2.19	**25.2**	25.0
Other reserve	2.19	**(961.3)**	(961.3)
Retained earnings	2.19	**4,212.3**	4,016.1
Total equity		**3,332.3**	3,136.1

The financial statements on pages 174 to 210 were approved by the Board of Directors on 21 June 2023 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 2022		**6.5**	**49.8**	**25.0**	**(961.3)**	**4,016.1**	**3,136.1**
Profit after taxation for the year		**–**	**–**	**–**	**–**	**465.7**	**465.7**
Other comprehensive expense for the year		**–**	**–**	**–**	**–**	**(1.3)**	**(1.3)**
Purchase of own shares	2.18	**(0.2)**	**–**	**0.2**	**–**	**(155.4)**	**(155.4)**
Transactions with shareholders:							
— Charge in respect of employee share schemes	2.5	**–**	**–**	**–**	**–**	**(4.5)**	**(4.5)**
— Deferred tax in respect of employee share schemes	2.17	**–**	**–**	**–**	**–**	**(9.8)**	**(9.8)**
— Dividends to equity holders of the Company	2.20	**–**	**–**	**–**	**–**	**(98.5)**	**(98.5)**
At 30 April 2023		**6.3**	**49.8**	**25.2**	**(961.3)**	**4,212.3**	**3,332.3**
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
— Dividends to equity holders of the Company	2.20	–	–	–	–	(451.5)	(451.5)
At 30 April 2022		6.5	49.8	25.0	(961.3)	4,016.1	3,136.1

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	2023 £m	2022 £m
Cash flows from operating activities			
Cash generated from operations	2.22	**472.5**	372.4
Consideration paid for 50% share of St William assets	2.22	**–**	(355.6)
Interest received		**18.2**	1.9
Interest paid		**(21.4)**	(5.6)
Income tax paid		**(133.7)**	(142.6)
Net cash flow from operating activities		**335.6**	(129.5)
Cash flows from investing activities			
Purchase of property, plant and equipment	2.9	**(2.0)**	(1.3)
Proceeds on disposal of property, plant and equipment		**0.8**	0.3
Dividends from joint ventures	2.11	**74.9**	–
Increase in loans with joint ventures	2.11	**(11.6)**	(26.7)
Net cash flow from investing activities		**62.1**	(27.7)
Cash flows from financing activities			
Lease capital repayments		**(2.3)**	(1.9)
Purchase of own shares	2.19	**(155.4)**	(63.7)
Dividends/B-Share payments to Company's shareholders	2.20	**(98.5)**	(451.5)
Drawdown of bank borrowings	2.23	**–**	260.0
Increase in listed debt borrowings	2.23	**–**	400.0
Repayment of bank borrowings	2.23	**–**	(300.0)
Repayment of St William bank borrowings		**–**	(185.0)
Net cash flow from financing activities		**(256.2)**	(342.1)
Net increase/(decrease) in cash and cash equivalents	2.22	**141.5**	(499.3)
Cash and cash equivalents at the start of the financial year		**928.9**	1,428.2
Cash and cash equivalents at the end of the financial year	2.22	**1,070.4**	928.9

1 Basis of preparation

1.1 Introduction

These Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards (UK-adopted IFRS). The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101; these are presented on pages 211 to 216.

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the Group) and equity account the Group's interest in joint ventures. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

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 rely 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.

Whilst these are key areas of estimation uncertainty, these are unlikely to have a material impact on the carrying value of assets and liabilities in the next financial year.

The significant areas of judgement exercised by management are detailed below:

Critical area of judgement in applying the Group's accounting policies

Asset acquisition

In the prior year, the Group acquired the outstanding 50% 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 applied the optional 'concentration test' under IFRS 3 'Business Combinations' whereby the transaction was accounted for as the acquisition of a set of assets concentrated in inventory. The cash consideration paid in excess of National Grid's 50% share of the net assets of St William reflected 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 178 to 210. The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

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 2023, the Group had net cash of £410.4 million and total liquidity of £1,610.4 million when this net cash is combined with banking facilities of £800 million (committed to February 2028), of which £540 million in undrawn, and £400 million listed bonds (which mature in August 2031). Furthermore, the Group has cash due on forward sales of £2,135.7 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 Consideration of climate change

In preparing the Financial Statements, consideration has been given to the Group's activities to address climate change as part of Our Vision 2030 and its assessment and reporting of future climate-related transitional and physical risks under the Task Force on Climate-related Financial Disclosures (TCFD) framework, both of which are set out in the Strategic Report.

The costs of developing the Group's sites are held in inventory as these are trading in nature and are therefore taken through cost of sales to match the revenue generated by the sale of properties on each development. The recognition of cost of sales, and therefore the carrying value of inventory, during a financial year is made by reference to the latest assessment of each development's forecast profit margin, which is a key area of estimation uncertainty as set out in Note 2.12.

The cost of specific climate change related activities undertaken as part of the development of a site are inherently difficult to disassociate from other input costs as these typically involve a myriad of inter-related design and construction based solutions, for instance over the selection of key materials and technologies adopted to reduce embodied carbon and minimise future energy use of the Group's occupied homes. In turn, these activities are regulated by prevailing building regulations and planning requirements.

Therefore, the forecast cost estimates used to determine the cost of sales recognition during the financial year inherently reflect the Group's current development-specific climate related actions through its cost plans which align to the development solution. Consistent with the higher cost uncertainty inherent in its longer-term developments from evolving regulatory and other market-led changes, the Group may incur as yet unknown costs associated with its own future climate-related actions as well as costs arising from the impact of climate change. As set out in Note 2.12, the Group's cost assessments and allocation evolve over the life of each development.

1.4 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.

1.5 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 2022:

- IAS 16 Property, Plant and Equipment: Proceeds before Intended Use;
- IAS 37 Onerous Contracts: Cost of Fulfilling a Contract;
- IFRS 3 Business Combinations: References to the Conceptual Framework; and
- Annual Improvements to IFRS 9 Financial Instruments.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of these amendments.

1.6 Impact of standards and interpretations in issue but not yet effective

The International Accounting Standards Board ("IASB") has published the following amendments to IFRSs which will be applicable to the Group for the financial year beginning 1 May 2023. These amendments are not expected to have a significant impact on the results of the Group:

- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IFRS 17 Insurance Contracts;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- Amendments to IAS 12 Income Taxes.

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, measured by construction progress.

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:

	2023 £m	2022 £m
Residential revenue	**2,508.3**	2,302.0
Commercial revenue	**41.9**	46.0
	2,550.2	2,348.0

Included within revenue is £396.0 million (2022: £356.6 million) of customer deposits, received in prior years, for units that legally completed in the year. Included within commercial revenue is £18.1 million (2022: £14.7 million) of revenue recognised in relation to the stage of completion of the contract. Included within residential revenue is £15.2 million (2022: £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

	2023 £m	2022 £m
Finance income	**23.1**	2.5
Finance costs		
Interest payable on borrowings and non-utilisation fees	**(21.9)**	(12.1)
Amortisation of facility fees	**(1.7)**	(1.8)
Other finance costs	**(10.1)**	(1.1)
	(33.7)	(15.0)
Net finance costs	**(10.6)**	(12.5)

Finance income predominantly represents interest earned on cash deposits. Other finance costs represent imputed interest on 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:

	2023 £m	2022 £m
Staff costs (note 2.5)	**304.0**	280.7
Depreciation on property, plant and equipment (note 2.9)	**3.4**	3.8
Depreciation on right-of-use assets (note 2.10)	**2.2**	1.8
Loss on sale of property, plant and equipment	**3.7**	0.1
Fees paid and payable to the Company's auditor for the audit of the Group and Parent Company	**1.2**	0.9
Fees paid and payable to the Company's auditor for other services:		
— Audit of the Company's subsidiaries and joint ventures	**0.1**	0.1
— Audit related assurance services	**0.1**	0.1
— Non-audit related assurance services	**0.1**	0.1

The value of inventories expensed and included in the cost of sales is £1,760.4 million (2022: £1,630.3 million).

Government grants of £13.3 million (2022: £nil) were received in the year relating to the provision of highway infrastructure, for which all performance conditions were satisfied.

Fees incurred in the year to the Group's current auditor for audit and non-audit related assurance services relate to the interim review 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 acted as auditor to the Berkeley Final Salary Plan in the year ended 30 April 2022, for which a fee of £10,000 was paid. They are not appointed as the auditor for the year ended 30 April 2023.

2.5 Directors and employees

Profit before taxation is stated after charging the following amounts:

	2023 £m	2022 £m
Staff costs:		
Wages and salaries	**253.8**	238.6
Social security costs	**32.5**	31.5
Share based payments – equity settled	**3.0**	2.0
Share based payments – cash settled	**4.6**	(0.8)
Pension costs	**10.1**	9.4
	304.0	280.7

The average monthly number of persons employed by the Group during the year was 2,973 (2022: 2,911).

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:

	2023 £m	2022 £m
Directors' remuneration	**2.2**	2.3
Amount charged under long-term incentive schemes	**3.1**	1.9
Company contributions to the defined contribution pension schemes	**0.1**	0.1
	5.4	4.3

2.5 Directors and employees continued

The Directors' Remuneration Report includes disclosure of the gains made by Directors on the exercise of share options during the year, which were £14.4 million (2022: £21.4 million) in aggregate.

The number of Directors accruing benefits under defined contribution pension schemes in the year was one (2022: one).

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 estimate 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 three (2022: one) equity settled share based payment schemes. The charge to the Income Statement in respect of share based payments in the year relating to grants of share options awarded under the 2011 Long-term Incentive Plan (2011 LTIP) was £2.1 million (2022: £2.0 million). The charge to the Income Statement in respect of share based payments in the year relating to grants of share options awarded under the New Share Plans, Long-term Option Plan (LTOP) and Restricted Share Plan (RSP), was £0.7 million and £0.2 million respectively. The charge to the Income Statement attributable to key management was £3.1 million (2022: £1.9 million).

The charge to the reserves during the year in respect of employee share schemes was £4.5 million (2022: £8.7 million), resulting from the non-cash IFRS 2 charge for the year.

There were nil exercisable share options at the end of the year (2022: nil). During the year 568,761 options vested under the 2011 LTIP (2022: 815,903) and 870,081 options lapsed (2022: 2,129,662).

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 return on equity 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.

The key features of the plan are as follows:

When exercised, each option is converted into one ordinary share on the vesting date. The exercise price of the option is based on the opening price at which the Company's shares are traded on the London Stock Exchange on the date of vesting.

Sale restrictions are in place which provide a maximum of 10% of the cumulative balance of the shares earned to be sold each year.

The table below summarises the movement in options under the 2011 LTIP during the year:

	2023		2022	
	Option price per share £	**Number of options No.**	Option price per share £	Number of options No.
As at 1 May	**–**	**4,349,689**	–	7,295,254
Exercised during the year	**5.30**	**(568,761)**	5.30	(815,903)
Total options lapsed during the year	**–**	**(870,081)**	–	(2,129,662)
As at 30 April	**–**	**2,910,847**	–	4,349,689

The historic options vested, options banked and the option price are shown in the table below:

	2023		
Vesting date	**Option price £**	**Share options vested No.**	**Options at 30 April 2023**
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**
30 September 2022	**5.30**	**568,761**	**–**
Banked options vested	**–**	**–**	**(568,761)**
Banked options lapsed	**–**	**–**	**(2,197,151)**
Total	**–**	**10,750,003**	**2,910,847**

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2.5 Directors and employees continued

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 as follows:

	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.

Long-Term Option Plan (LTOP)

The LTOP was approved by shareholders at the 2022 AGM. The LTOP is designed to incentivise management to deliver long-term performance and growth in shareholder value in line with the time horizon of the business strategy. Under the plan, eligible employees are granted a one-off grant of options with an exercise price at the higher of the share price at grant date and £48.50. Participation in the plan is at the discretion of the Remuneration Committee.

Vesting will occur in five equal tranches between September 2026 and September 2030, with a holding restriction being in place until at least five years from grant.

The exercise price of the options increases by £2.50 per year for vesting dates from September 2027 onwards. As such, a minimum exercise price on the options granted will be as follows, which is the only performance condition applied to the plan in addition to continued employment:

Vesting date	Minimum exercise price (prior to reductions for dividends)
30 September 2026	£48.50
30 September 2027	£51.00
2 October 2028	£53.50
1 October 2029	£56.00
30 September 2030	£58.50

Each year the amount of options that vest is dependent on the growth in shareholder value driven by the minimum exercise price required to be achieved, adjusted for dividends or other distributions to shareholders and each employee's remuneration cap in place. Any options prevented from vesting due to the caps are lapsed.

When exercised, each option is converted into one ordinary share on the vesting date. Sale restrictions are in place which provide a maximum of 10% of the cumulative balance of the shares earned to be sold each year.

In the year 4,360,000 (2022: nil) LTOP awards were granted and were outstanding at 30 April 2023.

Restrictive Share Plan (RSP)

The RSP was approved by shareholders at the 2022 AGM. The RSP is designed to incentivise management to deliver long-term performance rather than in-year performance. The RSP is an annual restrictive share award with the first awards granted in September 2022, vesting in 2026 with a further one year holding period. Participation in the plan is at the discretion of the Remuneration Committee.

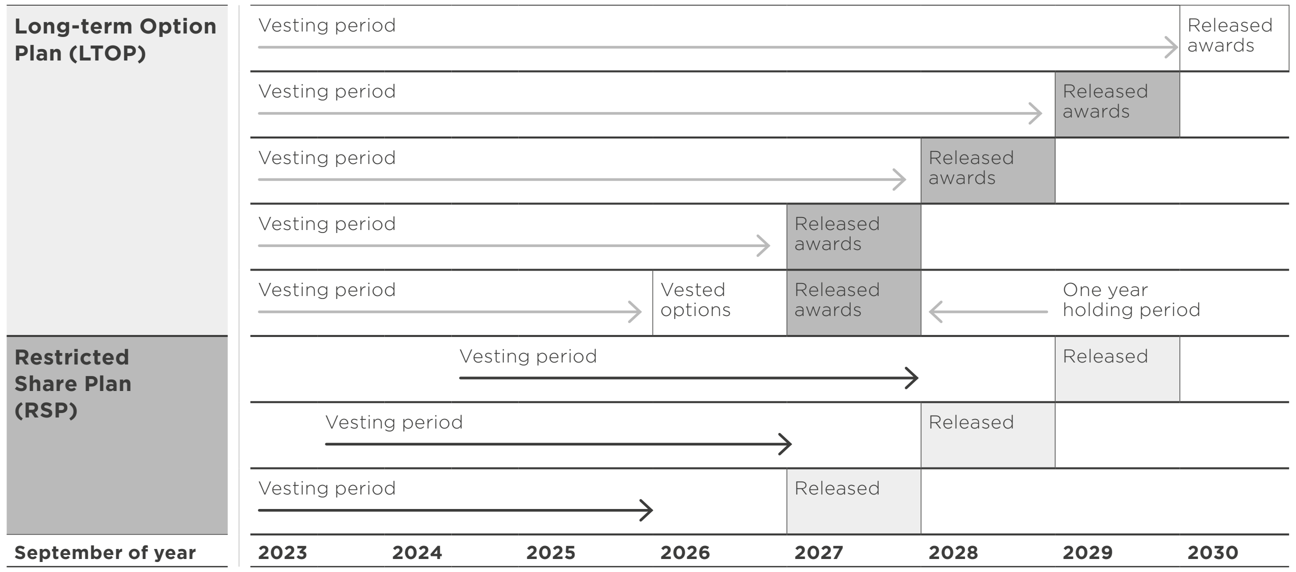
Annual awards are determined by the Remuneration Committee, however the maximum number of shares under the RSP awards granted to participants will not exceed 175% of the salary of the CEO and 150% of the salary of all other Executive Directors.

The vesting of awards is subject to remaining in service and the following two underpin conditions:

i) In order for any of the award to vest, the average Return on Equity over the four prior financial years must be at least 15%, commencing with the financial year in which the RSP Awards are granted; and
ii) Up to 20% of the award will be forfeited in the event of unsatisfactory progress against strategic and ESG priorities over the relevant vesting period.

The vesting of awards is restricted to the level of each employee's remuneration cap. The remuneration cap is first applied to the LTOP to the extent that total remuneration would exceed the cap, followed by the RSP if required. Any RSP awards in excess of the total remuneration cap will lapse immediately.

In the year 93,123 (2022: nil) RSP awards were granted and were outstanding at 30 April 2023.



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 2023 was £0.2 million (2022: £0.2 million).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £0.3 million (2022: £1.3 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 credit 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 £8.5 million (2022: £7.9 million) were paid into the defined contribution schemes during the year. There were £0.2 million of contributions outstanding to the scheme at 30 April 2023 (2022: £nil).

Defined benefit plan

As at 30 April 2023, 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 154 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 30 April 2022 and the initial valuation results have been included below, with finalisation due by 31 July 2023. The method adopted in the 2022 valuation was the projected unit credit method, which assumed no allowance for over performance on investments both prior to and after retirement and inflation linked pension increases derived at each term using Black Scholes Methodology with a volatility assumption of 1.40% per annum. The market value of the Berkeley Final Salary Plan assets as at 1 May 2022 was £22.9 million and covered 117% of the scheme's liabilities. The Group made additional voluntary contributions of £0.6 million during the year (2022: £0.6 million).

2.5 Directors and employees continued
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 who 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 (2022: £nil).

For the purpose of IAS 19, the 2022 valuation was updated for 30 April 2023.

The most significant risks to which the plan exposes the Group are as follows:

— 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.
— Investment risk: There is a risk that future investment performance fails to generate expected returns.
— Employer convenant risk: There is a risk that the strength of the employer covenant materially weakens which may impact the ability to support the fund.
— Mortality risk: An increase in life expectancy would result in an increase to plan liabilities as a significant proportion of the pension schemes' obligations are to provide benefits for the life of the member.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2023 £m	2022 £m
Present value of defined benefit obligations	(14.5)	(19.1)
Fair value of plan assets	16.2	21.4
Net surplus recognised in the Statement of Financial Position	**1.7**	2.3

	Defined benefit obligations		Fair value plan assets		Net defined benefit asset	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Balance at 1 May	(19.1)	(23.2)	21.4	26.4	2.3	3.2
Included in Income Statement:						
Net interest	(0.5)	(0.4)	0.6	0.5	0.1	0.1
Included in Other Comprehensive Income:						
Re-measurements:						
Actuarial gain/(loss) arising from:						
— Demographic assumptions	0.4	0.2	–	–	0.4	0.2
— Scheme experience	(0.1)	0.1	–	–	(0.1)	0.1
— Financial assumptions	4.3	2.9	–	–	4.3	2.9
Return on plan assets	–	–	(5.9)	(4.8)	(5.9)	(4.8)
Other:						
Contributions by the employer	–	–	0.6	0.6	0.6	0.6
Benefits paid out	0.5	1.3	(0.5)	(1.3)	–	–
Balance at 30 April	**(14.5)**	(19.1)	**16.2**	21.4	**1.7**	2.3

Cumulative actuarial gains and losses recognised in equity:

	2023 £m	2022 £m
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 1 May	(6.4)	(4.8)
Net actuarial loss recognised in the year	(1.3)	(1.6)
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 30 April	**(7.7)**	(6.4)

The fair value of the assets was as follows:

	30 April 2023 Long-term value £m	30 April 2022 Long-term value £m
Diversified growth fund	3.2	5.1
Absolute return bonds	4.1	7.7
Liquidity driven investment	4.4	5.0
Corporate bonds	1.7	–
Cash	2.8	3.6
Fair value of plan assets	**16.2**	21.4

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 2023 £m	30 April 2022 £m	30 April 2021 £m	30 April 2020 £m	30 April 2019 £m
Fair value of plan assets	16.2	21.4	26.4	23.0	22.5
Present value of defined benefit obligations	(14.5)	(19.1)	(23.2)	(22.4)	(20.9)
Net surplus in the plan	**1.7**	2.3	3.2	0.6	1.6

Actuarial assumptions
The major assumptions used by the actuary for the 30 April 2023 valuation were as follows:

	30 April 2023	30 April 2022
Discount rate	4.85%	3.00%
Inflation assumption (RPI)	3.40%	3.80%
Inflation assumption (CPI)	2.85%	3.30%
Rate of increase in pensions in payment post 97 (pre-97 receive 3% p.a. increases)	3.85%	3.90%

The mortality assumptions are the standard S3PMA/S3PFA_M CMI_2021_X (1.25%) (2022: S3PMA/S3PFA_M CMI_2021_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 21.3 years and 23.3 years respectively (2022: 21.7 and 23.5 years respectively). The life expectancy of male and female deferred pensioners (now aged 45) retiring at age 65 after the Balance Sheet date is 22.6 years and 24.8 years respectively (2022: 22.9 and 25.0 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	+0.5% p.a.	£(0.8)m
Rate of inflation	+0.25% p.a.	£0.2m
Rate of mortality	+1 year	£0.5m

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 2024, albeit it has no obligation to do so (2023: £0.6 million).

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% Residential Property Developer Tax (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 are 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.

The tax charge for the year is as follows:

	2023 £m	2022 £m
Current tax including RPDT		
UK current tax payable	**(140.5)**	(148.2)
Adjustments in respect of previous years	**(1.4)**	2.3
	(141.9)	(145.9)
Deferred tax including RPDT		
Deferred tax movements	**2.5**	73.0
Adjustments in respect of previous years	**1.1**	3.8
	3.6	76.8
	(138.3)	(69.1)

Tax on items recognised directly in equity is as follows:

	2023 £m	2022 £m
Deferred tax in respect of employee share schemes (note 2.17)	**(9.8)**	3.8

Corporation tax is calculated at 19.5% (2022: 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 23.5% for the year (2022: 19.3%).

The tax charge assessed for the year differs from the weighted statutory rate of corporate income tax of 23.5% (2022: 19.3%). The differences are explained below:

	2023 £m	2022 £m
Profit before tax	**604.0**	551.5
Tax on profit at standard UK corporation tax rate	**141.9**	106.6
Effects of:		
— Expenses not deductible for tax purposes	**1.8**	1.5
— Tax effect of share of results of joint ventures	**(0.2)**	(0.2)
— Adjustments in respect of previous years	**0.3**	(6.1)
— Effect of change in rate of tax (note 2.17)	**(4.7)**	(32.1)
— Other	**(0.8)**	(0.6)
Tax charge	**138.3**	69.1

The Group has an overall tax charge for the year of £138.3 million (2022: £69.1 million) including UK current tax payable of £140.5 million (2022: £148.2 million). The effective tax rate for the year is 22.9% (2022: 12.5%) and includes a £4.7 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 at a rate of 4% on 1 April 2022.

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	2023	2022
Profit attributable to shareholders (£m)	**465.7**	482.4
Weighted average no. of shares (million)	**109.1**	115.5
Basic EPS (pence)	**426.8**	417.8

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares.

At 30 April 2023, the Group had one (2022: one) category of dilutive ordinary shares: 1.0 million (2022: 1.6 million) share options under the 2011 LTIP.

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	2023	2022
Profit used to determine diluted EPS (million)	**465.7**	482.4
Weighted average number of shares (million)	**109.1**	115.5
Adjustments for:		
— Share options	**1.1**	1.8
Shares used to determine diluted EPS (million)	**110.2**	117.3
— Diluted EPS (pence)	**422.4**	411.4

2.8 Intangible assets

Where the cost of acquiring new and additional interests in subsidiaries, joint ventures and businesses exceeds the fair value of the net assets acquired, the resulting premium on acquisition (goodwill) is capitalised and its subsequent measurement is based on annual impairment reviews and impairment reviews performed where an impairment indicator exists, with any impairment losses recognised immediately in the Income Statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

	Goodwill £m
Cost:	
At 1 May 2022 and 30 April 2023	**17.2**
Accumulated impairment:	
At 1 May 2022 and 30 April 2023	**–**
Net book value:	
At 1 May 2022 and 30 April 2023	**17.2**
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

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 13.5% (2022: 9.3%) 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 2022	**30.5**	**21.0**	**1.9**	**53.4**
Additions	**0.4**	**1.1**	**0.5**	**2.0**
Disposals	**–**	**(6.9)**	**(0.3)**	**(7.2)**
At 30 April 2023	**30.9**	**15.2**	**2.1**	**48.2**
Accumulated depreciation:				
At 1 May 2022	**3.6**	**8.3**	**1.0**	**12.9**
Charge for the year	**0.8**	**2.4**	**0.2**	**3.4**
Disposals	**–**	**(2.5)**	**(0.2)**	**(2.7)**
At 30 April 2023	**4.4**	**8.2**	**1.0**	**13.6**
Net book value:				
At 1 May 2022	**26.9**	**12.7**	**0.9**	**40.5**
At 30 April 2023	**26.5**	**7.0**	**1.1**	**34.6**

	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

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 2022	**10.6**	**0.7**	**11.3**
Additions	**2.1**	**0.1**	**2.2**
Disposals	**(0.6)**	**–**	**(0.6)**
At 30 April 2023	**12.1**	**0.8**	**12.9**
Accumulated depreciation:			
At 1 May 2022	**5.0**	**0.5**	**5.5**
Charge for the year	**2.4**	**0.1**	**2.5**
Disposals	**(0.3)**	**–**	**(0.3)**
At 30 April 2023	**7.1**	**0.6**	**7.7**
Net book value:			
At 1 May 2022	**5.6**	**0.2**	**5.8**
At 30 April 2023	**5.0**	**0.2**	**5.2**

Lease liabilities included in the Consolidated Statement of Financial Position:

	2023 £m	2022 £m
Current	**2.2**	2.1
Non-current	**2.9**	3.8
Total	**5.1**	5.9

Amounts recognised in the Consolidated Income Statement:

	2023 £m	2022 £m
Depreciation charged on right-of-use assets – Office buildings	**2.4**	1.7
Depreciation charged on right-of-use assets – Motor vehicles	**0.1**	0.1
Interest on lease liabilities	**0.1**	0.1
Total	**2.6**	1.9

The total cash outflow for leases in 2023 was £2.3 million (2022: £1.9 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.

	2023 £m	2022 £m
Loans	**40.9**	29.3
Share of post acquisition reserves	**182.5**	161.1
	223.4	190.4

Details of the joint ventures are provided in notes 2.25 and 2.26.

	2023 £m	2022 £m
At 1 May	**190.4**	281.7
Group's share of profit after taxation for the year	**96.3**	56.1
Increase in loans to joint ventures	**11.6**	26.7
Dividends from joint ventures (St Edward)	**(74.9)**	–
Disposal of equity share in joint venture	**–**	(174.1)
At 30 April	**223.4**	190.4

The disposal in 2022 relates to the acquisition of the outstanding 50% 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 Homes 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.

The Group's share of joint ventures' net assets, income and expenses is comprised as follows:

2023	St Edward £m	St William £m	Other £m	Total £m
Cash and cash equivalents	**248.6**	**–**	**0.2**	**248.8**
Other current assets	**412.0**	**–**	**35.9**	**447.9**
Current assets	**660.6**	**–**	**36.1**	**696.7**
Current liabilities	**(236.4)**	**–**	**(0.1)**	**(236.5)**
Non-current financial liabilities*	**(58.8)**	**–**	**(36.4)**	**(95.2)**
Net assets/(liabilities) (at 100%)	**365.4**	**–**	**(0.4)**	**365.0**
Group share of net assets/(liabilities) (50%)	**182.7**	**–**	**(0.2)**	**182.5**
Loans to joint ventures	**22.6**	**–**	**18.3**	**40.9**
Total interest in joint ventures	**205.3**	**–**	**18.1**	**223.4**
Revenue	**534.4**	**–**	**(0.1)**	**534.3**
Costs	**(344.5)**	**–**	**(0.4)**	**(344.9)**
Operating profit/(loss)	**189.9**	**–**	**(0.5)**	**189.4**
Net finance income/(costs)	**4.1**	**–**	**(0.1)**	**4.0**
Profit/(loss) before taxation for the year	**194.0**	**–**	**(0.6)**	**193.4**
Tax charge	**(0.8)**	**–**	**–**	**(0.8)**
Profit/(loss) after taxation and total comprehensive income/(expense) (100%)	**193.2**	**–**	**(0.6)**	**192.6**
Group share of post tax profit/(loss) of joint ventures (50%)	**96.6**	**–**	**(0.3)**	**96.3**

During the year, the Group entered into a new 50/50 joint venture agreement with Latimer Developments Ltd (2022: SEGRO Properties Limited).

The other joint ventures in the table comprise asset venture specific 50/50 joint ventures – Latimer Developments Ltd and SEGRO Properties Limited.

* Non-current liabilities include amounts owed to joint venture partners

2022	St Edward £m	St William £m	Other £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

* Non-current liabilities include 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.

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 site's 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 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.

An increase or decrease to estimated costs recognised in the year, by virtue of a 1% change to forecast development margin, would lead to a change in cost of sales and inventory of £17.6 million in the current financial year (2022: £16.3 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 is 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 2023, 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 4% (2022: 5%) 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.

	2023 £m	2022 £m
Land not under development	**927.1**	738.1
Work in progress: Land cost	**1,729.2**	1,952.5
Total land	**2,656.3**	2,690.6
Work in progress: Build cost	**2,520.0**	2,302.6
Completed units	**125.8**	140.8
Total inventories	**5,302.1**	5,134.0

The key areas of estimation uncertainty described above are relevant to the work in progress and completed stock balances as at 30 April 2023. During the prior year, inventory of £1,146.2 million was acquired through the acquisition of the outstanding 50% partnership interest in St William.

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.

	2023 £m	2022 £m
Trade receivables	**48.2**	45.9
Other receivables	**22.1**	81.9
Prepayments and accrued income	**22.0**	17.9
	92.3	145.7

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 comprise 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.

	2023 £m	2022 £m
Cash and cash equivalents	**1,070.4**	928.9

2.15 Trade and other payables

New property deposits and on account contract receipts are held within current trade and other payables. Deposits and on account contract receipts are non-refundable and are recorded as a liability on receipt. They are released to the Income Statement, as revenue, upon legal completion.

Trade and other payables on normal terms are not interest bearing and are stated at their nominal value which is considered to be their fair value. Trade payables on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Deferred revenue relates to consideration received in advance of units being delivered. Revenue is recognised in the Income Statement 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.

	2023 £m	2022 £m
Current		
Trade payables	**(602.6)**	(635.5)
Deposits and on account contract receipts	**(921.3)**	(931.4)
Other taxes and social security	**(12.3)**	(25.6)
Deferred income	**(88.4)**	(148.3)
Accruals	**(177.0)**	(164.1)
	(1,801.6)	(1,904.9)
Non-current		
Trade payables	**(863.4)**	(719.8)
Total trade and other payables	**(2,665.0)**	(2,624.7)

The reduction in deferred income of £59.9 million in the year has been recorded as revenue in the Income Statement.

2.15 Trade and other payables continued

All amounts included above are unsecured. The total of £12.3 million (2022: £25.6 million) for other taxes and social security includes £6.2 million (2022: £9.0 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 the expected value of its 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. Provisions are discounted to present value where the effect is material.

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 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 £19.4 million in the current financial year (2022: £16.1 million).

	Post completion development provisions £m	**Other provisions £m**	**Total £m**
At 1 May 2022	**(157.2)**	**(3.8)**	**(161.0)**
Utilised	**19.3**	**0.3**	**19.6**
Released	**9.0**	**0.3**	**9.3**
Charged to the Income Statement	**(60.1)**	**(1.4)**	**(61.5)**
At 30 April 2023	**(189.0)**	**(4.6)**	**(193.6)**

	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)

	2023 £m	2022 £m
Non-current	**(115.1)**	(98.5)
Current	**(78.5)**	(62.5)
Total	**(193.6)**	(161.0)

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 2022	**(4.5)**	**125.2**	**120.7**
Adjustments in respect of previous years	**–**	**1.1**	**1.1**
Credited/(charged) to the Income Statement in the year	**0.1**	**(2.3)**	**(2.2)**
Adjustment in respect of change of tax rate for future periods (note 2.6)	**0.2**	**4.5**	**4.7**
Credited to Income Statement in the year	**0.3**	**2.2**	**2.5**
Charged to equity in year (note 2.6)	**–**	**(9.8)**	**(9.8)**
At 30 April 2023	**(4.2)**	**118.7**	**114.5**

	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

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 prior financial year, long-term incentive schemes and bonuses.

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled. The deferred tax credit for the full year includes a £4.7 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 2023 is £114.5 million (2022: £120.7 million).

Deferred tax assets of £80.6 million (2022: £95.8 million) are expected to be recovered after more than one year.

2.17 Deferred tax continued

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 2023.

The deferred tax credited to equity during the year was as follows:

	2023 £m	2022 £m
Deferred tax movement in the year in respect of employee share schemes (note 2.6)	(9.8)	3.8
Cumulative deferred tax credited to equity at 1 May	26.1	22.3
Cumulative deferred tax credited to equity at 30 April	**16.3**	26.1

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	
	2023 No '000	2022 No '000	2023 £m	2022 £m	2023 £m	2022 £m
Issued						
At start of year	120,590	132,237	6.5	6.6	49.8	49.8
Shares cancelled	(4,053)	(1,531)	(0.2)	(0.1)	–	–
Share consolidation	–	(10,116)	–	–	–	–
At end of year	**116,537**	120,590	**6.3**	6.5	**49.8**	49.8

During the 2023 financial year, 4.0 million shares were repurchased (2022: 1.5 million) for a total consideration of £155.4 million, excluding transaction costs (2022: £63.7 million). These shares were subsequently cancelled.

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 28 September 2022, 0.3 million ordinary shares (2022: 0.5 million) were allotted and issued to the Employee Benefit Trust.

On 30 September 2022, 0.3 million ordinary shares (2022: 0.5 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2023, there were 0.1 million shares held in trust (2022: 0.1 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2023 was £4.6 million (2022: £3.0 million).

At 30 April 2023, there were 8.9 million (2022: 9.2 million) treasury shares held by the Group. The market value of the shares at 30 April 2023 was £398.4 million (2022: £376.8 million).

In the prior year 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 subsequently repurchased and cancelled.

Following the Surplus Capital Return, a share consolidation was undertaken which reduced the Company's ordinary share capital, net of treasury and Employee Benefit Trust 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.

2.19 Reserves

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 176.

Capital redemption reserve

The capital redemption reserve was created to maintain the capital of the Company following the redemption of the B-Shares associated with the Scheme of Arrangement created in 2004 which completed on 10 September 2009 with the re-designation of the unissued B-Shares as ordinary shares.

During the year, 4.0 million (2022: 1.5 million) shares were repurchased to the value of £155.4 million (2022: £63.7 million). These shares were subsequently cancelled (2022: 1.5 million) as shown in note 2.18. On cancellation of the share capital the capital redemption reserve was credited with the nominal value of shares.

Other reserve

The other reserve of negative £961.3 million (2022: 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 28 September 2022, the Company allotted and issued to the Employee Benefit Trust 0.3 million ordinary shares (2022: 0.5 million ordinary shares). On 30 September 2022, 0.3 million ordinary shares were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP (2022: 0.5 million ordinary shares).

2.20 Dividends per share

Dividend distributions to shareholders are recognised as a liability in the period in which the dividends are appropriately authorised and approved for payout and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

	2023		2022	
	Dividend per share pence	£m	Dividend per share pence*	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2021 – Surplus Capital Return	–	–	371.00	451.5
September 2022	21.25	23.3	–	–
March 2023	69.44	75.2	–	–
Total dividends		**98.5**		451.5

* 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 £28.5 million which are guaranteed by third parties (2022: £29.4 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:

	2023 £m	2022 £m
Profit for the financial year	**465.7**	482.4
Adjustments for:		
— Taxation	**138.3**	69.1
— Depreciation	**5.1**	5.6
— Loss on sale of property, plant and equipment	**3.7**	0.1
— Finance income	**(23.1)**	(2.5)
— Finance costs	**33.7**	15.0
— Share of results of joint ventures after tax	**(96.3)**	(56.1)
— Non-cash charge in respect of share awards	**(4.5)**	(8.6)
Changes in working capital:		
Increase in inventories	**(168.1)**	(332.5)
Decrease/(increase) in trade and other receivables	**57.5**	(61.0)
Increase in trade and other payables	**60.5**	260.9
Cash generated from operations	**472.5**	372.4

Reconciliation of net cash flow to net cash:

	2023 £m	2022 £m
Net increase/(decrease) in cash and cash equivalents, including bank overdraft	**141.5**	(499.3)
Increase in borrowings	**–**	(660.0)
Decrease in borrowings	**–**	300.0
Movement in net cash in the financial year	**141.5**	(859.3)
Opening net cash	**268.9**	1,128.2
Closing net cash	**410.4**	268.9

	2023 £m	2022 £m
Net cash as at 30 April:		
Cash and cash equivalents	**1,070.4**	928.9
Non-current borrowings	**(660.0)**	(660.0)
Total borrowings	**(660.0)**	(660.0)
Net cash*	**410.4**	268.9

* IFRS 16 lease liabilities are detailed in note 2.10.

In the prior year 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, 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.

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 2023 was £2,921.9 million (2022: £2,867.2 million). The increase in capital employed in the year of £54.7 million reflects an increase in net assets during the year (2022: increase of £820.0 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:

	2023 £m	2022 £m
Current:		
Trade receivables	**48.2**	45.9
Loans to joint ventures	**40.9**	29.3
Cash and cash equivalents	**1,070.4**	928.9
Total financial assets	**1,159.5**	1,004.1

Trade receivables are non-interest bearing. Of the current trade receivables balance of £48.2 million (2022: £45.9 million) none of the balance was overdue by more than 30 days (2022: £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:

	2023 £m	2022 £m
Current		
Trade payables	**(614.9)**	(661.1)
Deposits and on account contract receipts	**(921.3)**	(931.4)
Lease liabilities	**(2.2)**	(2.1)
Deferred income	**(88.4)**	(148.3)
Accruals	**(177.0)**	(164.1)
	(1,803.8)	(1,907.0)
Non-current		
Trade payables	**(863.4)**	(719.8)
Lease liabilities	**(2.9)**	(3.8)
Borrowings	**(660.0)**	(660.0)
	(1,526.3)	(1,383.6)
Total trade and other payables	**(3,330.1)**	(3,290.6)

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:

	2023 £m	2022 £m
Amounts due:		
In more than one year but not more than two years	**(202.6)**	(31.8)
In more than two years but not more than five years	**(1,033.5)**	(1,054.8)
In more than five years	**(290.2)**	(297.0)
	(1,526.3)	(1,383.6)

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair value.

2.23 Capital management, financial instruments and financial risk management continued

Current trade receivables and current trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year).

Non-current trade payables comprise long-term land payables, which are held at their discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate), and borrowings. The discount rate applied reflects the Group's credit risk, which is considered to be aligned to a nominal, low risk pre-tax rate, 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. The fair value of the £400 million unsecured 10-year Green Bonds at 30 April 2023 was determined by the ask price of £69.12 per £100 (2022: £83.66 per £100).

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:

	2023 £m	2022 £m
Amounts due:		
In less than one year	**(870.3)**	(949.9)
In more than one year but not more than two years	**(204.6)**	(32.4)
In more than two years but not more than five years	**(1,051.3)**	(1,065.4)
In more than five years	**(319.0)**	(332.7)
	(2,445.2)	(2,380.4)

Deposits and on account contract receipts are not included in the table above as they represent deferred income 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 2023, profit after tax for the year would have been £1.3 million higher (2022: £3.3 million higher). This calculation is based on the monthly closing net cash/debt balance throughout the year. A 50 basis point increase in interest rate represents management's assessment of a reasonably possible change for the year ended 30 April 2023.

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.

There has been no impairment of trade receivables during the year (2022: £nil), nor are there any material provisions held against trade receivables (2022: £nil), and £nil trade receivables are past their due date (2022: £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:

	2023				2022			
	Available £m	**Drawn/ issued £m**	**Undrawn £m**	**Available £m**	Available £m	Drawn/ issued £m	Undrawn £m	Available £m
Bank facilities								
Green term loan	**260**	**(260)**	**–**	**Feb-28**	260	(260)	–	Feb-27
Revolving credit facility	**540**	**–**	**540**	**Feb-28**	540	–	540	Feb-27
Listed debt								
Green Bonds	**400**	**(400)**	**–**	**Aug-31**	400	(400)	–	Aug-31
	1,200	**(660)**	**540**		1,200	(660)	540	

The Group's committed borrowing facilities of £1,200 million are unchanged from the prior year.

The £400 million unsecured 10-year Green Bonds mature in August 2031 at a fixed coupon of 2.5% per annum. These are listed on the International Securities Market of the London Stock Exchange plc. The notes have financial covenants with all of which the Group is in compliance.

The £800 million banking facilities comprise 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 Revolving Credit Facility (RCF) which remains undrawn.

In February 2023, we exercised the first of the two one year extensions on the £800 million banking facilities, which consequently is in place to February 2028, with one extension option remaining.

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 2023, the total drawn balance of the combined borrowing facilities was £660.0 million (2022: £660.0 million). At 30 April 2023 there were no bank bonds in issue (2022: £9.4 million, all due within one year). This amount reflects deferred land payments and is 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.

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.

	2023	2022
Net assets (£m)	**3,332.3**	3,136.1
Total shares in issue (million)	**116.5**	120.6
Less:		
Treasury shares held (million)	**(8.9)**	(9.2)
Employee Benefit Trust shares held (million)	**(0.1)**	(0.1)
Net shares used to determine NAVPS (million)	**107.5**	111.3
Net asset per share attributable to shareholders (pence)	**3,100.5**	2,818.2

2.24 Alternative performance measures continued

Return on capital employed (ROCE)

This measures the profitability and efficiency of capital being used by the Group and is calculated as profit before interest and taxation (including joint venture profit before tax) divided by the average net assets adjusted for (debt)/cash.

	2023 £m	2022 £m
Operating profit	**518.3**	507.9
Share of joint ventures using equity method	**96.3**	56.1
Profit used to determine ROCE	**614.6**	564.0
Opening capital employed:		
Net assets	**3,136.1**	3,175.4
Net cash	**(268.9)**	(1,128.2)
Opening capital employed	**2,867.2**	2,047.2
Closing capital employed:		
Net assets	**3,332.3**	3,136.1
Net cash	**(410.4)**	(268.9)
Closing capital employed	**2,921.9**	2,867.2
Average capital employed	**2,894.5**	2,457.2
Return on capital employed (%)	**21.2%**	23.0%

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.

	2023 £m	2022 £m
Opening shareholders' equity	**3,136.1**	3,175.4
Closing shareholders' equity	**3,332.3**	3,136.1
Average shareholders' equity	**3,234.2**	3,155.8
Profit before tax	**604.0**	551.5
Return on equity before tax (%)	**18.7%**	17.5%

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, commercial properties and institutional sales as well as 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 £115,808 (2022: £57,703) to the Group in connection with works carried out at his home at commercial rates in accordance with the relevant policies of the Group. There were no balances outstanding at either year end.

Transactions with joint ventures

During the financial year, the joint ventures paid management fees and other recharges to the Group of £18.0 million (2022: £40.2 million). Other transactions in the year include the movements in loans of £11.6 million (2022: £26.7 million) and the receipt of dividends of £74.9 million (2022: £nil). The outstanding loan balances with joint ventures at 30 April 2023 total £40.9 million (30 April 2022: £29.3 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 2023 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.

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 Public Limited Company

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) Public Limited Company
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[viii]
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) Ltd
Imperial Wharf (Riverside Tower) Residential Limited

Agents of St George plc

St George Central London Limited
St George City Limited
St George Developments Limited
St George Kings Cross Limited
St George North London Limited
St George South and Central London Limited
St George South London Limited[vii]
St George West London Ltd[ii]

Agents of St George South London Ltd

Battersea Reach Estate Company Limited
Kensington Westside No. 2 Limited
Putney Wharf Estate Limited
Riverside West (Block C) Commercial Limited
Riverside West (Block C) Residential Limited
Riverside West (Block D) Commercial Limited
Riverside West (Block D) Residential Limited

2.26 Subsidiaries and joint ventures continued
(a) Subsidiaries continued

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 (Southern Counties) Limited
Berkeley Homes Group Limited
Berkeley Homes Public Limited Company(iii) (viii)
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
Berkeley One Hundred and Thirty-Six Limited
Berkeley One Hundred and Thirty-Five 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-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 Fifty Limited
Berkeley Two Hundred and Fifty-Eight Limited
Berkeley Two Hundred and Fifty-Five Limited
Berkeley Two Hundred and Fifty-Four Limited
Berkeley Two Hundred and Fifty-Nine Limited
Berkeley Two Hundred and Fifty-One Limited
Berkeley Two Hundred and Fifty-Seven Limited
Berkeley Two Hundred and Fifty-Six Limited
Berkeley Two Hundred and Fifty-Three Limited
Berkeley Two Hundred and Fifty-Two Limited
Berkeley Two Hundred and Five Limited
Berkeley Two Hundred and Forty Limited
Berkeley Two Hundred and Forty-Eight Limited
Berkeley Two Hundred and Forty-Five Limited
Berkeley Two Hundred and Forty-Four Limited
Berkeley Two Hundred and Forty-Nine Limited
Berkeley Two Hundred and Forty-One Limited
Berkeley Two Hundred and Forty-Seven Limited
Berkeley Two Hundred and Forty-Six Limited
Berkeley Two Hundred and Forty-Three Limited
Berkeley Two Hundred and Forty-Two Limited
Berkeley Two Hundred and Fourteen Limited

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2.26 Subsidiaries and joint ventures continued
(a) Subsidiaries continued

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 Sixty 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(viii)
Bromyard House (Car Park) Limited
Bromyard House (Freehold) Limited
Bromyard House (North) Limited
Bromyard House Limited
BWW Management Limited(viii)
Charco 143 Limited(i)
Chelsea Bridge Wharf (Management Company) Limited
Chelsea Bridge Wharf Car Park Limited(viii)
Community Housing Action Limited
Community Villages Limited
CPWGCO 1 Limited
Drummond Road (Number 1) Ltd
Drummond Road (Number 2) Ltd
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(viii)
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 Ltd
St. George Inner Cities Ltd
St. George Investments Ltd
St. George London Ltd
St George Northfields Limited
St. George Partnerships Ltd
St George plc(iv)
St George Project Management Limited
St. George Properties Ltd
St George Real Estate Limited
St George Regeneration Limited
St. George Southern Ltd
St. George Western Ltd
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(viii)
St William Eight Limited
St William Eighteen Limited
St William Eleven Limited
St William Fifteen Limited
St William Five Limited
St William Four Ltd
St William Fourteen Limited
St William Holdings Limited
St William Homes LLP†
St William Nine Limited
St William Nineteen Limited
St William One Ltd
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 Ltd
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
St William Two Ltd
Tabard Square (Building A) Limited
Tabard Square (Building B) Limited
Tabard Square (Car Park) Limited
TBG (3) 2009 Limited
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
(viii) Registered office is 19 Portsmouth Road, Cobham, Surrey, KT11 1JG
† Partnership with no share capital

The subsidiary companies listed below are incorporated outside of England and Wales. Their country of incorporation and registered offices are listed below. Their principal activities continue 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, St. Helier, JE2 3QA, Jersey
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 (in liquidation)	Isle of Man	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Berkeley Property Investments Limited	Jersey	28 Esplanade, St. Helier, JE2 3QA, Jersey
Berkeley Real Estate Consulting (Beijing) Co. Limited*	China	Unit 1902, floor 19, No.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, St. Helier, JE2 3QA, Jersey
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, St. Helier, JE2 3QA, Jersey
Silverdale One Limited(ii)	Jersey	28 Esplanade, St. Helier, JE2 3QA, Jersey
St George Battersea Reach Limited	Jersey	2 Hill Street, St. Helier, JE2 4UA, Jersey

(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

2.26 Subsidiaries and joint ventures continued

(b) Joint ventures

At 30 April 2023, 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)
Berkeley Sutton Limited(ii)
Diniwe One Limited
Diniwe Two Limited
Mayfield Market Towns Limited(ii) (v)***
Mayflower Residential Limited(ii) (v)***
Segro V-Park Grand Union LLP*†
SEH Manager Limited
SEH Nominee Limited
SES Manager Limited(ii)
SES Nominee Limited
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**(v)
St Edward Homes Number Two Limited**
St Edward Homes Partnership Freeholds Limited
St Edward Strand Partnership Freeholds Limited
St George Little Britain (No. 1) Limited(ii)
St George Little Britain (No.2) Limited(ii)
St Katharine Homes LLP(i)
STKM Limited
Strand Property Unit Trust (unregistered)
The St Edward Homes Partnership (unregistered partnership)(i)
The St Edward (Strand) Partnership (unregistered partnership)(i)
U B Developments Limited(iv) (v)

(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
(v) Registered office is 19 Portsmouth Road, Cobham, Surrey, KT11 1JG
* Accounting date of 31 December
** 100% owned by St Edward Homes Limited
*** Accounting date of 31 March
† Registered office address is 1 New Burlington Place, London, United Kingdom, W1S 2HR

COMPANY BALANCE SHEET

As at 30 April	Notes	2023 £m	2022 £m
Fixed assets			
Investments	C2.4	**1,438.1**	1,435.7
		1,438.1	1,435.7
Current assets			
Debtors	C2.5	**542.6**	543.4
Cash at bank and in hand		**0.9**	0.9
		543.5	544.3
Current liabilities			
Creditors (amounts falling due within one year)	C2.6	**(841.6)**	(860.6)
Net current liabilities		**(298.1)**	(316.3)
Total assets less current liabilities and net assets		**1,140.0**	1,119.4
Capital and reserves			
Called-up share capital	C2.7	**6.3**	6.5
Share premium account	C2.7	**49.8**	49.8
Capital redemption reserve		**25.2**	25.0
Profit and loss account		**1,058.7**	1,038.1
Total shareholders' funds		**1,140.0**	1,119.4

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 £278.8 million (2022: £422.9 million).

The financial statements on pages 211 to 216 were approved by the Board of Directors on 21 June 2023 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 2022	**6.5**	**49.8**	**25.0**	**1,038.1**	**1,119.4**
Profit after taxation for the year	**–**	**–**	**–**	**278.8**	**278.8**
Purchase of ordinary shares	**(0.2)**	**–**	**0.2**	**(155.4)**	**(155.4)**
Charge in respect of employee share schemes	**–**	**–**	**–**	**(1.6)**	**(1.6)**
Deferred tax in respect of employee share schemes	**–**	**–**	**–**	**(2.7)**	**(2.7)**
Dividends to equity holders of the Company	**–**	**–**	**–**	**(98.5)**	**(98.5)**
At 30 April 2023	**6.3**	**49.8**	**25.2**	**1,058.7**	**1,140.0**
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
Capital Return to equity holders of the Company	–	–	–	(451.5)	(451.5)
At 30 April 2022	6.5	49.8	25.0	1,038.1	1,119.4

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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 178 to 210.

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 £298.1 million (2022: £316.3 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

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 before taxation is stated after charging the following amounts:

	2023 £m	2022 £m
Auditor's remuneration	**0.1**	0.1

There were no non-audit services provided by the Company's current auditor during the year (2022: £nil).

C2.2 Directors and employees

The Company operates three equity settled, share based compensation plans (2022: one). 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.

C2.2 Directors and employees continued

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.

	2023 £m	2022 £m
Staff costs:		
Wages and salaries	**2.4**	2.2
Social security costs	**0.3**	1.3
Share based payments – equity settled	**0.6**	0.2
	3.3	3.7

The average monthly number of persons employed by the Company during the year was 12, all of whom are Directors (2022: 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 to the Consolidated Financial Statements. Contributions amounting to £nil (2022: £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 (2022: £0.2 million). The charge to the profit and loss account in respect of equity settled share based payments in the year under the new Long-Term Option Plan "LTOP" and Restricted Share Plan "RSP" was £0.3 million and £0.1 million respectively (2022: £nil). The charge to the reserves during the year in respect of employee share schemes was £1.6 million (2022: £2.7 million) which includes the corresponding entry to the cost of investment of £2.4 million (2022: £1.8 million) detailed in note C2.4. The offsetting entry within reserves results from the non-cash IFRS 2 charge for the year. Further information on the Company's share incentive schemes are included in the Remuneration Report on pages 132 to 156 as well as note 2.5 to the Consolidated Financial Statements.

In the year 1,350,000 (2022: nil) LTOP and 38,599 (2022: nil) RSP awards were granted and were outstanding at 30 April 2023.

C2.3 The Berkeley Group Holdings plc profit and loss account
The profit for the year in the Company is £278.8 million (2022: £422.9 million).

C2.4 Investments

Investments in subsidiary undertakings are included in the Balance Sheet at cost less provision for any impairment.

	2023 £m	2022 £m
Investments at cost:		
Investments in shares of subsidiary undertaking at 1 May	**1,435.7**	1,433.9
Additions	**2.4**	1.8
Investments in shares of subsidiary undertaking at 30 April	**1,438.1**	1,435.7

Additions in the year relate to Company contributions to The Berkeley Group plc for employee services to be settled through the issue of shares on the vesting of the Berkeley Group Holdings plc 2011 LTIP awards, LTOP and RSP 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 to 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.

	2023 £m	2022 £m
Current		
Amounts owed from subsidiary undertakings	**536.6**	532.7
Deferred tax	**6.0**	10.7
	542.6	543.4

All amounts owed from subsidiary undertakings are unsecured, bear no interest and are payable on demand. The Company has assessed expected credit losses as immaterial on amounts owed from subsidiary undertakings.

The movements on the deferred tax asset are as follows:

	2023 £m	2022 £m
At 1 May	**10.7**	12.6
Deferred tax in respect of employee share schemes	**(4.7)**	1.1
Realisation of deferred tax asset on vesting of employee share scheme	**–**	(3.0)
At 30 April	**6.0**	10.7

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of and 25% as appropriate (2022: 19% and 25% as appropriate). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2022: £nil) at the Balance Sheet date.

The deferred tax asset of £6.0 million relates to short-term timing differences (2022: £10.7 million).

C2.6 Creditors: Amounts falling due within one year

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

	2023 £m	2022 £m
Current		
Amounts owed to subsidiary undertakings	**(837.9)**	(855.4)
Other taxation and social security	**(3.7)**	(5.1)
Accruals and deferred income	**–**	(0.1)
	(841.6)	(860.6)

All amounts included above are unsecured. The interest rate on £837.9 million (2022: £855.4 million) of the balance owed to subsidiary undertakings is 4.0% (2022: 4.0%), with no fixed repayment date.

Strategic Report
Corporate Governance
Financial Statements

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	
	2023 No '000	2022 No '000	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Issued						
At start of year	**120,590**	132,237	**6.5**	6.6	**49.8**	49.8
Shares cancelled	**(4,053)**	(1,531)	**(0.2)**	(0.1)	**–**	–
Share consolidation	**–**	(10,116)	**–**	–	**–**	–
At end of year	**116,537**	120,590	**6.3**	6.5	**49.8**	49.8

During the 2023 financial year, 4.0 million shares were repurchased (2022: 1.5 million) for a total consideration of £155.4 million, excluding transaction costs (2022: £63.7 million). These shares were subsequently cancelled (2022: 1.5 million).

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 28 September 2022, 0.3 million ordinary shares (2022: 0.5 million) were allotted and issued to the Employee Benefit Trust.

On 30 September 2022, 0.3 million ordinary shares (2022: 0.5 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2023, there were 0.1 million shares held in trust (2022: 0.1 million) by the Employee Benefit Trust. The market value of these shares at 30 April 2023 was £4.6 million (2022: £3.0 million).

At 30 April 2023, there were 8.9 million (2022: 9.2 million) treasury shares held by the Group. The market value of the shares at 30 April 2023 was £398.4 million (2022: £376.8 million).

In the prior year 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 subsequently repurchased and cancelled.

Following the Surplus Capital Return, a share consolidation was undertaken which reduced the Company's ordinary share capital, net of treasury and Employee Benefit Trust 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.

The movements in the year are disclosed in notes 2.18 and 2.19 to 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.

	2023		2022	
	Dividend per share pence	**£m**	Dividend per share pence*	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2021 – Surplus Capital Return	**–**	**–**	371.00	451.5
September 2022	**21.25**	**23.3**	–	–
March 2023	**69.44**	**75.2**	–	–
Total dividends		**98.5**		451.5

* 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

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Income statement					
Revenue from operations	**2,550.2**	2,348.0	2,202.2	1,920.4	2,957.4
Operating profit	**518.3**	507.9	502.3	469.7	768.4
Share of results of joint ventures	**96.3**	56.1	22.4	33.3	8.8
Net finance (costs)/income	**(10.6)**	(12.5)	(6.6)	0.7	(2.0)
Profit before taxation	**604.0**	551.5	518.1	503.7	775.2
Basic earnings per share	**426.8p**	417.8p	339.4p	324.9p	481.1p
Statement of financial position					
Capital employed	**2,921.9**	2,867.2	2,047.2	1,962.7	1,988.3
Net cash	**410.4**	268.9	1,128.2	1,138.9	975.0
Net assets	**3,332.3**	3,136.1	3,175.4	3,101.6	2,963.3
Net assets per share attributable to shareholders(1)	**3,100.5p**	2,818p	2,612p	2,472p	2,305p
Ratios and statistics					
Return on capital employed(2)	**21.2%**	23.0%	26.2%	25.5%	39.9%
Return on equity after tax(3)	**14.4%**	15.3%	13.5%	13.5%	22.6%
Return on equity before tax(4)	**18.7%**	17.5%	16.5%	16.6%	27.9%
Units sold(5)	**4,043**	3,760	2,825	2,723	3,698
Cash due on forward sales(6)	**£2,136**	£2,171	£1,712	£1,858	£1,831
Gross margin on land holdings(7)	**£7,629**	£8,258	£6,884	£6,417	£6,247

(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	8 September 2023
Half year end	31 October 2023
Interim Results Announcement for the six months ending 31 October 2023	8 December 2023
Trading Update	March 2024
Year end	30 April 2024
Announcement of Results for the year ending 30 April 2024	June 2024
Publication of 2024 Annual Report	August 2024

REGISTERED OFFICE AND ADVISORS

Registered office and principal place of business
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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

Auditor
KPMG LLP

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