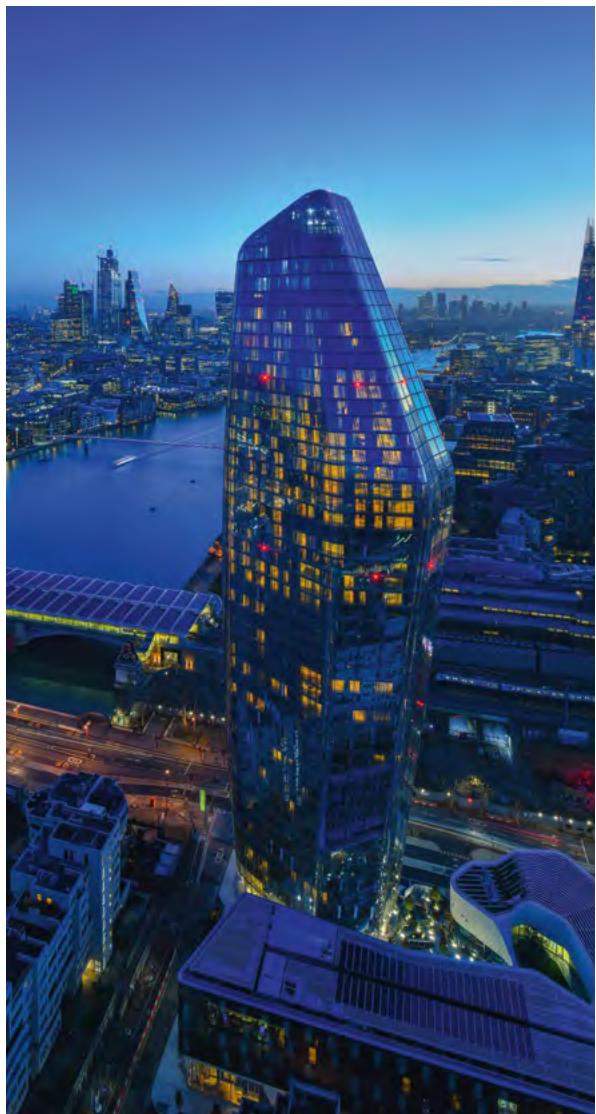




Berkeley
Group

Building communities

2019 Annual Report



About Berkeley

Building communities

Berkeley creates homes and neighbourhoods across London, Birmingham and the South-East of England.

For Berkeley, development is all about people. We take a holistic approach to placemaking, which goes beyond the conventional role of a developer and puts the strength and well-being of the wider community at the heart of every plan.

We think long-term and we invest more to create welcoming, sustainable and biodiverse places. Every development has a unique, locally inspired masterplan with a mix of beautiful public spaces, natural landscapes and amenities that bring people together to enjoy community life.

Our developments provide homes for everyone; from families to first-time buyers, students to older people, and a mix of affordable homes which meet the needs of the local community.

Berkeley has the financial strength and placemaking expertise to take on the most difficult, long-term, capital intensive developments. Transforming these underused places into successful neighbourhoods creates greater economic, social, environmental and commercial value over the full development cycle. No other UK developer has the capacity or experience to regenerate brownfield land on this scale.



Highlights

Delivering for all stakeholders

Financial Highlights

Profit before tax

£775.2m
(2018: £977.0m)

Pre-tax return on equity

27.9%
(2018: 41.9%)

Net cash

£975.0m
(2018: £687.3m)

Net asset value per share

£23.05
(2018: £19.38)

Cash due on forward sales

£1,831m
(2018: £2,193m)

Future gross margin in land holdings

£6,247m
(2018: £6,003m)

Operational Highlights

3,698
homes delivered

includes more than 10% of London's new private and affordable homes

>£525m
of subsidies

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

>11,000
people

working across our sites, including over 500 apprentices

Launch of a second **Construction Academy**

at Southall Waterside

73.5

Net Promoter Score

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

Pioneering approach to enhancing **nature** and **biodiversity**,

recognised by Government, with net biodiversity gain to be a national policy requirement

Read more on page 24

Read more on page 16

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The hard and isolated landscape of the former Ferrier Estate is being transformed into a welcoming neighbourhood with biodiverse parks and wetlands, 4,800 mixed tenure homes, a new village centre and a mix of lively community events led by local people.

Find out more:
www.berkeleygroup.co.uk/kidbrookevillage



Strategic Report

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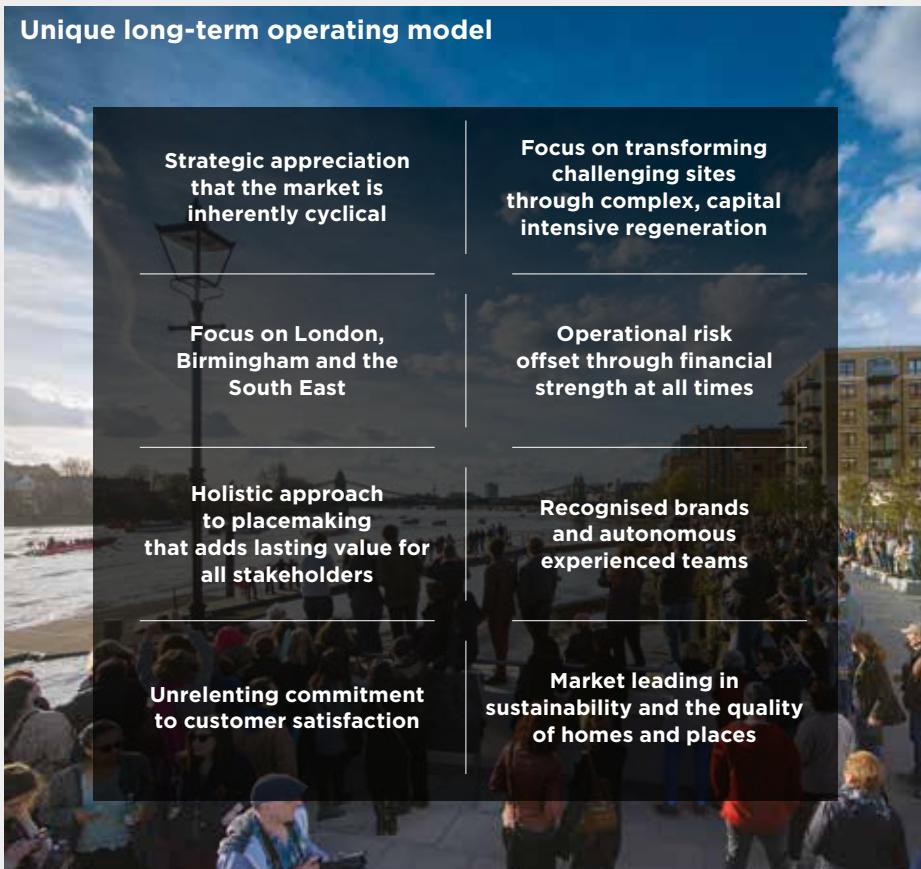


Berkeley at a Glance

Creating homes, strengthening communities and improving lives.

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

Unique long-term operating model



Our portfolio

69

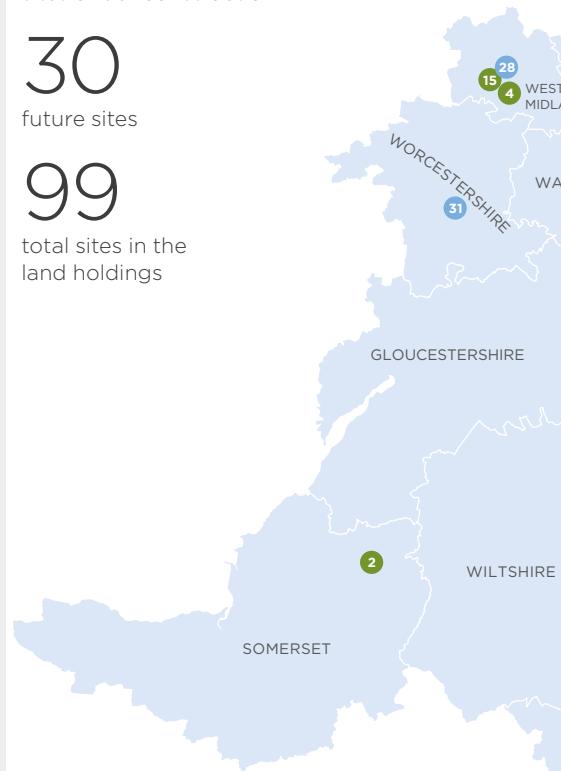
sites under construction

30

future sites

99

total sites in the land holdings



Our brands

100% owned

Berkeley

Designed for life

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

St George

Designed for life

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

St James

Designed for life

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

St Joseph

Designed for life

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

Joint ventures

St Edward

Designed for life

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

St William

Designed for life

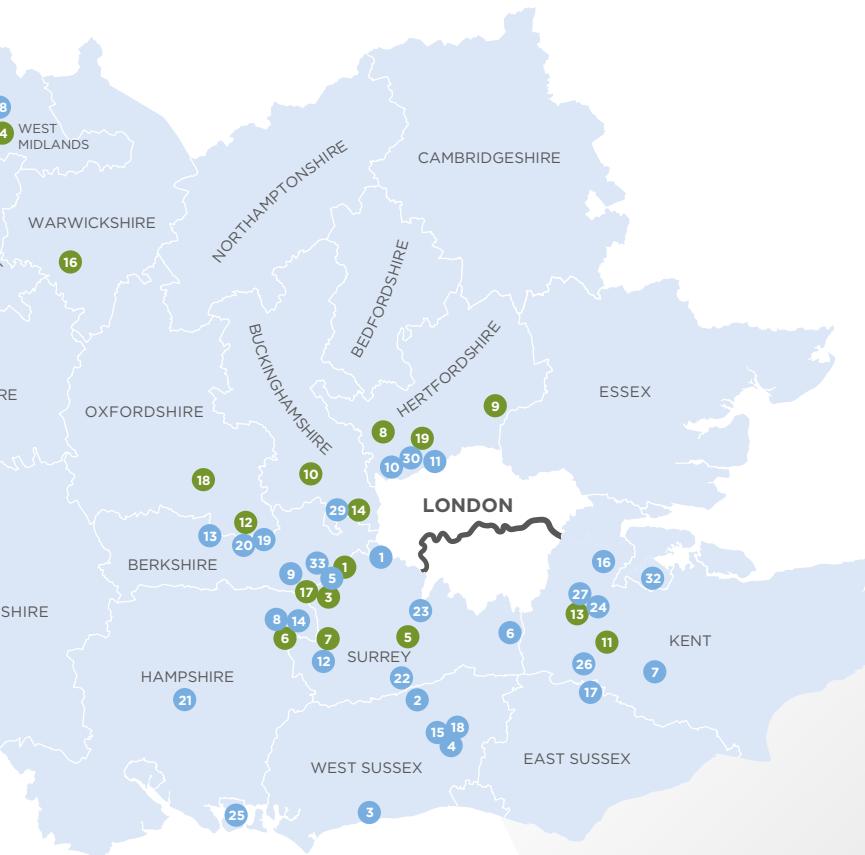
St William is a joint venture, formed in 2014 and co-owned by Berkeley and National Grid.

London under construction

- 1 9 Millbank, Westminster
- 2 250 City Road, Islington
- 3 Battersea Reach
- 4 Beaufort Park, Hendon
- 5 Chelsea Creek
- 6 Clarendon
- 7 Dickens Yard, Ealing
- 8 Filmworks, Ealing
- 9 Fitzroy Gate, Isleworth
- 10 Forbury, Blackheath
- 11 Fulham Reach
- 12 Goodman's Fields, Aldgate
- 13 Kensington Row and Royal Warwick Square
- 14 Kidbrooke Village
- 15 King's Road Park, Fulham
- 16 London Dock, Wapping
- 17 One Blackfriars, Southwark
- 18 Oval Village



Read more online:
www.berkeleygroup.co.uk/ourbrands



- 19 Prince of Wales Drive, Battersea
- 20 Queenshurst, Kingston
- 21 Richmond Chase
- 22 Royal Arsenal Riverside, Woolwich
- 23 Smithfield Square, Hornsey
- 24 Southall Waterside
- 25 South Quay Plaza, Docklands
- 26 Sovereign Court, Hammersmith
- 27 The Corniche, Albert Embankment
- 28 The Cottonworks, Finsbury Park
- 29 The Dumont, Albert Embankment
- 30 The Villas, Barnes
- 31 Trent Park, Enfield
- 32 Vista, Battersea
- 33 West End Gate, Paddington
- 34 White City Living
- 35 Wimbledon Hill Park
- 36 Woodberry Down, Finsbury Park

- London future sites**
- 1 Bethnal Green
 - 2 Bow Common
 - 3 Centre House, Wood Lane
 - 4 Chambers Wharf, Southwark
 - 5 Fulham
 - 6 Grand Union, Northfields
 - 7 Hendon*
 - 8 Lea Bridge*
 - 9 Poplar
 - 10 Royal Exchange, Kingston
 - 11 Stephenson Street

* New sites contracted for acquisition during the year

Out of London under construction

- 1 17 - 51 London Road, Staines
- 2 Barleycroft, Rudgwick
- 3 Bersted Park
- 4 Broadacres, Southwater
- 5 Brompton Gardens, Ascot
- 6 Courtyard Gardens, Oxted
- 7 Cranbrook
- 8 Edenbrook Village, Fleet
- 9 Eldridge Park, Wokingham
- 10 Elmswater, Rickmansworth
- 11 Fairwood Place, Borehamwood
- 12 Farnham
- 13 Green Park Village, Reading
- 14 Hartland Village, Fleet*
- 15 Highwood Village, Horsham
- 16 Holborough Lakes
- 17 Hollyfields, Hawkenbury
- 18 Horsham*
- 19 Huntley Wharf, Reading*
- 20 Kennet Island, Reading
- 21 Knights Quarter, Winchester
- 22 Leighwood Fields, Cranleigh
- 23 Princes Chase, Leatherhead
- 24 Quinton Court, Sevenoaks
- 25 Royal Clarence Marina, Gosport
- 26 Royal Wells Park, Tunbridge Wells
- 27 Ryewood, Sevenoaks
- 28 Snow Hill Wharf, Birmingham
- 29 Taplow Riverside
- 30 The Arches, Watford
- 31 The Waterside, Royal Worcester
- 32 Victory Pier, Gillingham
- 33 Woodhurst Park, Warfield

Out of London future sites

- 1 Ascot
- 2 Bath*
- 3 Camberley
- 4 Eastside Locks, Birmingham*
- 5 Effingham
- 6 Fleet
- 7 Frimley Green
- 8 Hemel Hempstead
- 9 Hertford
- 10 High Wycombe*
- 11 Paddock Wood*
- 12 Reading*
- 13 Sevenoaks
- 14 Slough*
- 15 Snow Hill Queensway, Birmingham*
- 16 Stratford-Upon-Avon
- 17 Sunningdale Park
- 18 Wallingford
- 19 Watford*

On the following pages you can read more about our focus on long-term regeneration opportunities

Long-Term Regeneration

Berkeley's focus is on large-scale regeneration opportunities where our unique expertise can unlock long-term social and economic value. We have the strong capital base to execute these highly capital intensive programmes.

The success of these developments is founded on trusted partnerships with local authorities and communities. Bringing these brownfield sites in to use is aligned with the Government's commitments to increase the supply of good quality, mix tenure homes.

Existing regeneration sites



Royal Arsenal Riverside
Greenwich, London SE18

Over the last 20 years this vast, isolated and heavily contaminated munitions site has become a beautiful riverside neighbourhood, teeming with life, homes, jobs and culture.

- Crossrail station box delivered
- 500 new trees
- 12 acres of open space
- 23 derelict heritage buildings restored for use



London Dock
Tower Hamlets, London E1

This historic former dockyard is being transformed into a new neighbourhood with 1,800 homes and 7.5 acres of landscaped public space, including a new civic square and pedestrianised boulevard. The Grade II Listed Pennington Street Warehouse will be the site's commercial and cultural heart, and a major new attraction for Wapping.

- Shops, restaurants and offices
- Community event programme
- Community Fund supporting 42 local projects



Woodberry Down
Hackney, London N4

This community-led regeneration partnership has revived a failing post-war housing estate and is on course to deliver 5,500 mixed tenure homes. The masterplan includes 15.6 acres of welcoming open space, with a mix of amenities and events that draw people together to enjoy community life.

- Community centre, parks and wetlands nature reserve
- 1,798 homes delivered to date
- UK Project of the Year Royal Institution of Chartered Surveyors (RICS) Awards 2018



Kidbrooke Village
Greenwich, London SE3

Read more on Kidbrooke Village in the Case Studies on pages 16, 41 and 45.

- 86 acres of biodiverse parks and wetlands
- Regeneration of former Ferrier Estate



Southall Waterside
Ealing, London UB2

Read more on Southall Waterside in the Case Study on pages 14 to 15.

- Regeneration of 88 acre contaminated gasworks
- 3,750 mixed tenure homes
- 40 acres of parkland



Beaufort Park
Barnet, London NW9

After more than a decade of disuse, St George has transformed this 25 acre former RAF aerodrome into a new part of the Colindale community, with shops, bars, restaurants, parks and playgrounds. To date, more than 2,200 new mix tenure homes have been delivered and the historic Grahame-White Watchtower has been restored.

- Community event programme
- 335 permanent jobs



Chelsea Creek
Hammersmith & Fulham, London SW6

More than half of this 7.8 acre former National Grid site will be public open space, including waterside gardens and landscaped walkways. There will be more than 800 mixed tenure homes and the development centres on the first new canals to be created in London for more than a century.

- 95 apprentices to date
- 25,000 sq ft commercial space

Future regeneration sites



White City Living

Hammersmith & Fulham, London W12

St James is transforming an 11 acre former warehousing site into a community of more than 1,800 mixed tenure homes in the heart of the White City Opportunity Area. There will be 8 acres of open space, alongside new shops, cafes and restaurants.

- 5 acre public park
- 430 new trees
- 4 water features



South Quay Plaza

Tower Hamlets, London E14

This former 1980s docklands office site will include one of London's tallest residential towers, at 68 storeys. It features a mix of generous communal spaces for residents of all tenures, including 2.5 acres of landscaped gardens and integrated playspaces.

- 1,290 mixed tenure homes
- 1,000 permanent jobs
- New community and commercial spaces



Clarendon

Haringey, London N8

This St William site will see a former gasworks become a new city village within the Haringey Heartlands Opportunity Area. The masterplan will create more than 1,700 homes and the 2 acre Hornsey Park with orchard style planting, playspaces and water features.

- A new town square
- 100,000 sq ft of commercial space
- 600 permanent new jobs



Grand Union

Brent, London HA0

Read more on Grand Union in the Case Study on pages 10 to 11.

- 11 acres of public space, including 850m of canal and riverside walkways
- 2,900 mixed tenure homes
- 209,000 sq ft of workspace
- New shops, restaurants, community centre and health centre



Oval Village

Lambeth, London SE11

Berkeley's regeneration of the former Oval Gasworks, and a neighbouring site, will create more than 1,300 mixed tenure homes, shops, water features, squares, car-free streets, restaurants, a community space and a new co-working office hub.

- Restoration of Grade II Listed gasholder
- 2.5 acres of public space
- 1,400 permanent jobs



Stephenson Street

Newham, London E16

This former 26 acre Parcelforce depot will become a community of more than 3,800 mixed tenure homes, set around 12 acres of green open space, landscaped gardens and wildflower meadows. The masterplan includes a new school, bars and cafes, restaurants and community spaces.

- 1 new station connection, 2 pedestrian bridges and 1 road bridge
- Over 8,000 construction jobs



King's Road Park

Hammersmith & Fulham, London SW6

St William's masterplan will see this redundant 16 acre gasworks stitched back in to the local community through an open network of footpaths, cycle routes, biodiverse parkland and public squares. There will be more than 1,800 mixed tenure homes, a youth centre and the site's Grade II* Listed gasholder, the oldest in the world, will be carefully restored.

- 460 permanent jobs
- 6 acre landscaped open space



Hartland Village

Hampshire GU51

Read more about Hartland Village in the Case Study on page 21.

- Revival of long standing derelict manufacturing site
- 70 acre country park
- Over 1,000 new trees
- 1,500 mixed tenure homes

Chairman's Statement

A true spirit of partnership



"The only way to create truly successful places is to make housing a real partnership based around improving people's lives and wellbeing."

This has been another year of solid performance for Berkeley, delivering financial results ahead of expectations while unlocking an increasingly valuable mix of social, economic and environmental benefits for the communities in which we work.

Our unique operating model, which recognises the cyclical nature of residential property development, continues to set us apart. We focus on large, complex and capital intensive regeneration opportunities in London, Birmingham and the South East of England, including a high proportion of former

utility works and major industrial sites, which few other developers have the financial strength or development expertise to take on.

These long-term regeneration programmes require extensive remediation and enabling infrastructure works before they can be reconnected with the communities around them. Successfully reviving such vast and difficult sites presents a mix of technical, design and social challenges which are beyond the traditional role and scope of a developer.

Below: Local children celebrate the opening of Kite Park at Kidbrooke Village, Greenwich. This natural play space is open to the whole community and has been created in partnership with the Royal Borough of Greenwich and the London Wildlife Trust.



Our approach is holistic, long-term and highly collaborative. We focus on the long-term strength and wellbeing of the local community and build strong local partnerships that maximise social value. This people-centred culture is what defines Berkeley's brand and ensures we are the clear partner of choice within our sector.

Other performance highlights include completing 3,698 homes, winning 26 Considerate Constructors Scheme National Site Awards and securing an independently assessed customer satisfaction score (Net Promoter Score) of 73.5 which is on a par with highly respected consumer brands. In a further mark of consistency, every Berkeley operating company achieved an Investors in Customers Gold Award in 2018.

This was a breakthrough year for Berkeley's pioneering approach to reversing natural habitat loss and delivering a measurable net biodiversity gain on all new sites. Over 25 developments submitted for planning have targeted a net biodiversity gain through landscape design. We have delivered our first large scale net biodiversity gain landscape strategy at Kidbrooke Village in partnership with the London Wildlife Trust. Following our pioneering work in this field, this year the Government has announced that net biodiversity gain will be mandatory for new developments through national policy.

I am also delighted to report that in May 2019, Berkeley's company-wide approach to tackle climate change was credited with the Carbon Reduction or Offset Programme of the Year accolade at the Better Society Awards 2019. This fantastic result reflects our status as the country's only carbon positive residential developer, something we achieved in 2018.

This was also a great year for project-level milestones and achievements. The regeneration of Woodberry Down in Hackney celebrated its 10th anniversary, as did Kidbrooke Village in Greenwich. At Southall Waterside, we have now welcomed the first local Ealing residents to this 88 acre former gasworks and seen more than 50 Londoners enrol in the site's state-of-the-art Construction Academy, delivered in partnership with West London College.

During the year, Berkeley made shareholder returns of £251.9 million, of which £198.9 million was represented by share buy-backs and £53.0 million by dividends. This included the £139.7 million scheduled return for the six months ended 31 March 2019. Of the £139.7 million return announced to be made by 30 September 2019, £5.2 million has been made to date through share buy-backs. The amount that will be returned as a dividend will be announced on 15 August 2019 and paid on 13 September 2019 to shareholders on the register on 23 August 2019, taking account of any further share buy-backs in the intervening period.

I am extremely proud of these results, and the unique operating model which underpins them. Most of all, I am grateful and indebted to our superb staff and fantastic partners. The passion and care they bring to their work are what give the places we create their life, pride and enduring value.

TONY PIDGLEY CBE
CHAIRMAN

A people-centred approach

Long-term regeneration is highly capital intensive and complicated work. But the biggest challenge is neither financial nor technical, it is all about people.

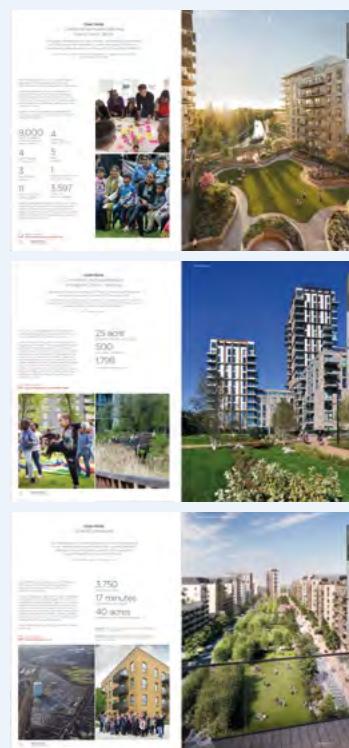
To create a place of real and enduring value, we have to approach development with an open mind and a readiness to really listen and engage with the local community. We need to act on what they say and recognise the duty we owe them as a big and disruptive force coming into their lives. It is our responsibility to reach out, collaborate and create a shared vision that local people can believe in.

Then, when it comes to delivery, we have to keep the conversations going and make sure those vital local partnerships keep growing stronger. Our programmes can last 30 years, so we have to keep listening, learning and making sure local people feel a real connection to the places we create.

When we get this right, we create welcoming neighbourhoods that are part of the local community and the local story, and they keep getting better long after the regeneration work is over.

It is hard to explain how this approach happens. It is not a technical process and it is not driven by rules or procedures. It comes from having the right working culture and the right values. You have to put people at the heart of every decision, day after day, and have the passion and care to get every small detail just right.

This is how we approach development at Berkeley. The following pages provide examples of what a people-centred approach really means in practice



Case Study

Collaborative masterplanning Grand Union, Brent

"It's a great scheme and one that, through the extensive consultation work St George has undertaken, carries the support of residents, businesses, politicians and, now, the council's planning committee."

Shama Tatler, Cabinet Member for Regeneration, Highways and Planning,
London Borough of Brent

The masterplan for this former industrial estate, approved in 2018, has been shaped through a far-reaching community engagement programme.

Local people helped St George to define the vision and influenced everything from building form to the mix of uses and amenities, including a 5,000sq ft community centre, a canalside piazza, central gardens and riverside meadows alongside 2,900 new homes.

Together with local residents, we designed an extensive engagement programme with different ways to get involved:

9,000

regular newsletters sent to local homes and businesses

4

community design workshops

4

street interview survey sessions

5

public exhibitions

3

walk and talk site tours

1

purpose built community information centre

11

Community Liaison Group meetings

3,597

visitors to a dedicated website

We also established the Alperton Summer Festival, which brought hundreds of local people together for the first time. This included working with the Alperton Community School to train and recruit the 'Alperton Ambassadors', talented young people who helped shape the festivals.



 Read more online:
www.berkeleygroup.co.uk/grandunion



Case Study

Community-led regeneration Woodberry Down, Hackney

Woodberry Down was named UK Project of the Year at the Royal Institute of Chartered Surveyors (RICS) Awards 2018.

"The Woodberry Down project team has taken on the regeneration of this area with integrity and a genuine desire to improve not just the physical environment, but also residents' economic aspirations and social wellbeing."

RICS Awards citation

This community-led regeneration programme has revived a failing post-war housing estate and is on course to deliver 5,500 mixed tenure homes.

In partnership with Woodberry Down Community Organisation, Hackney Council, Notting Hill Genesis and Manor House Development Trust, we have already created 7.5 acres of welcoming public open space and brought the banks of the neighbouring reservoir to life with a new boardwalk, bridge-link and waterside play ground. In partnership with the London Wildlife Trust and Thames Water, Woodberry Down has been connected to the Woodberry Wetlands, a beautiful 25 acre nature reserve, open to everyone all year round. There are also new shops, cafes, a pub, playgrounds and an award winning community centre.

25 acre

Woodberry Wetlands nature reserve

500

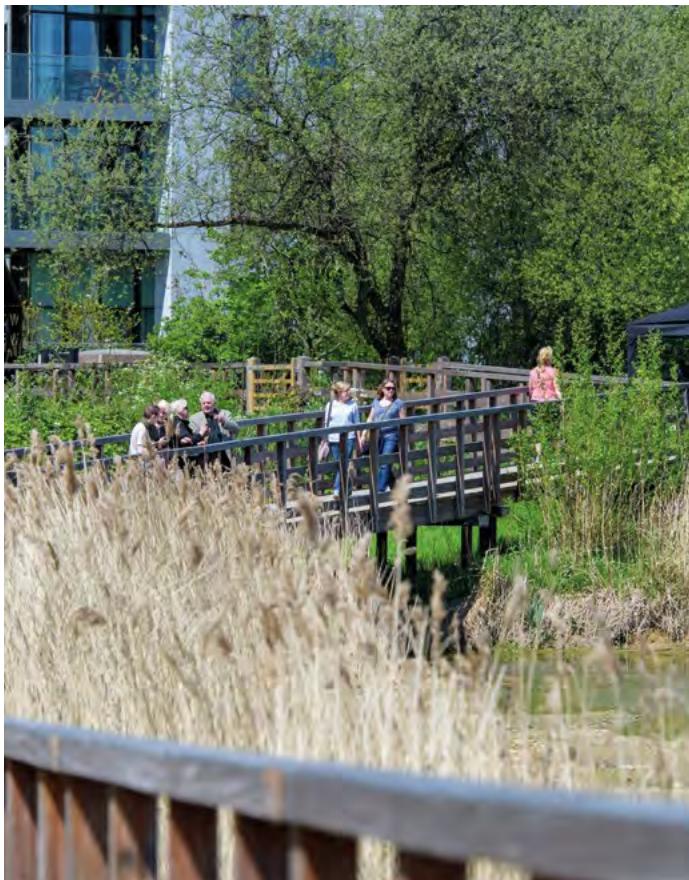
local resident volunteers

1,798

new homes delivered to date

 Read more online:

www.berkeleygroup.co.uk/woodberrydown





Case Study

Southall Waterside

“This development is providing jobs and will bring a diverse mix of new amenities to the area. Importantly, it is also delivering affordable homes for Ealing residents – this means that Southall Waterside is a community for all.”

Cllr Julian Bell, Leader of Ealing Council

Southall Waterside will create around 3,750 tenure blind homes as this 88 acre former gasworks is brought to life and reconnected with the surrounding community.

The site's masterplan, developed in close collaboration with Ealing Council, will see around half of this vast brownfield site become public open space, including approximately 40 acres of parkland and biodiverse habitats. There will be a network of inviting nature and fitness trails, wetlands, cycle-paths and walkways alongside a mix of new amenities, including a health centre, primary school and a commercial district with shops, restaurants, and public squares.

In 2019 we welcomed our first local residents to their new homes.

 Read more online:
www.berkeleygroup.co.uk



3,750

mixed tenure homes

17 minutes

to Bond Street via Crossrail

40 acres

of parkland and net biodiverse habitats

Below left: the former Southall gasworks site was used as a Heathrow car park prior to regeneration.

Below right: local people celebrate moving in to the first 186 homes, which are being offered to Ealing residents on an affordable rent or shared ownership basis.





Increasing Nature and Reducing Carbon

We believe that all new developments should strengthen local communities and improve the natural environment for future generations. Berkeley has implemented industry-leading initiatives on biodiversity and carbon as part of our business strategy, Our Vision, to help achieve these aims.

Net Biodiversity Gain

Since 2017, Berkeley has been applying its Biodiversity Toolkit to every new development at the earliest stage of design. This involves measuring the site's existing nature and developing a strategy to deliver net biodiversity gain. We have applied the Toolkit to more than 25 sites and made a commitment to increase the levels of nature.

We were the first developer in the country to develop and implement a process for delivering net biodiversity gain and our leading approach was recognised and shared in the Government's consultation on this topic. We are continuing to share our learning across the industry.

Case study

Kidbrooke Village

At Kidbrooke Village in Greenwich we have implemented the UK's first large scale net biodiversity gain strategy in partnership with the London Wildlife Trust. Initially we used our Biodiversity Toolkit to baseline the ecological value of the park created in an earlier phase of the development. We then redesigned the landscape to create a more valuable network of natural habitats, including meadows, grasslands and wetlands. As a result, Kidbrooke Village is on course to achieve a net biodiversity gain of more than 100%.

 Read more on page **45**

Below: Biodiverse landscape at Kidbrooke Village

"We recognise the Berkeley Group's commitment to achieving measurable net gain in biodiversity and welcome their positive contribution and continued support for an industry-wide approach to delivering net gain and an associated metric."

Emma Howard Boyd
Chair, Environment Agency



Better Society Awards 2019

Carbon Reduction or Offset Programme of the Year

CIRIA BIG Biodiversity Challenge Award 2018

Client Award for net biodiversity gain approach

CIRIA BIG Biodiversity Challenge Award 2017

Medium Scale Permanent Award, Fitzroy Gate

CIRIA BIG Biodiversity Challenge Award 2016

Pollinator Award, One Tower Bridge

Awards**The Sunday Times British Homes Awards 2018**

Best Garden/Landscaping Design, Fitzroy Gate

The Sunday Times British Homes Awards 2018

Best Placemaking, Kidbrooke Village

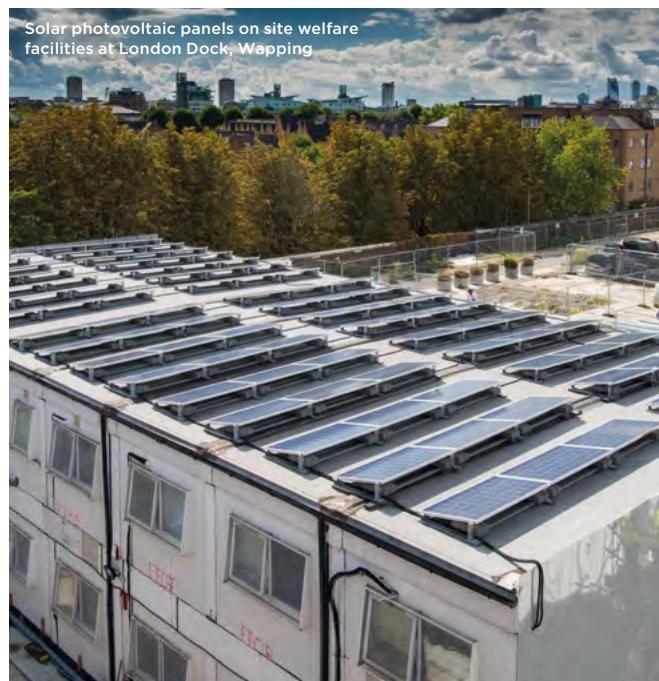
The Sunday Times British Homes Awards 2017

Outstanding Placemaking, Woodberry Down

**Going Carbon Positive**

In 2018, Berkeley became the UK's first carbon positive homebuilder by reducing its carbon emission intensity from business operations by 22% (compared to 2016), procuring renewable energy and offsetting 110% of remaining emissions through the support of verified projects. Reductions resulted from introducing the following:

- Minimum recommendations for site set up and operation
- Guidance on identifying and reducing unnecessary energy consumption, particularly out of hours
- A best practice directory of energy efficient technologies and initiatives
- A Carbon Management and Action Plan template to effectively manage and identify carbon reduction initiatives.

**Case study****Carbon reduction initiatives**

Our sites and offices continue to implement energy efficiency measures to reduce their carbon emissions impact. Our London Dock site has installed solar photovoltaic panels to help power their welfare cabins, whilst facilities at Royal Arsenal Riverside have been retrofitted to include LED lighting, along with master switches and time clocks on equipment. Replacement of fluorescent ceiling lights with ultra-efficient LED ones at our Chelsea Bridge Wharf office has led to an energy saving on lighting of more than 15%.

Read more on page 49

Net Zero Carbon Homes

Berkeley has committed to creating new homes that can operate at net zero carbon by 2030. Our goal is to create highly efficient, low energy homes which can draw the power they need from clean and renewable sources.

We are a partner of the UK Green Building Council's (UKGBC's) Advancing Net Zero programme which has produced a definition and framework for net zero buildings. As the only housebuilder partner, we are helping lead the drive towards decarbonising the built environment.

**Case study****Future Energy Home**

Berkeley is collaborating with E.ON to pilot the Future Energy Home at Kidbrooke Village. We have installed an innovative solar glazing roof canopy which captures energy and stores it in a battery that can help power the home and charge an electric vehicle.

This clean energy solution is set within a thermally efficient modular home, which has been fitted out with the latest home technologies, including light switches, plug sockets, thermostats and radiator valves which have smart functionality.

Read more on page 41

Chief Executive's Statement



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

Summary of Performance

Berkeley has delivered pre-tax earnings of £775.2 million for the year. This is from the sale of 3,698 homes (2018: 3,678) at an average selling price of £748,000 (2018: £725,000), reflecting the mix of properties sold in the year.

Berkeley started the year anticipating profits for 2018/19 would be approximately 30% lower than 2017/18, as the positive impact of the investment made at the end of the financial crisis reduced and profitability began to normalise. This is therefore a strong set of results, reflecting robust trading in the year and the appeal of Berkeley's developments.

In December 2016, Berkeley set a plan to deliver £3.0 billion of pre-tax profit over the five years to 30 April 2021. We are currently 18% ahead of this, in spite of the extended period of macro and political uncertainty. In line with existing guidance and the original plan, pre-tax profit for 2019/20 is anticipated to fall by around a third from the 2018/19 level, with the pre-tax ROE expected to settle at around 15% thereafter.

In the first three years of this plan, Berkeley has increased its net cash position from £107.4 million to £975.0 million, a level which represents under-investment commensurate with the uncertain operating environment. Notwithstanding this, and the high level of profit delivery over this period, Berkeley has maintained the estimated gross profit in its land holdings at over £6.0 billion.

Strategy update

Berkeley's strategy for capital allocation is to: first, invest in opportunities for the business where the right risk-adjusted returns are available; second, to ensure the financial strength reflects the prevailing macro environment; and third, to make returns to shareholders through either dividends or share buy-backs.

The current phase of the strategy began in 2011. We had entered the financial crisis in a position of strength and identified what was a unique opportunity to invest our capital to create value for our shareholders and other stakeholders. At the time, Berkeley had net assets of £0.9 billion (£7.09 per share), was ungeared and had an estimated £2.3 billion of future gross profit in its land holdings. From this base we made a commitment to return £1.7 billion

to shareholders (£13.00 per share) over the next 10 years, which was subsequently increased by £0.5 billion to £2.2 billion (£16.34 per share).

Since then Berkeley has successfully executed its strategy, delivering exceptional financial returns that were unique to this period, whilst continuing to invest. Consequently, Berkeley now has an estimated £6.2 billion of future gross profit in its land holdings, whilst net assets are £3.0 billion (£23.05 per share); a 225% increase of £2.1 billion or £15.96 per share over the eight years over which period shareholder returns of £11.34 have also been made through a combination of dividends and share buy-backs.

The land holdings contain a number of fantastic regeneration sites in our wholly owned business, as well as that of our joint ventures which are in, or will shortly move into, production. In London, these include sites at White City, South Quay Plaza, Grand Union in Brent, Southall Waterside, Oval Village and Stephenson Street in West Ham. Outside the capital, these include sites in Birmingham, Watford, Reading, Slough and Staines. In its joint ventures, this includes Hartland Village in Fleet in St Edward, and Clarendon in Hornsey, King's Road Park in Fulham and Poplar Riverside in St William.

These long-term sites supplement our existing ongoing regeneration sites at Royal Arsenal Riverside in Greenwich, Woodberry Down in Finsbury, Kidbrooke Village in Greenwich, Beaufort Park in Hendon, London Dock in Wapping and Green Park Village in Reading, amongst others. We are also seeking to invest in new opportunities as the market in London and the South East adjusts to the prevailing macro uncertainty and policy interventions of recent years.

Berkeley has the unique expertise to unlock the social and economic value in all of these long-term sites, coupled with the strong capital base required to execute their delivery as, by nature they are highly capital intensive; particularly in the early stages of remediation and investment in site infrastructure. The success of these sites is founded on trusted partnerships with local authorities and communities and their development is directly aligned to the Government's strategy for increasing the supply of good quality homes for everyone, across all tenures.

Signalling this new investment phase, Berkeley has commenced production on 14 sites in the year, ten of which have been in the second half of the financial year and include some of the next wave of regeneration sites already referred to, such as Oval Village, Southall Waterside, Hartland Village, Clarendon and King's Road Park. In this next phase of its strategy, Berkeley is targeting a long-term, sustainable pre-tax return on equity of 15%. This return is commensurate with the investment required to bring forward the next generation of sites, their longevity and relative risk profile, alongside Berkeley's lasting commitment to investing in the wider community benefits that good development brings.

As announced in our interim results, this investment phase also underpins the extension of the current annual quantum of shareholder returns of £280 million by a further four years to September 2025, assuming there is no material deterioration in the operating environment.

The Remuneration Committee of the Board is now consulting with shareholders over a new three-year remuneration policy to be put to the 2019 Annual General Meeting in September.

Shareholder Returns Programme

In its interim results, Berkeley announced that the next six monthly £139.7 million Shareholder Return will be provided by 30 September 2019 through a combination of dividends and share buy-backs. By 30 April 2019, Berkeley had returned £5.2 million via share buy-backs. The return amount will be increased appropriately in the event that any new shares are issued either from treasury or as newly listed shares.

In total, Berkeley has returned or committed to return £12.34 per share of the £16.34 Shareholder Return to be made by 30 September 2021. The final £4.00 per share under the formal 2011 Shareholder Returns programme is scheduled to be returned over the following two year period to 30 September 2021, with the current annual £280 million return continuing thereafter to September 2025, as noted above.

This financial year, Shareholder Returns totalled £251.9 million, with £53.0 million returned through dividends and £198.9 million through share buy-backs (5.6 million shares). Of the Shareholder Returns made to date under the 2011 programme, £383.7 million has been made via share buy-backs, with 11.1 million shares acquired, at an average cost of £34.63 pence per share (range: £28.08 - £38.45 per share).

Fitzroy Gate, Old Isleworth



Following the share buy-backs executed to date, the annual Shareholder Return (currently £280 million) now equates to £2.16 per share; an 8% increase to the initial £2.00 per share.

Housing Market

For Berkeley, trading conditions and the value of new reservations secured continues to be stable, with 2018/19 being marginally ahead of 2017/18. These are at levels which underpin the business plan but which are constrained by the continuing economic and political uncertainty and policy interventions, including high transaction costs and mortgage restrictions, both on income multiples and mortgage offer periods.

According to the latest MHCLG data, new starts in London for the 2018 calendar year were broadly stable when compared with 2017, remaining some 30% down from the peak in 2015, and less than a third of the draft London Plan target of 66,000 new homes per year. Whilst completion statistics in the capital had been rising for some time, inevitably the reducing new starts of recent years are impacting completion volumes for the first time. According to the MHCLG data, completions for 2018 were down 32% on 2017.

Consequently, supply in London is reducing at a time when more new homes need to come forward. In this environment, pricing remains firm and we continue to secure prices above the business plan levels, broadly covering build cost increases. The level of cancellations remains stable and within the normal range. Sales continue to be split broadly evenly between owner occupiers and investors, with overseas customers continuing to see relative value in the London market. Help to Buy reservations accounted for 297 sales in the year.

Reflecting the profile of delivery on our London developments, this has been a year in which high revenue has resulted in a moderation of cash due on forward sales to £1.8 billion, down from £2.2 billion at 30 April 2018. The cash due on these forward sales will be collected in the next three financial years and provides a strong underpin for the business plan.

This year we have launched 11 new developments to the market: three in London, at Trent Park in Enfield, Oval Village and St William's Clarendon in Hornsey; and the rest outside the capital, in Winchester, Leatherhead, Cranleigh, Sevenoaks, Ascot, Snow Hill Wharf in Birmingham and in our joint ventures at Fleet and Borehamwood. As noted earlier, with a number of new sites having recently moved into production, we anticipate further launches during 2019/20 at, for example, Southall Waterside,

Chief Executive's Statement continued

Grand Union in Brent and King's Road Park in Fulham with other launches subject to the next wave of sites coming forward for development once pre-development restraints are resolved.

Berkeley has added 14 new sites to its land holdings in the year and obtained nine new planning consents, along with over 60 revisions to existing consents. We are also seeing a number of new opportunities as the market in London and the South East factors in the prevailing macro uncertainty and policy interventions of recent years but have been naturally cautious in this period of extended political and economic volatility.

As reported in our interim results, build cost rises remain steady at around 4% per annum and we continue to monitor the impact presented by various Brexit scenarios. The risks associated with a "no deal Brexit" are well documented. For Berkeley, areas of potential impact include short-term materials availability and pricing and, over the longer term, the availability of skilled labour.

Our Vision

Berkeley's business strategy is called 'Our Vision' and includes five strategic focus areas: Customers, Homes, Places, Operations and Our People. Every two years we review and develop strategic commitments under each of our focus areas to drive continual business improvement and to address industry and global issues.

Our Vision is an integrated business strategy, bringing together our commitments across a wide range of business topics, including sustainability and key themes such as climate change and nature. We have reviewed the United Nations' Sustainable Development Goals (SDGs) and the targets that sit beneath them, to understand how they relate to our business and where we can make the most significant contribution.

We are making good progress against our commitments launched in May 2018, with performance highlights as follows:

Customers

Our customers' experience is central to our strategy and we use the independently assessed Net Promoter Score (NPS) to drive and measure progress in this area. Our NPS remains industry leading at 73.5 (on a scale of -100 to +100). We continue to gather insight into the customer journey to further improve the professional and efficient service we provide.

The Villas, Barnes



Homes

In May 2018 we committed to produce a transition plan for each new development to enable our homes to operate at net zero carbon by 2030, in our drive to help the built environment transition towards a low carbon economy. In the year, we have trialled transition plans for three of our developments, helping us to further understand the long-term energy solutions that will enable our customers to live low carbon lifestyles. We have built upon our own commitment by becoming a programme partner of the UK Green Building Council's (UKGBC's) Advancing Net Zero work.

At the same time, we continue to work with E.ON to pilot the 'Future Energy Home', which allows residents to generate renewable energy on site and then store it in a battery; this energy can then be used to charge electric vehicles and to relieve pressure on the power grid at times of high demand.

Places

Creating beautiful, sustainable places that will endure as settled, vibrant communities long into the future, is central to our approach. Nature can bring a multitude of benefits to communities, and we believe that new developments can create places with more nature afterwards than before, through the provision of higher quality habitats.

We have delivered our first measured implementation of net biodiversity gain at Kidbrooke Village, as calculated using our Biodiversity Toolkit. Here we have worked with the London Wildlife Trust to transform parkland into a wetland area that will attract wildlife and people. More broadly, Berkeley has been sharing its approach to net biodiversity gain with Natural England and the Greater London Authority to help inform future policy. We are delighted that our approach has been nationally recognised and shared in the Government's consultation on net biodiversity gain, making Berkeley well placed to meet the Government's intention to mandate net biodiversity gain for new developments.

Operations

Berkeley has continued to progress delivery of its Berkeley Modular facility in the year, having completed construction of the factory building in the year. We are undertaking research and development with our consultants and supply chain partners to create a sophisticated modular solution.

We are proud that our team at One Blackfriars has demonstrated industry leading performance in managing this complex construction site with exemplary consideration of the workforce, community and environment, achieving the accolade of 'Most Considerate Site (>£50m)' at the Considerate Constructors Scheme National Site Awards 2019. More broadly, our approach to ensuring our operations are carbon positive has been recognised at the Better Society Awards 2019, with Berkeley winning 'Carbon Reduction or Offset Programme of the Year'.

Our People

Contributing to tackling the industry's skills crisis remains a key area of focus for Berkeley. In autumn 2018, we saw the official opening of one of the country's first purpose-built construction academies on our Southall Waterside regeneration site. The West London Construction Academy is being delivered in partnership with West London College and was named as one of the first Mayor's Construction Academy (MCA) Hubs in January 2019, a quality mark that identifies and recognises high-quality construction skills training in London.

Case study**Hartland Village, Hampshire**

Work is now underway on Hartland Village, one of St Edward's most ambitious brownfield regeneration programmes outside of London. This project will see a long standing derelict manufacturing site transformed into a highly sustainable new village, featuring biodiverse parkland, a lake and swales, a village green, health centre, community hall and school.

Community amenities, including a subsidised village shop, will be delivered early to help people mix, meet and enjoy village life. A Community Liaison Manager will help nurture community growth and there will be 10km of walkable links, nature trails and cycle paths.

1,500
mixed tenure homes

30
acres of concrete slabs reused on site

70
acre country park

1,000
new trees

 Read more online:
www.berkeleygroup.co.uk/hartlandvillage



Chief Executive's Statement continued

The health, safety and wellbeing of our people is of the highest importance to Berkeley. Our latest 12 month rolling Accident Injury Incidence Rate (AIIR) is 1.14 reportable incidents for every 1,000 people working on our sites and in our offices (2018: 1.42). We are strengthening our focus on wellbeing, and in particular are developing and implementing a strategy for mental health, with 80 Mental Health First Aiders having been trained in the year.

The Berkeley Foundation

We continue to support our local communities through the Berkeley Foundation (the "Foundation"), a registered charity. The Foundation works in partnership with the voluntary sector across London, Birmingham and the South East of England, with a particular focus on reducing homelessness, increasing access to employment, and improving health and wellbeing. Since 2014, the Foundation's partnerships have supported almost 22,000 people.

This year, the Foundation has contributed more than £3.2 million in funding, through grants, fundraising and Give As You Earn. 65% of Berkeley staff have got involved in its work, raising over £1 million; more than ever before. Berkeley also earned the new Diamond Payroll Giving Award – the highest level achievable.

The Foundation has recently launched its new strategic plan, which will take the organisation through to 2021. This focuses the Foundation's efforts on improving social mobility for young people in our local communities, working towards a new vision: a society in which every young person can thrive. Over the next three years, this will involve growing the Foundation's community investment, working with others to develop more collaborative approaches to funding, and looking at how we can maximise the value we are able to add to the Foundation's partners through the skills, experiences and opportunities available at Berkeley.

Outlook

The operating environment has been uncertain for three years, since the United Kingdom chose to leave the European Union, resulting in a lack of visibility in the political outlook. When seen alongside the increasing property tax burden since 2014, and a complicated, costly and bureaucratic planning system, it is unsurprising that both demand and supply are constrained at present. Businesses are used to, and indeed thrive on changing economic and commercial conditions but they do need a supportive and stable political and regulatory environment to invest with confidence and stimulate growth.

Underpinning the market for Berkeley over this period has been robust demand for well-located homes, priced correctly and that are built to a good standard of quality within welcoming environments. We have invested in our brand, with our holistic approach to place-making, putting people, nature and the strength and wellbeing of the wider community at the core of every development plan. London remains a fantastic global City, a place where people aspire to live and work, and the UK continues to benefit from strong employment and low borrowing costs.

Berkeley starts the coming year from a position of strength, with net cash of £975.0 million, forward sales of £1.8 billion and an estimated £6.2 billion of gross profit in our land holdings, and this means we can look beyond the current period of uncertainty with confidence. However, like all responsible businesses who operate in cyclical markets, we have been, and will remain cautious in our investment in this environment, and this will determine the speed with which we deliver the value from our assets and invest in new opportunities.

ROB PERRINS
CHIEF EXECUTIVE

Dickens Yard, Ealing



Case study

The Hamptons 10 years on

More than 10 years after St James completed the final phase of The Hamptons in Worcester Park, this distinctive New England style neighbourhood has developed a strong sense of identity and a more beautiful and mature natural landscape.

A former Thames Water sewage works, the site required extensive remediation before being transformed into 645 new homes, set within 30 acres of green space, including a public park with amphitheatre, wetlands and a community centre.



Case Study

West London Construction Academy

In 2018, Berkeley launched the 20,000 sq ft West London Construction Academy at Southall Waterside in partnership with West London College. This is one of the country's first purpose built construction training facilities, with a curriculum and learning environment designed for industry, by industry.

The first cohort of apprentices are now enrolled and are learning their trades with the direct support of industry professionals from within Berkeley and its supply chain. The Academy is now part of the Mayor of London's Construction Academy hub network, a quality mark that identifies and recognises high quality construction skills training.





Berkeley Foundation

Building a society where every young person can thrive



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

It focuses its work in four areas:

A safe place to call home

Ensuring young people have secure, stable accommodation

Health and wellbeing

Supporting young people to live happy, healthy lives

The skills to succeed

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

Access to employment

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

This year saw the launch of the Foundation's new strategy for 2018-2021, which has a sharper focus on supporting young people and increasing social mobility. Over the coming years, the Foundation aims to scale up its funding, grow its impact and deepen its partnerships.

We also held the first ever Berkeley Foundation Awards in April 2019, celebrating the phenomenal contribution made by our businesses, staff and supply chain companies to the work of the Foundation and its charity partners.

Berkeley provides the core funding for the Foundation, pays all of its overheads, and covers the cost of specific fundraising events. This support means that every penny raised for the Foundation is spent on charitable activities.

Working in partnership

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

Strategic partnerships

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

Designated charities

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

Community investment fund

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

As well as funding frontline services, these partnerships put the skills, resources and networks of Berkeley to work, through skilled volunteering, collaboration, and by providing work experience and job opportunities on our sites.

The Foundation's partnership with Crisis (opposite) is a great example of how this works in practice.



You can read the Foundation's full strategy at:
www.berkeleyfoundation.org.uk/about-us



Foundation highlights

>5,300

This year, the Foundation's work has reached more than 5,300 people, helping them to move out of homelessness, build their skills, move into work or access new opportunities.

>10,000

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

>£3.2m

This year, the Berkeley Foundation has committed more than £3.2 million to support our local communities.

65%

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

32%

of Berkeley staff are signed up to our Give As You Earn (GAYE) scheme, earning Berkeley a Diamond Payroll Giving Award in 2018 – the highest level available.

£5.5m

Berkeley staff have raised more than £5.5 million for the Berkeley Foundation and its charity partners through fundraising and GAYE to date.

Berkeley Foundation and Crisis

There are almost 160,000 households experiencing the worst forms of homelessness in Britain. Crisis and the Berkeley Foundation have been working together to tackle this growing epidemic since 2013.



The partnership supports people who have experienced homelessness to get back into work. This year, 87 people accessed education, employment or training as a result of the Foundation's funding, with 37 moving into paid employment.

In 2018, 62 Berkeley employees took part in the Square Mile Run, raising over £19,000 for Crisis by racing through the City of London. Staff from across Berkeley also offered their skills to support Crisis members into work by volunteering at the biannual Crisis Employment Platforms.

Meanwhile, more than 40 staff volunteered their time at Crisis at Christmas, supporting the running of day and night centres for homeless people which welcomed over 4,000 guests in 2018 and served more than 35,000 Christmas dinners.

"Crisis and the Berkeley Foundation have worked in partnership for several years. The partnership continues to be a huge success and makes a genuine impact on homelessness in Great Britain."

The Foundation supports a number of innovative housing projects as well as our Employment Services in London, Croydon and Brent. These services have a strong track record of helping homeless people find and sustain jobs – an important element of supporting people out of homelessness for good.

The Berkeley Foundation is invested in the delivery and development of our strategy and the partnership is a great example of collaborative working."

Jon Sparkes, Chief Executive, Crisis.

Business Model

Taking a long-term view of value creation

Strategic focus areas under our business strategy: Our Vision

 Read more on pages **32** to **53**



Customers

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



Homes

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

Inputs for value creation

People across the business

- Employees and supply chain with the expertise and experience to deliver complex regeneration developments

Relationships and partnerships with key stakeholders

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

Physical and natural resources

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

Financial

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

 Read more on pages **70** to **73**

Our unique operating model

Our operating model recognises the cyclical nature of the housing market and the high operating risk of our complex, long-term developments, by placing product quality, placemaking and customer service at its core. Financial risk is kept low at all times, which enables investment at the right time in the cycle.

Our core activities



Identifying and acquiring land

Designing and planning new homes, places and communities

Building new homes, places and communities

Underpinned by our core values



Have integrity

Build trust by being open, clear and credible



Respect people

Work together, empower people and value their contribution

**Places**

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

**Operations**

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

**Our People**

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

This unique approach enables Berkeley to deliver sustainable risk-adjusted returns to our shareholders, while having a positive impact for our stakeholders, society and the environment.



Marketing and customer service



Placekeeping and stewardship

Value created**People across the business**

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

Relationships and partnerships with key stakeholders

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

Read more on pages **56** to **57**

Physical and natural resources

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

Financial

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

**Think creatively**

Find individual solutions for every site and situation

**Be passionate**

Take pride in what we do and the impact we make

**Excellence through detail**

Deliver the best through attention to detail in everything we do

Key Performance Indicators

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

Profit before tax

£775.2m

(2018: £977.0m)

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

Financial KPIs

Pre-tax return on equity

27.9%

(2018: 41.9%)

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

Net cash

£975.0m

(2018: £687.3m)

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

Net asset value per share

£23.05

(2018: £19.38)

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

Cash due on forward sales

£1,831m

(2018: £2,193m)

This measures cash due from customers during the next three financial years under unconditional contracts for sale.

Future gross margin in land holdings

£6,247m

(2018: £6,003m)

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

Non-financial KPIs

Net Promoter Score

73.5

(2018: 73.9)

Our six-month rolling Net Promoter Score (NPS) is an indicator of the success of our efforts to provide world-class customer service. Our NPS significantly outperforms the sector average of 32 (Home Builders Federation, 2019) and compares favourably with top performing consumer brands.

Annual Injury Incidence Rate per 1,000 people

1.14

(2018: 1.42)

This measure shows the number of reportable injuries during the year, in relation to the number of Berkeley employees and contractors working across our sites. It compares favourably to the industry average of 3.58 (Health and Safety Executive, 2018).

Direct apprentices and training

9.8%

(2018: 7.3%)

Calculated as the average monthly percentage of our direct workforce that are apprentices, graduates or employees undertaking formal training. Over 500 apprentices have worked on Berkeley sites during the year.

Greenhouse gas emissions intensity

2.50

(2018: 2.15)

This measure relates our annual greenhouse gas emissions resulting from our operational activities to the number of Berkeley employees and the number of contractors working on our sites.

Affordable housing and wider contributions

>£525m

(2018: >£420m)

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

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

 Read more on pages **32 to 53**

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 (1 May 2014 – 30 April 2019) are presented below.

Economy

£13.5bn

Berkeley's contribution to UK GDP was £3.0 billion in 2018/19 and £13.5bn for the five years.

Homes

19,660

Berkeley built 3,959 homes in 2018/19 and a total of 19,660 over the last five years (including joint ventures).

Tax

£3.6bn

Total UK tax contribution of £816 million in 2018/19 and over £3.6 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.

Communities

£2.1bn

Including more than £0.5bn in 2018/19. In total, Berkeley has contributed £1.5bn as a subsidy for affordable housing* and committed to additional payments of £0.6bn to help pay for a wide range of facilities and services for local communities.

Jobs

29,250

Berkeley has supported, on average, 29,250 jobs per annum directly and through its supply chain over the five year period.

On average, every new home built by Berkeley in the last five years has generated £290,000 of value to the state through taxation and contributions to the community.



* Berkeley calculation, based on MHCLG valuation methodology.

Business Strategy: Our Vision

Berkeley's business strategy is called 'Our Vision'

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

There are five areas of strategic focus under Our Vision: Customers, Homes, Places, Operations and Our People. By focusing on strategic objectives under these areas, we ensure that we continue to provide customers with an exceptional service, whilst delivering high quality homes and places where communities can thrive and where people can live sustainable lifestyles. We also recognise that the skills, knowledge and dedication of our people, alongside the efficient management of our operations, are fundamental to the ongoing success of our business.

Strategic focus areas



Customers

Strategic objectives

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

Read more on pages **34 to 37**



Homes

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

Read more on pages **38 to 41**



Places

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

Read more on pages **42 to 45**



Operations

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

Read more on pages **46 to 49**



Our People

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

Read more on pages **50 to 53**

Strategic commitments

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

— Integration of new themes

The regular review of commitments provides the opportunity to identify and address any emerging global, industry or business issues and opportunities. For example, we have added off-site manufacture as a commitment for 2018-2020.

— Evolution of continuing themes

A number of themes remain high level priorities for Berkeley to take action on. These feature within our strategic commitments for recurring periods, in recognition of the need to drive incremental change. Continuing themes include climate change mitigation and adaptation, community, and customer service levels.

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

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

The development of the new commitments was informed by in-depth initial research followed by a materiality assessment to understand the views of our employees and key external stakeholders.

Materiality

With the support of an objective external party, in 2018 all employees were invited to provide their views on material issues to be addressed through Our Vision; responses were received from just under 1,200 people, representing approximately 45% of the business.

Views from key external stakeholders, including contractors, partners and industry groups, were also requested via both an online survey and detailed interviews.

The results of this work were used to shortlist topic themes for further consultation with each of our autonomous companies and specialist committees. Workshops were run on each of the focus areas to debate and refine the commitments before being signed-off by the Main Board.

Sustainability

Our Vision is an integrated business strategy, bringing together our commitments across a wide range of business topics, including sustainability. This is reflected by having a Main Board Executive Director with overarching responsibility for Our Vision, sustainability, and health and safety.

We believe that each of our employees has a duty to integrate sustainability into their role and working practices. Policies and standards are set at a Group level (see our Non-Financial Reporting Statement on page 55), and are supported by a sustainability management system in place across all of our operating companies. This includes procedures to manage sustainability at each stage of the development process, from land purchase, through design, procurement and construction, all the way to marketing, sales and handover.

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

□ Read more on page 54

SUSTAINABLE DEVELOPMENT GOALS



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

Business Strategy: Our Vision – Customers



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

Our approach

Our customers are at the heart of every decision we make. We are always mindful that we are building someone's home; the place they will enjoy, relax in and feel secure. This extends beyond customer-facing activities, from the initial purchase of land through to the design of each home and wider development. We aim to understand our customers' needs and consistently meet or exceed their expectations, whilst promoting sustainable lifestyles.

Customer service

We are a customer centric business; buying a home is one of the most significant decisions a person makes and we recognise the need to consistently meet and exceed expectations in providing a professional, efficient and helpful home buying service. We have created a 'customer first' mind-set and empower teams to think and act differently. This is supported by a range of employee training opportunities and the continuation of our Sales Academy to bring talented individuals from other industries into the business.

Customer communications

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

 Read more online:

[www.berkeleygroup.co.uk/about-berkeley-group/
our-vision/customers](http://www.berkeleygroup.co.uk/about-berkeley-group/our-vision/customers)

Sustainable living

We aim to promote sustainable living at all stages of the customer journey, including providing home specific information during marketing, purchase and completion. Berkeley is one of a select group of developers whose customers can secure mortgage interest discounts on energy efficient new homes, using Barclays' Green Home Mortgage.

Customer insight

Key to the ongoing success of our business is that we listen to, understand and respond to the needs of our customers. We use a range of methods to gain customer insight, including surveys and focus groups. In evaluating our customer experience we benchmark our customer service performance against both the wider housebuilding sector and others using the Net Promoter Score (NPS).

Forward sales

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

UK and overseas markets

Creating exceptional places requires significant upfront investment in infrastructure, public realm and landscaping. International investment plays a pivotal role in generating the early security of future cash flows and momentum to commence construction. We have a network of overseas sales offices to support our overseas marketing initiatives. Our UK First Policy requires each individual home to be made available in the UK either first or at the same time as launching overseas. Berkeley is proud to support the Mayor of London's initiative to offer lower-cost new properties exclusively to Londoners and UK-based buyers first.



2019 Awards, highlights and performance

73.5

Six-month rolling average NPS,
compared with a Home Builders
Federation (HBF) national survey
industry average of 32



97.1%

Customers would recommend
us to a friend, compared with
a Home Builders Federation
(HBF) national survey industry
average of 87%



**Investor in
Customers Gold
2018**

Achieved across all of our
operating companies

Londoners First

Signatory to the Mayor of
London's initiative to offer new
build homes up to £350,000
in value to those within London
and the UK first

Green Home Mortgage

Partner organisation
working with Barclays to
provide discounted rates
on the purchase of an
energy efficient new home



Business Strategy: Our Vision – Customers continued

2018–2020 Headline commitment overview



Net Promoter Score

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

What we are looking to achieve

We look to continue to monitor our performance, share good practice, and implement new initiatives to ensure that our customers receive excellent levels of service.

Progress in 2019

- Berkeley's NPS continues to be high at 73.5. Although this is a marginal decrease from our NPS of 73.9 in 2018, our performance continues to compare extremely favourably against the industry average of 32.
- Key to success is the continued focus on providing timely and accurate responses to customer queries, ensuring that homes are defect free and making customers feel special and valued.
- The performance of managing agents working on behalf of Berkeley has been identified as an increasing challenge, with this being reviewed by the Estates Management Committee.

Priorities for 2020

- Continue to monitor the NPS for each operating company and discuss performance at the Customer Service Committee to identify areas for improvement.
- Encourage all employees to use our Lessons Learnt portal, developed to help share knowledge and inform future decisions and processes.



Mortgage lending

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

What we are looking to achieve

Through engagement with lenders, brokers and other parties we seek to make the case for the introduction of longer mortgage offer periods to give every purchaser an equal opportunity in the new build market.

Progress in 2019

- Berkeley has met with a number of the UK's leading lending banks and has ongoing encouraging engagement with them.
- The appetite among lenders is influenced by the traditional housing market and the systems that are in place to serve this. Other barriers include the regulatory cost and the need to meet the current responsible lending criteria which are determined by the existing paradigm.
- We believe there is a real opportunity for the banking sector to help qualifying buyers to enter a part of the housing market not currently available to them.
- Berkeley is pleased to be one of a select group of developers to have been identified to make available Barclay's Green Home Mortgage product, where purchasers of our energy efficient new homes can receive discounts on the interest rate they pay on their mortgage.

Priorities for 2020

- Continue dialogue with major lending banks and others to further discuss mortgage offers.
- Determine if there is any opportunity to trial a new approach.

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

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

Our Vision in action



Case study

Innovating the customer experience at South Quay Plaza

Our teams look to evolve and improve the way that we engage with potential and existing customers, particularly as new and emerging systems and technologies continue to flourish.

At South Quay Plaza, Virtual Reality is being used to change the way in which people purchase their home, enabling potential customers to view the future development through a virtual world, even at the earliest stages of construction. This new

method allows users to virtually walk through the development and homes to obtain a 360-degree view, improving the quality of the buying experience.

The interactive communications continue when a customer purchases their home at South Quay Plaza, receiving monthly newsletters and video blogs from the site providing an overview of construction progress.

Case study

Understanding customers' emotional journeys

Berkeley has a diverse range of customers that have the same ultimate aim of owning a home, but with differing needs and prior knowledge of the home buying process. Understanding expectations of customers at various stages of their journey with us is key to ensuring continued high levels of customer satisfaction.

To enable us to better understand and respond to customers' emotional journeys, a working group with representatives from our Sales, Marketing, IT and Customer Service teams has been established. The emotional journeys for core customer groups, including first-time buyers and families, have been reviewed to identify potential:

- Customer actions, including how our customers interact with us, such as through the use of our website and visits to our sales and marketing suites and developments
- Questions, observations and feelings at different stages of a customer's journey.

We are using this work to predict key milestones and touchpoints to further optimise delivery of our world-class customer service.



Business Strategy: Our Vision – Homes



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

Our approach

We believe that everyone deserves a good home; a home that has been designed and built to a high quality, that has low environmental impact, and that enables its occupants to live healthily and comfortably now and in the future. Our approach is fundamental to our business; it is demanded of us by our customers and differentiates Berkeley.

Design and quality

We build high quality homes for everyone: families, first-time buyers, students, and for senior citizens, including those who need care. We do not have any standard property types or formats, and no two Berkeley developments are the same. Instead we work with the best architects to create unique designs that are planned to meet the varied requirements of all types of homebuyers. Our homes are tenure blind, which means that the affordable homes are designed with the same dedication and attention to detail. Whether we are creating a city penthouse or a country retreat, a modern studio or a traditional family home, there is a relentless pursuit of quality in everything we do.

Safe and healthy homes

We design a range of features into our homes that benefit residents' health and wellbeing, including good levels of daylight, insulation to help regulate temperature and reduce noise, and storage space. To ensure that our homes are comfortable both now and in the future with expected changes in climate, we use our thermal comfort risk assessment on new sites.

The assessment takes into account factors that can affect overheating, such as location, building type and ventilation strategies, and then highlights site-specific measures and actions to reduce them.

Environmental sustainability

We consider the environmental impact of our homes at every stage of the development process. We apply the energy hierarchy in design, by focusing on the building fabric and then incorporating clean and renewable technologies. We seek to ensure that the materials we specify and procure are responsibly sourced, in accordance with our Sustainable Specification and Procurement Policy. We also incorporate a range of features into our homes to help our customers further reduce their impact, from energy efficient light fittings and recycling bins, to low water use fittings and fixtures.

Research and innovation

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

Read more online:
[www.berkeleygroup.co.uk/about-berkeley-group/
our-vision/homes](http://www.berkeleygroup.co.uk/about-berkeley-group/our-vision/homes)



2019 Awards, highlights and performance

93%

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

72%

Completed homes to be supplied with low carbon or renewable energy

94%

Completed homes provided with internal recycling facilities

RIBA

Royal Institute of British Architects (RIBA)
London and National Award Winner 2019



Merano Residences, St James



UK Green Building Council (UKGBC) Gold Leaf Member

Partner of the UKGBC's Advancing Net Zero programme

The programme aims to help drive the transition to a net zero carbon built environment in the UK, with a focus on shaping an industry-led definition for net zero carbon buildings.

"At a time when new homes are so desperately needed, it is encouraging to see the Berkeley Group making bold new sustainability commitments. UKGBC is calling for all new development to be net zero carbon in operation by 2030, so we are particularly pleased to see this feature within Our Vision."

Julie Hirigoyen, Chief Executive, UKGBC

Evening Standard
NEW HOMES AWARDS 2019
WINNER

Evening Standard
New Homes
Awards 2019



Best Large Development
Fulham Reach

winner of
housebuilder
awards
2018

Housebuilder
Awards 2018



Best Refurbishment
Wimbledon Hill Park

Business strategy: Our Vision – Homes continued

2018–2020 Headline commitment overview



Safe and healthy homes

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

What we are looking to achieve

People spend around two thirds of their time in their home, and research shows that sustainable, well-designed homes can lead to better health and wellbeing outcomes for residents. By developing and launching a design framework, we want to positively contribute to the wellbeing of our customers through the design of our homes.

Progress in 2019

- Initiated development of a healthy home design framework. This will build on our existing approach of applying minimum storage space requirements to homes and using our thermal comfort risk assessment, and will introduce a range of new measures that could be applied to help create a healthier building. Key issues, including noise and air quality, have been identified and best practice in these areas has been researched.
- Developed a strategic partnership with the Royal Society for the Prevention of Accidents (RoSPA). Through this partnership, we are supporting the creation of a 'Safer by Design' standard.

Priorities for 2020

- Create a first version of our healthy home design framework, and trial it on new developments. Following this, we intend to launch the framework formally within the business.
- Continue to support RoSPA's 'Safer by Design' standard.



Net zero carbon

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

What we are looking to achieve

There remains uncertainty about the right long-term solution that will provide our homes with low carbon heating and energy. Through the development of Low Carbon Transition Plans, we aim to identify clear routes that will enable our homes to operate at net zero carbon by 2030, together with the future-proofing measures that can be incorporated when they are built.

Progress in 2019

- Researched how we can deliver low carbon energy and heat in new developments, in the context of changing energy policies and uncertainty around the carbon intensity of gas and electricity within the grid.
- Became a programme partner in the UKGBC's Advancing Net Zero work, to help inform our thinking.
- Used findings to develop and trial Low Carbon Transition Plans for three of our sites. These help us understand the long-term energy solutions that will enable our customers to live low carbon lifestyles. Through the trials, we have identified key considerations for enabling homes to transition to low carbon, including: energy infrastructure of the site; the available technology; and the cost to our customers.

Priorities for 2020

- Share the learnings and guidance from trial sites across the business.
- Develop Low Carbon Transition Plans for all new developments.
- Continue to support UKGBC's Advancing Net Zero programme.

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

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

Our Vision in action



Case study

Future Energy Home at Kidbrooke Village

We want sustainable living to be second nature to our customers, and have been collaborating with E.ON to provide the tools to make it happen. The Future Energy Home collaboration at Kidbrooke Village will help to make living more efficiently more convenient for residents, who will be able to control their home through a simple hub. Customers can choose from a range of whole-house energy options, including:

- Smart thermostat and radiator valves, enabling room temperatures to be independently programmed and adjusted using a smart scheduling application
- Smart light switches and plug sockets, allowing residents to amend lighting and appliance use remotely
- The opportunity to add a clean tariff bolt-on, based on a customer's monthly fuel usage. This upgrade allows E.ON to source 100% renewable electricity in the UK and support worldwide projects contributing to carbon emissions reductions

- E.ON home energy management software, which combines data from all connected electrical devices in the home on a single, accessible tablet-based platform.

Equipped with a solar canopy on the roof and solar balustrades around the roof garden, we have also been exploring how the Future Energy Home can allow residents to generate and store electricity in a battery, helping to cut bills, to make use of in-built renewable sources to charge electric vehicles, and to relieve pressure on the power grid at times of high demand.

These initiatives will give residents practical control over their energy use and the ability to power their own homes.

Business Strategy: Our Vision – Places



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

Our approach

We believe in putting people at the heart of placemaking. We work in partnership to create well-designed, beautiful, high quality, safe and sustainable places which will endure as settled, vibrant communities long into the future. They include sustainable infrastructure and amenities, and are designed to be resilient to the effects of climate change.

Location and appraisal

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

Building communities

By approaching each development in a spirit of partnership, and by working in collaboration with local authorities and communities, we strive to establish a true sense of community on our developments at every stage of the development process. During design and planning, we engage with the community and wider stakeholders to understand their needs and sensitivities, reflecting these in our designs. We use our toolkit, Creating Successful Places, as a framework for new developments to ensure that the right facilities and mechanisms are implemented to create a fantastic place to live and to realise a shared vision. As a result, no two Berkeley developments are the same.

Fostering communities

As customers move in, we build relationships to understand what initiatives and activities we can help facilitate to deliver thriving communities. A key mechanism for achieving this is the production of community plans, which we have on a variety of developments to explore structured ways to build community, foster community governance and encourage placekeeping. These initiatives help build a sense of self-management that continues after Berkeley passes the stewardship of its developments to estate managers and the residents. We think hard about the role of the managing agent to ensure that the right level of community governance, facility and development management skills exist to support the community long after the completion of the development. We remain committed to exploring and implementing excellent estate management practices.

Sustainable infrastructure

We want our developments to deliver a positive impact and to enable our customers to live sustainable lifestyles. Providing public realm and facilities, such as schools and places to eat and exercise, can be key to this. New developments are designed to achieve a net biodiversity gain, which means there should be more nature afterwards than before we began. We also design our developments with infrastructure that enables and promotes sustainable travel, including pedestrian routes, cycle storage and electric vehicle charging points.

Truly sustainable places are great places now, but also stand the test of time. We incorporate a number of features into the design of our developments to increase resilience to future climate change impacts, such as flooding, overheating and water shortages. These include sustainable drainage systems, rainwater harvesting and green infrastructure such as trees, parks, gardens and living roofs.

 Read more online:
[www.berkeleygroup.co.uk/about-berkeley-group/
our-vision/places](http://www.berkeleygroup.co.uk/about-berkeley-group/our-vision/places)



2019 Awards, highlights and performance

First

Implementation of a calculated net biodiversity gain at Kidbrooke Village



8

Additional developments committed to deliver a net biodiversity gain, with over 25 new sites since May 2017 to have more nature afterwards than before



CIRIA BIG Biodiversity Challenge Awards 2018

Client Award for our approach to net biodiversity gain

Net biodiversity gain

Approach implemented by Berkeley cited in the Government's consultation on making net gain mandatory for new developments

87%

Developments under construction regenerating brownfield land

>3,800

Electric car charging points being provided on sites under construction

>47,000

Cycle storage spaces being provided on sites under construction



Sunday Times British Homes Awards 2018



Best Garden/Landscaping Design
Fitzroy Gate, Isleworth



Best Placemaking
Kidbrooke Village



Royal Institution of Chartered Surveyors (RICS) Awards 2018 Grand Final



UK Project of the Year
Woodberry Down, Finsbury Park

Business Strategy: Our Vision – Places continued

2018–2020 Headline commitment overview



Community and social value

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

What we are looking to achieve

We seek to further embed our approach to building communities, in addition to exploring how we quantify and explain the benefits that our developments generate for local communities, the local economy, and the environment.

Progress in 2019

- Continued to develop an approach to building communities by engaging the local community in the design of new developments and by undertaking a community assessment.
- Continued to develop community plans on existing developments.
- Worked with the Social Value Portal to select and trial a set of independently verified, industry-wide indicators and values that can be applied to our developments to measure social impact.

Priorities for 2020

- Ensure that every site has an approach to building communities.
- Continue to identify key indicators to quantify the social value that we generate.



Sustainable transport

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

What we are looking to achieve

Through understanding our customers' needs and expectations, as well as how the transport mix is likely to change over time, we seek to ensure that we put the right infrastructure and services in place to meet customer expectations and promote sustainable travel.

Progress in 2019

- Reviewed the current utilisation of car parking, cycle parking and electric vehicle spaces on a number of existing developments, and reviewed travel plans to identify best practice.
- Researched how the transport mix is likely to change over time, making us well placed to anticipate future travel patterns and design accordingly.
- Continued to ensure that developments under construction provide future residents with sustainable travel options; over 47,000 cycle storage spaces and over 3,800 electric car charging points are being provided on sites under construction.

Priorities for 2020

- Develop key recommendations and guidance for each of our developments to follow, based on the research findings obtained in 2019.

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

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

Our Vision in action



Case study

Wetlands project at Kidbrooke Village

Berkeley and the London Wildlife Trust have been working together to enhance biodiversity at Kidbrooke Village by transforming the parkland, delivered as part of the early phases of the project, into a wetland area that will attract wildlife and people. The completed landscape enhancements provide Berkeley's first implementation of net biodiversity gain, as calculated using our Biodiversity Toolkit.

A series of events have also been undertaken to connect the local community with the green space on their doorstep. The community engagement strategy 'Wild About Kidbrooke Village' has reached over 600 people from the development, local schools, and the surrounding area. The aim is to encourage community spirit and pride, ensuring that Kidbrooke Village remains loved and well managed in the long-term.

More broadly, Berkeley has been sharing its net biodiversity gain experiences with Natural England and the Greater London Authority to help inform future policy. We are delighted that our approach has been nationally recognised and shared in the Government's consultation on biodiversity net gain. The Government has since announced that net biodiversity gain will be mandatory for new developments. Berkeley is well placed to meet the requirements, having committed to achieve net biodiversity gain on new developments since May 2017.

Case study

Calculating social value at Oval Village

In 2018, Berkeley started working with the Social Value Portal to develop a way of measuring, capturing and quantifying the contribution that we make to society through our activities on site. This led to the creation of an agreed list of economic, social and environmental outcomes which a development project can be measured against. These range from supporting an apprentice on site, through to hours volunteered with local community organisations, with each having a monetary value.

Our Oval Village project was chosen to trial this new approach. Over the next few years, Berkeley will transform the brownfield site into a vibrant new destination, creating areas of new public realm and providing space for creative employment opportunities and community engagement.

The project team has already generated social value, even prior to works starting on site, through apprenticeship events, work experience placements, mentoring and careers talks. Targets have now been set for each of the social value outcomes and progress will be tracked against these for the lifetime of the Oval Village development.



Computer generated image: Oval Village

Business Strategy: Our Vision – Operations



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

Our approach

Running our operations effectively and considerately is fundamental to the long-term success of the business. Each of our developments is led by a dedicated project team responsible for all aspects of design and delivery, including the co-ordination of professional teams of consultants and contractors; the discussion and incorporation of innovative ideas; and the environmentally efficient and socially considerate conduct of our day-to-day activities. We continue to work with our supply chain, to ensure that the necessary skills, quality services and materials are available to help us deliver the pipeline of work.

Supply chain

Effective communication and engagement with our supply chain is critical to the success of our business and the delivery of high quality developments. We communicate our requirements at the earliest stages of the tender process through our online Supply Chain Portal and are committed to procuring contractors on best overall value, rather than cost alone. We continue to engage regularly throughout each project and at wider supplier days and conferences. Our Supply Chain Taskforce holds trade-specific meetings and internal senior sponsors have been allocated for key trades. We recognise that ensuring prompt payment is imperative to our supply chain.

Considerate and sustainable activities

Managing our sites and offices with consideration of our workforce, the local community and the environment is imperative. Each of our operating companies is supported by a dedicated sustainability professional who provides advice and training, and completes formal sustainability assessments. By registering each of our sites to the Considerate Constructors Scheme (CCS), our performance is also regularly assessed by independent monitors against the Code of Considerate Practice.

We have a Sustainable Specification and Procurement Policy to help ensure the responsible selection and sourcing of products, including a requirement for timber to be certified to the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) schemes. We take action to improve resource efficiency and prevent waste production, and are proud to have zero environmental prosecutions. Berkeley is a partner of the Supply Chain Sustainability School, through which we support the provision of consistent messaging on sustainability to the supply chain.

Innovative build solutions

Innovation occurs continually on a project-by-project basis. We combine our experience from previous developments with the knowledge and skills of our talented workforce to enable us to tackle complex development risks and successfully regenerate brownfield land. Considerable research and development has occurred over the past few years to develop the Urban House type and, more recently, to deliver it using a fully-fitted modular system built off site.

Build quality

Each of our sites and homes has strict procedures to ensure a high quality of build. We support the work on industry's Get It Right Initiative (GIRI) which aims to increase productivity significantly by reducing error and its associated consequences.



Read more online:

[www.berkeleygroup.co.uk/about-berkeley-group/
our-vision/operations](http://www.berkeleygroup.co.uk/about-berkeley-group/our-vision/operations)

Snow Hill Wharf, Birmingham



2019 Awards, highlights and performance



Better Society Awards 2019

Carbon Reduction or Offset
Programme of the Year

Carbon positive

Achieved for the second year by purchasing renewable energy and offsetting more than our remaining operational emissions through verified projects



Considerate Constructors Scheme (CCS) Partner

43/50

Average Considerate
Constructors Scheme (CCS)
score, compared with the
industry average of 36/50

150,000 sq ft

Factory building constructed to house Berkeley Modular's advanced precision manufacturing facility

30

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

95%

Construction waste reused or recycled



Supply Chain Sustainability School Partner

Considerate Constructors Scheme (CCS) National Site Awards 2019



Most Considerate Site (>£50m)
One Blackfriars

**Most Considerate Site Runner-up
(>£50m)**
South Quay Plaza

26

Berkeley sites received an award, equating to 50% of those which were eligible compared with just 11% nationally

Business strategy: Our Vision – Operations continued

2018–2020 Headline commitment overview



Off-site manufacture

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

What we are looking to achieve

Through this commitment we will be delivering the Berkeley Modular facility and developing an approach to considering both volumetric off-site manufacture and the use of off-site components within the homes of all future projects.

Progress in 2019

- Constructed 150,000 sq ft factory building in Northfleet, Kent, to house Berkeley Modular's advanced precision manufacturing facility.
- Circulated a definition of volumetric and component off-site manufacture to the business for consistent understanding and capture.
- Updated Berkeley's Commercial Benchmark Report to formally capture costs in relation to off-site assembly during 2020.

Priorities for 2020

- Fit-out and test the Berkeley Modular facility to support production commencement.
- Ensure that volumetric and off-site components are considered at the earliest stages of design to enable requirements to be included within relevant packages.



Waste and plastics

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

What we are looking to achieve

We seek to better understand the waste streams produced by our activities. Working with our supply chain, we will identify opportunities to improve, and will take action to address key waste issue areas through design, procurement and behavioural change.

Progress in 2019

- Conducted additional analysis on 2018 waste data to identify key waste streams and trades to collaborate in order to reduce these.
- Reviewed Designing Out Waste workshop materials for design teams, introduced and trialled by one operating company to date.
- Engaged with two key stationery suppliers to identify alternative products that are recycled and/or recyclable, in addition to containing zero or minimal plastic.

Priorities for 2020

- Invite prevalent contractors to a workshop discussion on waste reduction barriers and opportunities, to help define a zero waste strategy.
- Evolve format and output of Designing Out Waste workshops.
- Increase general awareness around waste, along with available reuse and recycling facilities.

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

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

Our Vision in action



Case study

One Blackfriars named Most Considerate Site

In addition to delivering a stunning building that is a highlight of the London skyline, the One Blackfriars project team has demonstrated industry leading performance, achieving the accolade of Most Considerate Site (>£50m) at the Considerate Constructors Scheme (CCS) National Site Awards 2019.

A number of initiatives led to this result, including fitting a Public Recycling Zone within the hoarding inspired by the media focus on limiting plastic waste, along with adding a USB charging point so that passers-by could charge their phones while relaxing on the seating provided.

An innovative approach was also taken to ensure that cyclist and pedestrian routes were maintained. Working in close collaboration with TfL, the team used the central reservation as a Cycle Superhighway with specialist bollards installed so that cyclists remained segregated from other traffic. A public cycle repair station was also available to some 3,000 daily cyclists using the route.

To support Pride in London and LGBT workers, hoarding was rebranded during the celebrations, with hard hat stickers with the One Blackfriars logo shown in Pride in London colours and multi-coloured boot laces provided.

"Winning the coveted title of 'Most Considerate Site' is an incredible achievement. The team's efforts have clearly shown what can be achieved by working hard to raise their standards of considerate construction to the highest levels."

Edward Hardy, Chief Executive, Considerate Constructors Scheme



Case study

Committed to having carbon positive operations

The development of new homes and places involves highly carbon intensive site activities. This is particularly true for the large-scale regeneration schemes undertaken by Berkeley; transforming brownfield sites requires heavy plant and machinery to demolish existing structures that are no longer fit for purpose and to extensively remediate and move soils, especially on our sites which historically housed gas works. This year we have seen an increase in our carbon emissions, as a number of regeneration sites commence production, including Hartland Village and Clarendon.

Taking action to reduce our emissions remains a priority, with our project teams implementing a variety of initiatives to achieve reductions. These have included the installation of solar photovoltaic panels at London Dock, the use of plug-in hybrid electric vehicles at Southall Waterside and the introduction of more thermally efficient site cabins at Highwood Village.

Berkeley acknowledges that the cyclical nature of our business, along with the need to significantly change behaviours, procedures, technology and equipment, mean that fundamentally reducing carbon emissions will be an ongoing process over a number of years. We therefore look to procure renewable energy and are committed to voluntarily supporting verified projects in realising carbon emissions reductions elsewhere.

We are proud to have become the first housebuilder to have carbon positive operation, by offsetting more than our operational carbon emissions for the first time in 2018 and continuing to do so in 2019. This achievement was recognised at the Better Society Awards 2019, with Berkeley winning the Carbon Reduction or Offset Programme of the Year category.



Read more online:

[www.berkeleygroup.co.uk/about-us/sustainability/
reports-and-case-studies](http://www.berkeleygroup.co.uk/about-us/sustainability/reports-and-case-studies)

Business Strategy: Our Vision – Our People



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

Our approach

Our people are key to the development process, from the identification and purchase of land through to the sale of our homes and ongoing customer service. We are committed to supporting our teams and contributing to wider society. Attracting, developing and retaining a highly skilled, diverse, inclusive and motivated workforce is crucial to our approach. Health, safety and wellbeing are key areas of focus across all of our operations. We aim to have a positive impact on society both directly and through the Berkeley Foundation.

Attracting, developing and retaining talent

We have in the region of 2,600 direct employees working in a range of roles across our construction sites, sales suites and offices. Our talented employees are our strongest resource; it is important that we attract, develop and retain talented teams at every level. There are multiple routes into employment at Berkeley, including a Graduate Scheme and apprenticeship programmes. Our operating companies run talent management programmes to foster future talent and we look to support the supply chain in providing employment, apprenticeships and training. We celebrate the success of our direct and supply chain apprentices at our annual Apprentice Awards.

Diversity and inclusion

We understand the benefits a diverse workforce can bring and recognise that the industry as a whole faces under-representation of women as well as people from a broad range of backgrounds. Our Equality and Diversity Policy sets out our goal of promoting diversity and inclusion, ensuring that all employees, potential employees and other individuals receive equal treatment and are respected and appreciated for what makes them different.

Responsible employment

We are committed to paying at least the Living Wage Foundation's Living Wage and also encourage our contractors to pay this, going beyond the Government's mandatory national living wage. Our Gender Pay Gap Report is published on our website, with information also found in our Directors' Remuneration Report (see pages 104-105). On a broader level, we continue to take action to ensure that our business and supply chain are free of modern slavery (see our Modern Slavery Statement on our website for more detail).

Health, safety and wellbeing

The health, safety and wellbeing of our people and contractors is paramount. Working with our supply chain we aim to achieve industry-leading performance, demonstrate clear and unequivocal leadership to others in the construction sector, and never knowingly compromise on health, safety and wellbeing. Each operating company has dedicated resource to drive performance, supported by weekly Director-level visits to each site and status reviews at each Board meeting.

Berkeley Foundation

We encourage employees to have a positive impact on society both directly and through the support of the Berkeley Foundation, a registered charity aimed at helping young people, their families and communities (see pages 26-27).



Read more online:

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



Employees at Woodberry Down, Finsbury Park

2019 Awards, highlights and performance

1.14

Annual Injury Incidence Rate (AIIR),
compared with the Health and
Safety Executive's (HSE's)
industry average of 3.58



Royal Society for
the Prevention of
Accidents (RoSPA)
Health and Safety
Awards 2019

**Sector Award for
Berkeley St Edward**

80

Direct employees trained
as Mental Health
First Aiders

Learning Management
System and
Berkeley Academy
Launched to provide improved access
to Group-wide learning and training

West London Construction Academy

Launched in partnership with West
London College as a purpose-built
construction academy to tackle
the skills shortage

33%

People across our Main Board and
Senior Management are female

9

Winners at the third Berkeley Group
Apprentice Awards in 2018



**Best Exteriors Apprentice
and Overall Apprentice**
Akisam Mugezi

>500

Apprentices worked across our
sites and offices, including more
than 150 direct apprentices



**Build UK client
group member**

	Female	Male	Total
Board of Directors	4	12	16
Senior Management	4	4	8
Reporting to Senior Management	48	195	243
Total employees	1,025	1,639	2,664

As at 30 April 2019



Awarded by



**Payroll Giving
Diamond Award
2018**

32%

Employees involved with Give As
You Earn (GAYE)

Business Strategy: Our Vision – Our People continued

2018–2020 Headline commitment overview



Industry image

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

What we are looking to achieve

We seek to encourage young, talented people into the industry by showing the breadth of viable, attractive career opportunities that exist. To help achieve this, we want to develop a programme of engagement and encourage employees to act as role models and mentors.

Progress in 2019

- Developed a video highlighting the available roles within Berkeley and our supply chain, in addition to demonstrating that modern apprenticeships offer varied and rewarding careers.
- Enabled people to be inspired by going behind the scenes of 12 of our live construction sites as part of Open Doors.
- Continued to work with industry partners such as Build UK to help progress discussions and action in this area.
- Two operating companies have run construction learning programmes in collaboration with local schools (read more on page 53).

Priorities for 2020

- Develop a Group-wide programme for school and further education engagement.
- Encourage employees from all roles and levels to act as industry ambassadors and mentors.



Diversity and inclusion

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

What we are looking to achieve

We aim to attract and retain a diverse workforce to realise the benefits of varying views, skills and perspectives. To help achieve this, we look to develop guiding principles for diversity and inclusion, to be applied by each of our operating companies.

Progress in 2019

- Operating companies have started to implement measures to create a more diverse and inclusive workforce, including:
 - Diversity and inclusivity training for management teams
 - Unconscious bias awareness training
 - Staff workshops to provide an overview of the topic
 - An anonymous staff survey to obtain feedback on perceptions around diversity and inclusion
 - Independent third party face-to-face discussions with staff, using information obtained to provide recommendations.

Priorities for 2020

- Review the different initiatives in place across Berkeley and lessons learnt from these.
- Use the work already undertaken to inform the development of a Group-wide diversity and inclusion programme, which sets out guiding principles to be applied across the business.

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

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

Our Vision in action



One of our Mental Health First Aiders at Berkeley Eastern Counties

Case study

Improving mental health awareness and support

Berkeley recognises that poor mental health is a challenge to be addressed, particularly as suicide rates in the construction industry are four times greater than the national average.

There is often a stigma and misunderstanding attached to mental ill health which can be a barrier to people getting timely support. Awareness raising can help to reduce this. Berkeley is therefore developing a Mental Health Strategy, with a focus on creating a culture that encourages people to talk about mental health.

An initial element to this has been the introduction of a Mental Health First Aid (MHFA) training course. In the same way that traditional First Aiders are on hand to support with physical injury, our network of Mental Health First Aiders are on hand to support colleagues both on site and in offices. In the year, 80 Mental Health First Aiders have been trained across the business via the two-day course. Attendees are taught to spot the symptoms of mental ill health, offer initial help and guide a person towards professional support. Mental Health First Aiders learn how to listen, reassure and respond, even in a crisis.

Mental Health Supporter training is also available and has been undertaken by a number of line managers to develop an understanding of how a healthier workforce can be created and maintained. General awareness across the workforce has started to be raised through workshops and briefings, with plans to supplement these through the introduction of an e-learning module.



Students of Bay House School's Enterprise Academy gaining hands-on construction experience

Case study

Inspiring the next generation of built environment professionals

Improving the image of the industry and engaging with people from an early age are key to attracting our future workforce, with a number of initiatives aimed at achieving this in place across the business.

Berkeley Southern has partnered with Bay House School in Gosport to develop, fund and deliver a new construction skills course. The school's Enterprise Academy has been set up to provide hands-on experience in construction skills to pupils who are keen to progress in non-curriculum activities. The first intake involves 12 students from Year 10 aiming towards a BTEC Level 1 Extended Certificate in Construction through a 30 week course including practical modules such as carpentry, plastering, bricklaying and health and safety, along with careers workshops from the team at Berkeley's Royal Clarence Marina development.

Since September 2018, Berkeley East Thames has run a structured programme with Year 8 students at Thomas Tallis School. The accredited learning programme, Design Engineer Construct! ® (DEC) applies pure academic subjects to the latest construction industry practices through a project based approach. The Berkeley team has provided the whole year group with knowledge and insight into real life construction with a site visit and tour of a show home at Kidbrooke Village.

Sustainable Development Goals

Supporting the United Nations' Sustainable Development Goals



Berkeley is committed to helping to achieve the United Nations' (UN) Sustainable Development Goals (SDGs). We recognise that although all the SDGs and the targets that underpin these are important and interconnected, it is imperative to focus our efforts on those that are most material to our business and that we have the greatest ability to deliver meaningful positive impact. In 2019, we further reviewed the SDGs and underlying targets, identifying four that are most relevant to our business activities and that we have the greatest opportunity to contribute to the achievement of, particularly through the Our Vision business strategy.

SDG	Relevance to Berkeley	Contribution through our business activities and Our Vision
8 DECENT WORK AND ECONOMIC GROWTH	Berkeley supports around 29,250 jobs annually directly and through our supply chain, and has contributed over £13.5 billion to UK GDP in the last 5 years. Our people are key to the success of our business and we recognise the benefits of ensuring that diverse views and skills are represented. It is important to ensure decent work for all, and equal pay for work of equal value (in line with target 8.5). The skills crisis presents a significant risk to our industry, so it is vital that we encourage new people into employment and promote opportunities for training.	<ul style="list-style-type: none">– Attract and retain a diverse workforce and create an inclusive environment.– Provide a variety of routes through which people seeking to improve their skills can join the business, including through apprenticeships, industrial placements and our Graduate Scheme.– Provide the right environment and support to enable employees to fulfil their potential.– Take action to ensure that modern slavery and human trafficking does not take place within our business and supply chain.– Pay at least the Living Wage Foundation's Living Wage.
11 SUSTAINABLE CITIES AND COMMUNITIES	Over the last five years, we have built 19,660 homes across London and the South of England. The nature of our business provides the opportunity to have a positive impact on the places where we operate. We recognise the importance of creating homes and places with reduced environmental impact (in line with target 11.6) and spaces that are inclusive, accessible and resilient (in line with target 11.7).	<ul style="list-style-type: none">– Develop complex brownfield sites that carry high operational risk, which others are usually not willing or able to take on.– Create well-designed, high quality, safe and sustainable homes and places that are resilient to climate change and have more nature after than before we started developing.– Implement a coherent approach to building communities and look to understand the social value generated by new development.– Incorporate features into homes and places that make it easier for residents to live a sustainable lifestyle and that contribute to their wellbeing.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Berkeley has a global supply chain and uses a range of products and services that have the potential to lead to negative impacts. We seek to minimise these impacts and have a positive influence where possible (in line with target 12.2). Raising awareness and encouraging residents to use resources responsibly and live sustainable lifestyles (in line with target 12.8) is also key.	<ul style="list-style-type: none">– Procure contractors based on overall value, rather than cost alone, through the use of our Tender Scoring Matrix.– Target reduced energy and water consumption, and waste production.– Register all development sites with the Considerate Constructors Scheme (CCS).– Apply our Sustainable Specification and Procurement Policy, including a requirement for certified timber.– Provide customers with information on sustainability features relevant to their home and community.
13 CLIMATE ACTION	Berkeley consumes significant quantities of energy, particularly during the operation of our construction sites. We have a role to play in mitigating climate change by taking steps to reduce energy consumption and using less carbon intensive options. We can also help our residents use energy and water responsibly. It is fundamental that Berkeley builds homes where people can live comfortably both now and in the future, strengthening resilience to climate-related risks (in line with target 13.1) such as flooding, water shortage and overheating.	<ul style="list-style-type: none">– Reduce operational carbon emissions and continue to be carbon positive.– Install low carbon and renewable technologies within homes and developments, and enable our developments to achieve zero operational carbon emissions in the future.– Design features into our developments to increase resilience to climate change impacts, including rainwater harvesting, low water use fittings and measures to ensure thermal comfort.– Incorporate green infrastructure into our developments, such as open space and living roofs.

Non-Financial Reporting Statement

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

Reporting requirement	Relevant policies in place that govern our approach	Where to read more in this report to understand the impact on the business, and the outcome of applying our policies
Environmental matters	<ul style="list-style-type: none"> – Sustainability Policy – Sustainable Places Policy – Sustainable Business Policy – Climate Change Policy – Sustainable Specification and Procurement Policy 	<ul style="list-style-type: none"> – Our Vision: Homes, Places and Operations, pages 38 to 49 – Increasing Nature and Reducing Carbon, pages 16 to 17 – Sustainable Development Goals, page 54
Employees	<ul style="list-style-type: none"> – Employee Policy – Apprenticeships and Skills Development Policy – Equality and Diversity Policy – Health and Safety Policy 	<ul style="list-style-type: none"> – Our Vision: Our People, pages 50 to 53 – Delivering For All Stakeholders, pages 56 to 57 – Sustainable Development Goals, page 54
Respect for human rights	<ul style="list-style-type: none"> – Modern Slavery Statement – Equality and Diversity Policy – Whistleblowing Policy – Sustainable Specification and Procurement Policy 	<ul style="list-style-type: none"> – Directors' Report, page 115 – Corporate Governance Report, page 87 – Delivering For All Stakeholders, pages 56 to 57 – Our Vision: Operations and Our People, pages 46 to 53
Social matters	<ul style="list-style-type: none"> – Sustainable Places Policy – Apprenticeships and Skills Development Policy – Sustainable Specification and Procurement Policy – Climate Change Policy 	<ul style="list-style-type: none"> – Our Vision: Places and Our People, pages 42 to 45 and 50 to 53 – Delivering For All Stakeholders, pages 56 to 57 – A people-centred approach, page 9 – Berkeley Foundation, pages 26 to 27
Anti-bribery and anti-corruption	<ul style="list-style-type: none"> – Anti-Bribery and Corruption Policy – Business Ethics Policy – Corporate Hospitality and Promotional Expenditure Policy – Whistleblowing Policy – Anti-Facilitation of Tax Evasion Policy 	<ul style="list-style-type: none"> – Corporate governance; Bribery Act and Anti-Money Laundering Regulations, page 87
How we manage risk		<ul style="list-style-type: none"> – Our external and internal risks, including climate change, sustainability, and health and safety can be found on pages 60 to 69.
Business model		<ul style="list-style-type: none"> – Our business model and its links to our strategy and stakeholders can be found on pages 28 to 29.
Non-financial KPIs		<ul style="list-style-type: none"> – Our non-financial KPIs can be found on page 30. In addition to these non-financial KPIs, Berkeley monitors and reports on business performance through a host of other data, highlights and awards. Some of these are detailed within the Our Vision business strategy sections of this report on pages 32 to 53.

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

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

Stakeholder Engagement

Delivering For All Stakeholders

By undertaking our core business activities in a responsible way with a long-term focus and open channels of communication, we deliver value for all of our stakeholders.

Customers

Placing the customer at the heart of every decision

How we listen and engage

Our customers receive a personal service, tailored purchase information and a dedicated point of contact to guide them through their purchase.

Our online platform, MyHome Plus, enables customers to interact with us when convenient for them and contains all key information about their purchase in one easy-to-navigate place.

We collect regular customer feedback during the customer journey and a detailed independent survey takes place post completion (Net Promoter Score). Customer focus groups are also run on some developments.

We complete sales and marketing suite exit interviews with potential customers who choose not to purchase a property, to better understand purchaser expectations and priorities.

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

Our Customer Service Committee, drawn from across the Group, reviews customer feedback and identifies areas for improvement which inform our future developments.

How we deliver

 See Customers on pages 34 to 37



Communities and Local Government

Making a positive contribution to the communities in which we work

How we listen and engage

Engagement starts at the pre-planning stage. We listen carefully to local people, elected members and planning officers and collaborate to shape bespoke masterplans.

During development we continue to communicate, engage and collaborate with all local partners. We get to know people, meet face-to-face, and use a mix of meetings, newsletters, open days, notice boards, websites and digital channels to keep everyone informed.

We contribute to community life in many ways, including hosting and supporting local events, markets, school visits, skills and careers days, biodiversity learning days, youth engagement projects, cultural events and volunteering programmes.

We test each masterplan against an evidence-based Community Assessment framework to ensure it can meet local needs and support community wellbeing.

Once residents move in we deliver Community Plans to encourage healthy social links and integration with the wider community.

Every site is registered with the Considerate Constructors Scheme and independently assessed against the Code of Considerate Practice.

We consider long-term estate stewardship at the start of development and work with residents and managing agents to create sustainable systems of community governance.

How we deliver

 See Places on pages 42 to 45



Employees

Promoting health, wellbeing and inclusion

How we listen and engage

Our engagement programmes include staff surveys, breakfast briefings, and lunch & learns. We are trialing two-way digital engagement platforms, including Hubbub. We hold informal staff events like sports days, pub quizzes and a range of group fundraising events for the Berkeley Foundation.

Our operating companies host annual staff conferences to provide business updates and to encourage open group discussions and feedback on a range of issues.

Group wide performance updates are issued to employees, including a newsletter outlining progress and case studies under Our Vision.

Each of our operating companies has developed a talent management programme, including training assessments and personal development reviews.

Graduates on our structured Graduate Scheme have dedicated Director-level mentors from a different operating company to which they work, to provide support.

Each of our Committees meet at least quarterly to share lessons learnt, best practices and to collaborate on key projects. Committee meeting packs and outcomes are made available to all employees.

How we deliver

 See Our People on pages 50 to 53



Supply chain

Ensuring responsible procurement and collaborative delivery

How we listen and engage

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

We communicate throughout the tender process and we are committed to collaborative delivery. We engage to ensure full compliance and buy-in around our site safety, quality, ethics, human rights and environmental standards and behaviours.

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

Pre-start meetings ensure that key areas are discussed prior to initiating any activities, with site inductions provided to each contractor operative. Standards are reinforced through regular site meetings, signage and toolbox talks.

In addition to supplier days and conferences, our Supply Chain Taskforce holds trade specific meetings and internal senior sponsors have been allocated for key trades, to ensure that feedback is addressed.

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

How we deliver

 See Operations on pages **46 to 49**



Investors

Delivering sustainable financial returns

How we listen and engage

Directors attend the Annual General Meeting, affording retail shareholders in particular, the opportunity to hear from the Board and make enquiries.

Investor roadshows and analyst briefings are held following the interim and year end results announcements, giving stakeholders the opportunity to make specific enquiries of management.

One to one meetings and conference calls are held with management, as appropriate.

Site visits with senior management provide investors the opportunity to view the operations of the business, as appropriate.

Shareholder consultations are undertaken on key governance related matters, such as the Remuneration Policy.

We provide regulatory reporting, including the Annual Report, and participate in external indices, benchmarks and accreditations.

How we deliver

 See financial KPIs on page **30**

Regulators, Government and Industry

Working together in the spirit of partnership

How we listen and engage

Berkeley has a pragmatic and positive approach to planning, working collaboratively to shape proposals that work for everyone and engaging with local authorities throughout the development process.

We respond to the Government's consultations where relevant, to provide our views on and help shape future policy.

We work in partnership to research, trial and develop innovative solutions to key public policy challenges, including net biodiversity gain, net zero carbon homes, modular housing delivery and green transport development.

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

We participate in the development of Local Plans and Neighbourhood Plans.

We are active members of the UK Green Building Council, Build UK, the Construction Leadership Council, the Considerate Constructors Scheme and Supply Chain Sustainability School, to help discuss and drive improvements across the built environment industry.

How we deliver

 See Our Vision on pages **32 to 53**



How We Manage Risk

The assessment of risk and embedding risk management throughout Berkeley is a key element of setting and delivering the Group's strategy.

Risk appetite

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

Cyclical market

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

Operational complexity

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

Autonomy and values

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

Financial strength

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

The Group's risk appetite is reviewed annually and approved by the Board. Berkeley's risk appetite has reduced in the year due to the complexities of the current operating environment and background macro-economic uncertainty.

This review guides the actions we take to implement our strategy.

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

Risk management framework

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

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

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

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

The Audit Committee has responsibility for ensuring the effectiveness of risk management and internal controls on behalf of the Board. The controls and processes surrounding how we assess risk across the Group are explained further in the Corporate Governance report on page 86.

The principal operating risks and our approach to mitigating them are described in more detail on pages 60 to 69.

Exposure to financial risks

The financial risks to which Berkeley is exposed include:

Liquidity risk

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

Market credit risk

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

Market interest rate risk

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

Other financial risks

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

Management of financial risks

Berkeley adopts a prudent approach to managing these financial risks.

Treasury policy and central overview

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

Low gearing

The Group is currently financing its operations through shareholder equity, supported by £975 million of net cash on the balance sheet. This in turn has mitigated its current exposure to interest rate risk.

Headroom provided by bank facilities

The Group has £750 million of committed credit facilities maturing in November 2023, after the Group exercised the second of two options to extend the facilities by a year. This comprises a term loan of £300 million and the revolving credit facility of £450 million. Berkeley has a strong working partnership with the six banks that provide the facilities listed on page 155 and is key to Berkeley's approach to mitigating liquidity risk.

Forward sales

Berkeley's approach to forward selling new homes to customers provides good visibility over future cash flows, as expressed in cash due on forward sales which stands at £1.83 billion at 30 April 2019. It also helps mitigate market credit risk by virtue of customers' deposits held from the point of unconditional exchange of contracts with customers.

Land holdings

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

Detailed appraisal of spending commitments

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

Viability statement

In accordance with provision C2.2 of the 2016 revision of the UK Corporate Governance Code, the Directors have assessed the longer term viability of the Group.

The Directors have undertaken their assessment over a three year period from 1 May 2019 to 30 April 2022. The majority of the Group's developments are long-term in nature and the Board's strategic planning reviews cover at least this timeframe. Furthermore, the Group owns or controls the land required for this period and accordingly there is sufficient detail within the individual site cash flow forecasts to enable a meaningful assessment over this period.

In making its assessment, the Directors have considered the principal risks facing the Group and how the Group mitigates such risks, which are summarised on pages 60 to 69 of the Strategic Report. The majority of risks to the Group are operational in nature due to the Group's focus on long-term complex regeneration sites and therefore risk management is appropriately embedded in the day to day business processes and controls. The individual site cash flow forecasts, which are used to prepare the Group's consolidated cash forecasts, take account of these individual site operational risks.

The Group's business model, as set out on pages 28 to 29 of the Strategic Report, recognises these operational risks, and that the property market is inherently cyclical, and accordingly a core risk management principal for the Group is to keep financial risk sufficiently low through forward selling where possible, maintaining a sound balance sheet and headroom within its financing activities.

The Group's consolidated cash flow forecasts include appropriate allowances for discretionary investment and the quantum and timing of this is in turn subject to the delivery of the individual site operational cash flows. The viability assessment has considered the impact of reduced sales activity in the three year period from the business plan levels as a result of adverse macro-economic conditions and the Directors have also taken into account appropriate mitigating actions which may be instigated in response, primarily around curtailed discretionary investment, such as lower new land purchases or deferment of new site starts, amongst others.

Based on the assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period commencing 1 May 2019.

How We Manage Risk continued

External risks

	Risk description and impact	Approach to mitigating risk
Economic outlook	<p>As a property developer, Berkeley's business is sensitive to wider economic factors such as changes in interest rates, employment levels and general consumer confidence.</p> <p>Some customers are also sensitive to changes in the sterling exchange rate in terms of their buying decisions or ability to meet their obligations under contracts.</p> <p>Changes to economic conditions in the UK, Europe and worldwide may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.</p>	<p>Recognition that Berkeley operates in a cyclical market is central to our strategy and maintaining a strong financial position is fundamental to our business model and protects us against adverse changes in economic conditions.</p> <p>Land investment in all market conditions is carefully targeted and underpinned by demand fundamentals and a solid viability case, respecting the cyclical nature of the property industry.</p> <p>Levels of committed expenditure are carefully monitored against forward sales secured, cash levels and headroom against our available bank facilities, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets.</p> <p>Production programmes are continually assessed, depending upon market conditions. The business is committed to operating at an optimal size, with a strong balance sheet, through autonomous businesses to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.</p>
Political outlook	<p>Significant political events, including the impact of the vote to leave the EU and the continued uncertainty over the timing and form of Brexit, may impact Berkeley's business through, for instance, the reluctance of buyers to make investment decisions due to political uncertainty and, subsequently, specific policies and regulation may be introduced that directly impact our business model.</p>	<p>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.</p>
Regulation	<p>Adverse changes to Government policy on areas such as taxation, housing and the environment could restrict the ability of the Group to deliver its strategy.</p> <p>Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Detailed policies and procedures are in place where appropriate to the prevailing regulations and these are communicated to all staff.</p> <p>Following the Grenfell Tower tragedy we undertook a thorough review of all of our high-rise buildings, including engaging with the local fire authorities, expert fire consultants, residents and MHCLG.</p>

Residual risk rating	Likelihood change during year	Impact change during year	Commentary and developments if any during the year
High			<p>Volatility in the UK economy has been prolonged beyond the previously anticipated period, primarily due to the ongoing uncertainty over Brexit coupled with the weaker global economy.</p> <p>Inflation has remained relatively stable and employment rates are at record highs.</p> <p>Equity and foreign exchange markets remain susceptible to volatility associated with Brexit, the US/China trade dispute and other global factors.</p> <p>The Bank of England increased interest rates to 0.75% during the year. Further increases are likely but the timing and level of any increases are uncertain.</p> <p> See pages 8 to 9 and 18 to 20</p>
High			<p>The political environment remains highly unstable and the risks of a disruptive or "no deal" Brexit, alongside the possibility of a General Election, are well documented.</p> <p>The uncertainty over Brexit also affects the critical issues of access to EU labour, with over half of London's construction labour coming from the EU, and volatility of material availability and cost from tariffs and currency fluctuations.</p> <p> See pages 8 to 9 and 18 to 20</p>
High			<p>Following a number of consultations in the last two years, we continue to await final Government recommendations on housing delivery, ground rents, leasehold reform and cladding.</p> <p>The General Data Protection Regulation (GDPR) came into force this year controlling the use of personal data. Whilst this has had a significant impact on the business, we have implemented procedures and undertaken training to ensure focus and compliance with this legislation.</p> <p> See pages 8 to 9 and 18 to 20</p>

How We Manage Risk continued

Internal risks

	Risk description and impact	Approach to mitigating risk
Land availability	<p>An inability to source suitable land to maintain the Group's land holdings at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.</p>	<p>Understanding the markets in which we operate is central to Berkeley's strategy and, consequently, land acquisition is primarily focused on Berkeley's core markets of London, Birmingham and the South East of England, markets in which it believes that the demand fundamentals are strong.</p> <p>Berkeley has experienced land teams with strong market knowledge in their areas of focus, which gives us the confidence to buy land without an implementable planning consent and, with an understanding of local stakeholders' needs, positions Berkeley with the best chance of securing a viable planning consent.</p> <p>Berkeley acquires land opportunistically, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise.</p> <p>Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the greatest chance of securing targeted land.</p> <p>The Group maintains its land holdings to mitigate against significant impacts from market changes or delayed build activity.</p>
Planning process	<p>Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings.</p> <p>This could have a direct impact on the Group's ability to deliver its product and on its profitability.</p>	<p>The Group's strategic geographical focus and expertise places it in the best position to conceive and deliver the right consents for the land acquired.</p> <p>Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase.</p> <p>Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally.</p> <p>The planning status of all sites is reviewed at both monthly divisional Board meetings and Main Board meetings.</p> <p>The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.</p>
Retaining people	<p>An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities.</p> <p>Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.</p>	<p>We have developed a series of commitments within Our Vision, our plan for the business, to ensure that we retain and develop the best people to support the business in the long-term. This includes a talent management programme, investment in training and the implementation of health and wellbeing initiatives.</p> <p>Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel.</p> <p>Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive.</p>

Residual risk rating	Likelihood change during year	Impact change during year	Commentary and developments if any during the year
Medium			<p>The Group continues to focus on enhancing the value of the land bank through a combination of acquiring new sites, enhancing the value of existing sites and bringing sites through the strategic pipeline of long-term options. Investment decisions are affected by the uncertainty in the political and economic outlook as well as a complexities in the planning system.</p> <p>The risk remains unchanged in the year, with Berkeley remaining selective in the land market, acquiring 14 new sites in the year, including two in St William and two in St Edward.</p> <p> See page 73</p>
High			<p>The planning process remains highly complex and time consuming with increased demands from a combination of affordable housing, the Community Infrastructure Levy, Section 106 obligations and review mechanisms.</p> <p>Whilst we have secured a number of planning consents in the year, these have taken a long time to obtain and there remains hurdles before starting on site. These include areas such as utilities, remediation, easements, compulsory purchase orders and the discharge of planning conditions, which are all added impediments to increased delivery.</p> <p> See page 73</p>
Medium			<p>The motivation, retention and progression of our people remains fundamental to the delivery of our strategy.</p> <p>The Group continues to have a stable senior management team and despite the normal pressure of people retention, overall retention rates have remained stable this year as a result of the ongoing focus on talent management, career progression opportunities, training and health and wellbeing initiatives.</p> <p> See page 50</p>

How We Manage Risk continued

Internal risks continued

	Risk description and impact	Approach to mitigating risk
Securing sales	<p>An inability to match supply to demand in terms of product, location and price could result in missed sales targets and/or high levels of completed stock which in turn could impact on the Group's ability to deliver its corporate strategy.</p>	<p>Detailed market demand assessments of each site are undertaken before acquisition and regularly during delivery of each scheme to ensure that supply is matched to demand in each location.</p> <p>Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location.</p> <p>The Group has a diverse range of developments with homes available across a broad range of property prices to appeal to a wide market.</p> <p>The Group's ability to forward sell reduces the risk of the development cycle where possible, thereby justifying and underpinning the financial investment in each of the Group's sites. Completed stock levels are reviewed regularly.</p>
Liquidity	<p>Reduced availability of the external financing required by the Group to pursue its activities and meet its liabilities.</p> <p>Failure to manage working capital may constrain the growth of the business and ability to execute the business plan.</p>	<p>The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are coordinated centrally as a Group function.</p> <p>The treasury policy is intended to maintain an appropriate capital structure to manage the Group's financial risks and provide the right platform for the business to manage its operating risks.</p> <p>Cash flow management is central to the continued success of Berkeley, and there is a culture which prioritises an understanding of the impact of all decisions on the Group's spending commitments and hence its balance sheet, alongside weekly and monthly reviews of cash flow forecasts at operating company, divisional and Group levels.</p>
Mortgage availability	<p>An inability of customers to secure sufficient mortgage finance now or in the future could have a direct impact on the Group's transaction levels.</p>	<p>Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio.</p> <p>The Group participates in the Government's Help to Buy scheme, which provides deposit assistance to first-time buyers, and has participated in other Government schemes historically.</p> <p>Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.</p>

Residual risk rating	Likelihood change during year	Impact change during year	Commentary and developments if any during the year
Medium			<p>Transaction levels have remained stable this year, but are not at a level that could support growth in the medium term.</p> <p>The impact of changes in recent years to SDLT and buy-to-let mortgage interest deductibility is partly offset by the continued availability of mortgage finance at low interest rates, and favourable currency exchange rates.</p> <p>Furthermore, the Group has well-located developments which are well presented and the design and mix of homes on each development are continually reviewed to ensure these respond to market demand.</p> <p>Customers are at the heart of all of our decisions, and Berkeley prioritises customer service through its Our Vision commitments, with levels of service comparable to other top performing companies. We are committed to understanding their needs and consistently meeting or exceeding their expectations.</p> <p> See pages 18, 34 and 56</p>
Low			<p>The Group has £750 million of committed credit facilities maturing in November 2023 after the Group exercised the second of the two options to extend the facilities by a year. This comprises a term loan of £300 million and the revolving credit facility of £450 million.</p> <p>Berkeley has a strong working partnership with the six banks that provide the facilities and is key to Berkeley's approach to mitigating liquidity risk.</p> <p>The Group is currently financing its operations through shareholder equity, supported by over £975 million of net cash on the Balance Sheet.</p> <p> See page 155</p>
Medium			<p>In line with last year, an economic environment of continued low interest rates, combined with resilient economic performance, has supported mortgage availability, resulting in a steady risk profile.</p> <p>However, regulation restricting income multiples means that many potential home owners who are more than capable of affording today's cost of home ownership are unable to do so. The Group also believes that the introduction of 24-month mortgage offers is key to enable more home owners to purchase early in the development cycle, at the same time that cash buyers and investors are able to do so.</p>

How We Manage Risk continued

Internal risks continued

	Risk description and impact	Approach to mitigating risk
Climate change	<p>The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials. Our customers and communities could be adversely affected through overheating, water shortages or flooding.</p> <p>There is also an increased level of interest in disclosures on climate change management. Failure to report in line with regulations or key recommendations could expose Berkeley to penalties and reputational damage.</p>	<p>The Group Sustainability Team identifies strategic climate change risks and opportunities facing the business through the regular review of issues and trends, along with active collaboration with external experts. These are shared with the Chief Executive and Board Director Responsible for Sustainability.</p> <p>Climate change is a key theme within our business strategy, Our Vision, with commitments to both mitigate and adapt to climate change.</p> <p>By taking action under our operational carbon emissions reduction target our sites, offices and sales suites are identifying and investing in energy efficiency measures. We also look to reduce the impact of our homes and places when in use and are taking action to contribute to a zero carbon built environment.</p> <p>To build resilience into our homes and developments, we consider climate change risks and incorporate measures to reduce these. This includes undertaking an overheating risk assessment pre-planning and incorporating relevant measures to improve thermal comfort.</p> <p>We welcome the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and are taking action to implement these over time through the evolution of our processes and reporting.</p>
Sustainability	<p>Berkeley is aware of the environmental and social impact of the homes and places that it builds, both throughout the development process and during occupation and use by customers and the wider community.</p> <p>Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demands for sustainable homes and communities.</p>	<p>The strategic direction for sustainability is set at a Group level and is integrated within our business strategy, Our Vision. We have specific commitments to enhance environmental and social sustainability considerations in the operation of our business and the delivery of our homes and places.</p> <p>Operational procedures and processes are regularly reviewed to ensure high standards and legal compliance are maintained.</p> <p>Dedicated sustainability teams are in place in each business and at Group, providing advice, monitoring performance and driving improvement.</p>
Health and Safety	<p>Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public.</p> <p>A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site-related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.</p>	<p>Berkeley considers this to be an area of critical importance. Berkeley's health and safety strategy is set by the Board. Dedicated health and safety teams are in place in each division and at Head Office.</p> <p>Procedures, training and reporting are all regularly reviewed to ensure high standards are maintained and comprehensive accident investigation procedures are in place. Insurance is held to cover the risks inherent in large-scale construction projects.</p> <p>The Group continues to implement initiatives to improve health and safety standards on-site.</p>

Residual risk rating	Likelihood change during year	Impact change during year	Commentary and developments if any during the year
Medium			<p>We monitor the actions taken to reduce carbon emissions across our activities and report the greenhouse gas emissions for which we are responsible. Following our leading approach in 2018, we continue to achieve carbon positive operations on an annual basis, offsetting more emissions than we produce.</p> <p>We also regularly review the features incorporated into our homes and places to both mitigate and adapt to climate change. As part of our net zero carbon homes commitment, Berkeley has developed Low Carbon Transition Plans for three developments in 2019 to trial the approach and identify key considerations for enabling homes to operate at net zero carbon by 2030.</p> <p>A number of extreme weather events took place in 2019 both in the UK and globally. With the exception of some sites closing for a short period during severe winter weather, these did not have an impact on Berkeley's activities.</p> <p>Berkeley continues to report qualitatively on the governance, strategy and risk management components of the TCFD recommendations on our website. We are aware of the Government's new Streamlined Energy and Carbon Reporting (SECR) policy and are taking action to meet our obligations in this area in 2020.</p>
Medium			<p>In these areas of continually evolving risks, the Group continues to focus on commitments and initiatives that enable the long-term success of our business and developments, and that differentiate Berkeley.</p> <p>This year, the Government announced that net biodiversity gain will be mandatory for new developments. Berkeley is well placed to meet the new Government requirements having committed to create a net biodiversity gain on its new developments since May 2017.</p>
Medium			<p>High levels of production continued during the year, with an average of approximately 11,500 people on our sites every day.</p> <p>Health and safety remains an operational priority for Berkeley and our Annual Injury Incidence Rate (AIIR) has decreased by a further 20% this year to stand at 1.14 at the year end, well below our target of 2.75 and remains one of the best in the industry.</p>

See pages 16 to 17, 32 to 49 and 54 and 115

How We Manage Risk continued

Internal risks continued

	Risk description and impact	Approach to mitigating risk
Product quality and customers	<p>Berkeley has a reputation for high standards of quality in its product.</p> <p>If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased cost.</p>	<p>Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that product quality is maintained.</p> <p>Customer satisfaction surveys are undertaken on the handover of our homes, and feedback incorporated into the specification and design of subsequent schemes.</p>
Build cost and programme	<p>Build costs are affected by the availability of skilled labour and the price and availability of materials, suppliers and contractors.</p> <p>Declines in the availability of a skilled workforce, and changes to these prices could impact on our build programmes and the profitability of our schemes.</p>	<p>A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition, whilst a further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction.</p> <p>Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month.</p> <p>The Group monitors its development obligations and recognises any associated liabilities which arise.</p> <p>Our Vision includes ongoing commitments to promote apprenticeships and training across both our employees and our indirect workforce and the Group works closely with contractors, schools, colleges and training providers to promote the industry, reach talent and up-skill our workforce through the completion of relevant qualifications.</p>
Cyber and data risk	<p>The Group acknowledges that it places significant reliance upon the availability, accuracy and security of all of its underlying operating systems and the data contained therein.</p> <p>The Group could suffer significant financial and reputational damage because of the corruption, loss or theft of data, whether inadvertent or via a deliberate, targeted cyber attack.</p>	<p>Berkeley's systems and control procedures are designed to ensure that data confidentiality and integrity are not compromised.</p> <p>Our Information Security Programme focuses primarily on stopping security breaches, and ongoing monitoring and scanning are also conducted. We also work closely with our suppliers and partners to improve the understanding of security best practices.</p> <p>An IT Security Committee meets monthly to address all cyber security matters. The Group has Cyber Essentials Plus certification and a Group-wide security awareness programme, which is refreshed on a regular basis to update employees on current cyber security trends.</p> <p>The Group operates multiple data centres, thereby ensuring that there is no centralised risk exposure and the adequacy of the IT disaster recovery plan is regularly assessed.</p> <p>The Group has Cyber insurance in place to mitigate against any financial impact.</p>



Residual risk rating	Likelihood change during year	Impact change during year	Commentary and developments if any during the year
Medium			<p>The Group's continued focus on improving the quality of design and product, with attention to every detail in our homes, remains at the heart of our delivery.</p> <p>We are constantly looking at ways to meet the demands of changing lifestyles, as well as the rapidly changing levels of expectations from our customers.</p> <p>Good progress has been made in the year on the construction of our modular factory, which will help deliver a significant portion of construction value through offsite assembly by 2020.</p> <p> See page 34</p>
Medium			<p>Build cost increases have been between 4% and 5% this year, across both labour and materials.</p> <p>Pressures from skills shortages remain, with the UK construction industry facing a significant skills shortage, with more people leaving the industry than joining it. The impact on the ongoing supply of skilled labour from the final agreed Brexit position remains uncertain.</p> <p>During the year we opened one of the country's first purpose-built construction academies at our Southall Waterside site, delivered in partnership with West London College. A new curriculum has been designed alongside trade partners.</p> <p> See page 45</p>
Medium			<p>The threat from cyber attacks remains high.</p> <p>The methods of attack continue to evolve and are becoming more sophisticated, with a step change in the methods and available technologies that can be used.</p> <p>Email based attacks remain a main risk and the Group has implemented a leading email protection solution.</p> <p>The Security Operations Centre is fully operational and continues to monitor and alert on unusual activity.</p> <p>In the year the Group achieved the Government's Cyber Essentials Plus certification for the third consecutive year.</p>

Trading and Financial Review

Trading performance

Revenue of £2,957.4 million in the year (2018: £2,840.9 million) arose primarily from the sale of new homes in London and the South East. This included £2,797.0 million of residential revenue (2018: £2,703.9 million), £nil million from the sale of ground rent assets (2018: £28.4 million) and £160.4 million of commercial revenue (2018: £108.6 million). There were no land sales in the year (2018: £nil).

3,698 new homes (2018: 3,678) were sold across London and the South East at an average selling price of £748,000 (2018: £725,000). The changes to the average selling price are a result of mix on the Group's developments in central London in the year.

Revenue of £160.4 million from commercial activities (2018: £108.6 million) included the disposal of a 190-bed hotel at 250 City Road, 71,000 sqft of office, retail and leisure space at One Tower Bridge, an office building at Royal Wells Park and further space across a number of developments including London Dock, Fulham Reach, Corniche, Kidbrooke Village, Vista and Woodberry Down. The £108.9 million of revenue last year was from the sale of hotels at One Blackfriars and Royal Arsenal as well as some 254,000 sq ft of office, retail and leisure space.

The gross margin percentage has decreased to 31.3% (2018: 34.6%), reflecting the mix of properties sold in the year. Overheads of £157.8 million (2018: £166.5 million) decreased by £8.7 million in the year. This is principally due to a decrease in the charge to the

income statement for the Group's share schemes. Consequently, the Group's operating margin has decreased to 26.0% from 28.8% last year.

Berkeley's share of the results of joint ventures was a profit of £8.8 million (2018: £162.7 million) which reflects the stage of delivery of our joint venture sites. This year, sales were predominantly from St Edward's Green Park Village in Reading and the Kensington development, offset by net costs in St William which is in the very early stages of delivery, while last year's results included a large number of completions at 190 Strand.

The Group has remained cash positive on a net basis throughout the year. Net finance costs totalled £2.0 million for the year (2018: £2.7 million) due to facility fees, interest on the £300 million term borrowing and imputed interest on land creditors which outweighed interest income on cash deposits.

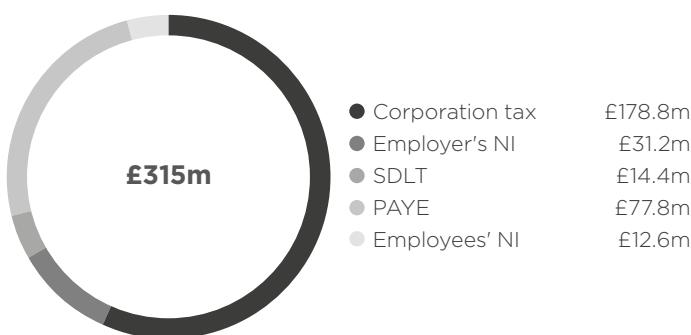
Pre-tax return on equity for the year is 27.9%, compared to 41.9% last year. Basic earnings per share has decreased by 18.1% from 587.4 pence to 481.1 pence, which takes into account the issue of a further 0.5 million shares in October 2018 to satisfy the net share awards under the 2011 LTIP scheme as well as the buy-back of 5.6 million shares at a cost of £198.9 million under the Shareholder Returns programme.

Income Statement for the Year Ended	30 April 2019 £'million		30 April 2018 £'million		Change £'million	Change %
Revenue	2,957.4		2,840.9		+116.5	+4.1%
Gross profit	926.2	31.3%	983.5	34.6%	-57.3	-5.8%
Operating expenses	(157.8)	5.3%	(166.5)	5.9%	+8.7	+5.2%
Operating profit	768.4	26.0%	817.0	28.8%	-48.6	-5.9%
Net finance costs	(2.0)		(2.7)		+0.7	
Share of joint venture results	8.8		162.7		-153.9	
Profit before tax	775.2	26.2%	977.0	34.4%	-201.8	-20.7%
Tax	(147.8)	19.1%	(181.5)	18.6%	+33.7	
Profit after tax	627.4		795.5		-168.1	-21.1%
Earnings Per Share – Basic	481.1p		587.4p		-106.3p	-18.1%
Dividend Per Share	40.6p		108.3p		-67.7p	-62.5%
Pre-Tax Return on Equity	27.9%		41.9%		-14.0%	

Taxation

The Group has an overall tax charge of £147.8 million for the year (2018: £181.5 million) and an effective tax rate of 19.1% (2018: 18.6%). The Group manages its tax affairs in an open and transparent manner with the tax authorities and observes all applicable rules and regulations in the countries in which it operates. Factors that may affect the Group's tax charge include changes in tax legislation and the closure of open tax matters in the ordinary course of events. The adjustments in respect of previous years reflects agreement of a number of previously open issues and tax relief claims.page

Total Tax paid (year ended 30 April 2019)



For the year ended 30 April 2019, the total tax contribution to the UK Treasury was £315m; split between taxes borne by Berkeley of £224m (corporation tax, employer's NIC and SDLT) and taxes borne by our employees of £91m (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 31.

Abridged Cash Flow for the Year Ended	30 April 2019 £'million	30 April 2018 £'million
Profit before tax	775.2	977.0
Decrease in inventory	181.9	343.3
Decrease in customer deposits	(208.9)	(79.9)
Other working capital movements	49.0	(134.5)
Net reduction in working capital	22.0	128.9
Net investment in joint ventures	(62.8)	(184.7)
Tax paid	(178.8)	(238.0)
Other movements	(16.0)	5.7
Cash inflow before share buy-backs and dividends	539.6	688.9
Shareholder returns — share buy-backs	(198.9)	(140.4)
Shareholder returns — dividends	(53.0)	(146.7)
Increase in net cash	287.7	401.8
Opening net cash	687.3	285.5
Closing net cash	975.0	687.3

Trading and Financial Review continued

Financial Position

Net assets increased over the course of the year by £0.4 billion, or 14.4%, to £2,963.3 million (2018: £2,591.2 million). This is after payment of £53.0 million of dividends and the £198.9 million of share buy-backs. This equates to a net asset value per share of 2,305 pence, up 18.9% from 1,938 pence at 30 April 2018, given the share buy-backs undertaken in the year.

Inventories have decreased by £181.9 million from £3,296.6 million at 30 April 2018 to £3,114.7 million at 30 April 2019. Inventories include £395.2 million of land not under development (30 April 2018: £337.7 million), £2,584.7 million of work in progress (30 April 2018: £2,836.5 million) and £134.8 million of completed stock (30 April 2018: £122.4 million).

Trade and other payables are £1,595.5 million at 30 April 2019 (30 April 2018: £1,727.4 million). These include £686.1 million

of on-account receipts from customers (30 April 2018: £895.0 million) and land creditors of £92.6 million (30 April 2018: £105.2 million). Provisions of £79.1 million (30 April 2018: £81.8 million) include post-completion development obligations and other provisions.

The Group ended the year with net cash of £975.0 million (30 April 2018: £687.3 million) which consists of cash holdings of £1,275.0 million and a £300.0 million term loan drawn under the Group's banking facilities. This is an increase of £287.7 million during the year (2018: £401.8 million) as a result of £767.2 million of cash generated from operations (2018: £828.3 million) and a net inflow of £22.0 million in working capital (2018: net inflow of £128.9 million), before tax and other net cash outflows of £249.6 million (2018: £268.3 million), share buy-backs of £198.9 million (2018: £140.4 million) and dividends of £53.0 million (2018: £146.7 million).

Abridged Balance Sheet as at

	30 April 2019 £'million	Change £'million	30 April 2018 £'million
Non-current assets			
— Investment in Joint Ventures	374.7	+62.8	311.9
— Other non-current assets	105.5	-3.3	108.8
Total non-current assets	480.2	+59.5	420.7
Inventories	3,114.7	-181.9	3,296.6
Debtors	68.0	+24.9	43.1
Deposits and on account receipts	(686.1)	+208.9	(895.0)
Other trade payables	(909.4)	-29.7	(879.7)
Provisions	(79.1)	+2.7	(81.8)
Capital employed	1,988.3	+84.4	1,903.9
Net cash	975.0	+287.7	687.3
Net assets	2,963.3	+372.1	2,591.2
Net asset value per share	2,305p	+367p	1,938p

Banking

The Group's financial strength is further supported by its banking facilities which total £750 million, consisting of a drawn £300 million term loan and an undrawn £450 million revolving credit facility. The Group has clarity of financing with the facilities in place to November 2023 after the Group exercised the final option during the year to extend the facilities by a further year. The Group's cash holdings are currently placed on deposit with its relationship banks.

Joint Ventures

Investments accounted for using the equity method have increased from £311.9 million at 30 April 2018 to £374.7 million at 30 April 2019. Berkeley's joint ventures include St Edward, a joint venture with Prudential plc, and St William, a joint venture with National Grid plc. The increase in joint venture investments during the year reflects Berkeley's share of joint venture profits of £8.8 million and further funding into St William of £54.0 million.

In St Edward, 255 homes were sold in the year at an average selling price of £469,000 (2018: 372 at £1,669,000). These completions were across two developments: Green Park in Reading and Kensington, while the last home at 190 Strand completed, with the volume mix now weighted towards out of London. The acquisition of Hartland Village into the joint venture occurred in the year and consequently the site has been added to the land holdings and moved into production, whilst a further site was contracted conditional on planning in Queensway, Birmingham.

In total, 3,736 plots (30 April 2018: 1,835 plots) in Berkeley's land holdings relate to six St Edward developments, two in London (Westminster and Kensington) and four outside the capital (Reading, Fleet, Wallingford and Birmingham).

In St William, there are 9,812 plots (30 April 2018: 7,900 plots) contracted in the joint venture across 16 developments which are all included in Berkeley's land holdings. During the year, construction commenced at Clarendon in Hornsey where over

Land Holdings as at	30 April 2019	Change	30 April 2018
Owned	41,639	+8,718	32,921
Contracted	13,316	-630	13,946
Plots	54,955	+8,088	46,867
Sales value	£22,600m	+£1,297m	£21,303m
Average selling price (ASP)* Inventories	£472k	-£35k	£507k
Average plot cost	£51k	-£10k	£61k
Land cost (%)	12.5%	-0.8%	13.3%
Gross margin	£6,247m	+£244m	£6,003m
GM%	27.6%	-0.6%	28.2%

1,700 homes will be delivered, as well as smaller developments in Oxted and Watford. In addition, planning was obtained for King's Road Park in Fulham, where over 1,800 homes will be delivered, and the site acquisition was completed with the site moving into production shortly before financial year end. This means there are now eight developments in production, with the first St William homes completed in the year at Elmswater in Rickmansworth.

The remaining eight sites are included in Berkeley's conditional land holdings. This includes the two new site acquisitions in the year, at Lea Bridge in Leyton and in a further site in Bath. A scheme in Sunninghill, Ascot has a detailed planning consent for 76 homes but remains conditional, whilst shortly after year end the development in Poplar received a resolution to grant consent at Committee. This remains subject to concluding a section 106 agreement, but in due course will enable the delivery of up to 2,800 new homes. The other six sites all remain in the planning process. Berkeley continues to work closely with National Grid to identify sites from across its portfolio to bring through into the joint venture.

Land

Berkeley's land holdings comprise 54,955 plots at 30 April 2019 (30 April 2018: 46,867 plots), including joint ventures. Of these land holdings, 41,639 plots (30 April 2018: 32,921) are on 84 sites that are owned and included on the balance sheet of the Group or joint ventures and 13,316 plots (30 April 2018: 13,946) are on 15 contracted sites, some of which do have a planning consent, but remain conditional due to another element such as vacant possession. The Group also holds a strategic pipeline of long-term options for in excess of 5,000 plots.

The plots in the land bank at 30 April 2019 have an estimated future gross margin of £6,247 million (30 April 2018: £6,003 million), which includes the Group's 50% share of the anticipated margin on any joint venture development.

Plots in the land bank have increased during the year, and this is reflected in the gross margin. In total, Berkeley has acquired 14 new sites in the year, including two each into our joint ventures, St William and St Edward, as set out in the joint ventures section above; namely Bath and Leyton into St William, and Hartland Village in Fleet and Queensway in Birmingham into St Edward.

The other ten sites are in locations with strong demand, including two developments for a little over 1,000 homes each in Slough and Watford, as well as sites in High Wycombe, Paddock Wood, Reading (2), Horsham, Stratford-Upon-Avon and London (2).

Berkeley has secured nine new planning consents this year, as well as over 60 revised consents which have sought to improve the development solution for each scheme to add value and/or reduce risk, which is a key part of Berkeley's approach. The new consents include: in London, Kennington, Oval Gasworks, Grand Union in Northfields, Stephenson Street and St William's site at Fulham, whilst four consents are outside the capital at Paddock Wood, Fleet, Cranbrook and St William's site at Ascot.

Of Berkeley's 84 owned sites, 69 sites (plots: 33,001) have an implementable planning consent and are in construction, whilst a further nine sites (plots: 5,440) have a consent which is not yet implementable; due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. Berkeley has just six sites (plots: 3,198) which it owns unconditionally that do not have a planning consent.

Of the 15 contracted sites, two sites have a planning consent, but they remain conditional on other factors, typically vacant possession, whilst two sites have a resolution to grant which is subject to a section 106 agreement. The remaining 11 sites are in the planning process. Given the contracted nature of all of these sites, there is low financial risk on balance sheets of the Group or its joint ventures.

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

ROB PERRINS
CHIEF EXECUTIVE

The disused paper mill site has been brought to life with riverside homes, restored heritage buildings, open parkland, riverside walks, a new footbridge across the Thames and a waterfront restaurant, Roux by Skindles.

Find out more:
www.berkeleygroup.co.uk/taplowriverside



Corporate Governance

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Board of Directors

Tony Pidgley CBE
Chairman



**Date of appointment
to the Board:**

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

Committee memberships:



**Skills, experience and
contribution:**

Tony co-founded Berkeley in 1976 with Jim Farrer and led the business as Group Managing Director for 33 years. He was appointed Group Chairman in September 2009.

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

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

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

Other appointments:

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

**Rob Perrins BSc (Hons)
FCA**
Chief Executive



**Date of appointment
to the Board:**

1 May 2001

Committee memberships:

None

**Skills, experience and
contribution:**

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

One year later Rob launched 'Our Vision' which drives the Company to deliver exceptional homes and places, to maximise the social benefits from every development and to achieve high standards of environmental sustainability.

Under his management Berkeley has sustained leading customer satisfaction scores, has become the UK's first carbon positive homebuilder and has pioneered a ground-breaking approach to net biodiversity gain, which is being applied to every new Berkeley site.

In 2011 Rob launched the Berkeley Foundation, a registered charity that has grown to support thousands of disadvantaged young people each year. As Chair of Trustees, Rob oversees the Foundation's work on homelessness, unemployment, skills development and care.

Other appointments:

Council member, Aston University Governor, Wellington College

Richard Stearn BSc (Hons) FCA
Group Finance Director



**Date of appointment
to the Board:**

13 April 2015

Committee memberships:

None

**Skills, experience and
contribution:**

Richard re-joined Berkeley on 13 April 2015 as Group Finance Director, having previously worked for the Company from 2002 to 2011 as Group Financial Controller. In the intervening period, Richard spent three years at Quintain Estates and Development plc, serving as the company's Finance Director for most of that time.

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

Richard has 16 years of direct experience in the property and development industry. Prior to joining Berkeley, he trained and practiced for 12 years as a Chartered Accountant with PricewaterhouseCoopers LLP, auditing and advising a wide range of clients.

Other appointments:

None

Karl Whiteman BSc (Hons)
Executive Director



**Date of appointment
to the Board:**

10 September 2009

Committee memberships:

None

**Skills, experience and
contribution:**

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

Karl leads two of the country's most celebrated regeneration projects - Kidbrooke Village and Royal Arsenal Riverside. He is also responsible for Southall Waterside, another highly ambitious long-term regeneration programme. He is Managing Director of Berkeley Modular where he is leading the development of the Group's precision manufacturing facility in Kent.

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

Other appointments:

None

Sean Ellis BSc (Hons)
Executive Director



Date of appointment to the Board:
9 September 2010

Committee memberships:
None

Skills, experience and contribution:

Sean joined Berkeley in 2004 and was appointed to the Main Group Board on 9 September 2010, as a Divisional Executive Director.

Sean is Chairman of St James Group, Berkeley Homes (Eastern Counties) and the joint venture with National Grid, St William. As the head of these businesses he has overseen highly acclaimed mixed use developments across London and the South East, including Riverlight, winner of the RIBA National Award 2018.

As Chairman of St William, Sean leads the long term regeneration of former National Grid gas infrastructure sites, which require complex remediation and placemaking strategies.

With St James, Sean is overseeing the transformation of an 11 acre former warehousing site in the White City Opportunity Area – a long term regeneration programme which will deliver more than 1,400 homes.

Sean is Chairman of the Group's Land and Planning Committee and is a regular contributor to the national planning and housing debate. He began his career at Beazer Homes and prior to joining Berkeley held various senior positions at Laing Homes, where he was appointed Managing Director in 1999.

Other appointments:
None

Paul Vallone
Executive Director



Date of appointment to the Board:
8 December 2017

Committee memberships:
None

Skills, experience and contribution:

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

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

Paul oversees a number of projects in the Group which include Oval Village, built on the site of the historic Oval Gasworks; the restoration of the disused Atkinson Morley Hospital as part of the Wimbledon Hill Park masterplan; and 9 Millbank, a combination of newly-built properties and the restoration of a landmark building.

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

Other appointments:
None

Justin Tibaldi
Executive Director



Date of appointment to the Board:
8 December 2017

Committee memberships:
None

Skills, experience and contribution:

Justin joined Berkeley in 1999 as a senior surveyor and went on to hold board positions within the Group's London divisions. 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.

His 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, and Goodman's Fields, where 2,000 homes are being built around a popular public square and commercial hub.

Other appointments:
None

Glyn Barker BSc (Hons)
FCA

Deputy Chairman and Senior Independent Director



Date of appointment to the Board:
3 January 2012 and as Deputy Chairman and Senior Independent Director on 18 April 2018

Committee memberships:

(R) (A) (N)

Skills, experience and contribution:

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

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

Other appointments:

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

Key to Committees

(A) Audit Committee

(R) Remuneration Committee

(N) Nomination Committee

(C) Committee Chair

Board of Directors continued

Sir John Armitt
Non-Executive Director



**Date of appointment
to the Board:**

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

Committee memberships:
None

**Skills, experience and
contribution:**

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

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

Other appointments:

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

**Andy Myers BEng
(Hons) ACA**
Independent Non-executive
Director



**Date of appointment
to the Board:**

6 December 2013

Committee memberships:
A (R)

**Skills, experience and
contribution:**

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

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

Other appointments:

Chief Financial Officer, SHL Group

Dame Alison Nimmo
Independent Non-executive
Director



**Date of appointment
to the Board:**

5 September 2011

Committee memberships:
A

**Skills, experience and
contribution:**

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

Alison was awarded a CBE in 2004 for services to urban regeneration and is a Fellow of the Institution of Civil Engineers and the Royal Institute of British Architects. In 2014, Alison was awarded the prestigious Royal Town Planning Institute Gold Medal for recognition of her services to town planning and sustainability throughout her career. In 2019 Alison was awarded a DBE for public service and services to the Exchequer.

Other appointments:

Chief Executive, The Crown Estate
Member of Imperial College's Council and Chair of its White City Syndicate
Trustee of the UK Green Building Council
Chair of the CBI's Economic Growth Board

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



**Date of appointment
to the Board:**

1 May 2014

Committee memberships:
N

**Skills, experience and
contribution:**

Diana is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Association of Corporate Treasurers. She is currently the Chief Executive Officer, UK & Europe of the Australia and New Zealand Banking Group Ltd where she is responsible for oversight of the day to day activities of the branch, including the local execution of the Group's strategy, promoting a culture of compliance and ensuring appropriate standards of conduct and governance.

Diana was previously CEO, Corporate Banking at Lloyds Banking Group (2004-2012) and spent her early career at The Coca Cola Company. She has 30 years' international experience in banking, corporate finance, financial management, treasury and audit.

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

Other appointments:

Chief Executive Officer, UK & Europe of the Australia and New Zealand Banking Group Ltd
Member of the Board of the Association of Foreign Banks

Rachel Downey ACA
Independent Non-executive Director



Date of appointment to the Board:
8 December 2017

Committee memberships:
(A)

Skills, experience and contribution:

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

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

Rachel, a Chartered Accountant, is also currently a Trustee of the We Love Manchester Emergency Fund and the Lord Mayor of Manchester's Charity Appeal Trust.

Other appointments:
Project Director, Manchester Life
Trustee of We Love Manchester Emergency Fund
Trustee of the Lord Mayor of Manchester's Charity Appeal Trust

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



Date of appointment to the Board:
2 September 2013

Committee memberships:
None

Skills, experience and contribution:

Adrian is currently Executive Director and Deputy Chief Executive of The Bank of East Asia, where he assists the Chief Executive with the overall management of the group. The Bank of East Asia has announced that with effect from 1 July 2019 Adrian will become Co-Chief Executive of the group. He holds a Master of Management degree from the Kellogg School of Management and an MA in Law from the University of Cambridge.

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

Other appointments:

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

Peter Vernon FRICS
Independent Non-executive Director



Date of appointment to the Board:
6 September 2017

Committee memberships:
(R)

Skills, experience and contribution:

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

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

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

Other appointments:

Group Executive Director, Grosvenor
Trustee of Peabody

Veronica Wadley CBE
Independent Non-executive Director



Date of appointment to the Board:
3 January 2012

Committee memberships:
(N)

Skills, experience and contribution:

Veronica is a journalist by profession; she was Editor of the Evening Standard from 2002 to 2009 and previously Deputy Editor of the Daily Mail and The Daily Telegraph. She was Chair of Arts Council, London and National Council member of Arts Council England from 2010-2018 and Senior Advisor to the Mayor of London from 2012 to 2016 during which time Veronica oversaw the delivery of youth volunteering and employment programmes and developed new strategy for business relationships and sponsorship for the Greater London Authority. Through her involvement in such mayoral schemes Veronica brings an in-depth understanding of local government and communities in London.

In 2018 Veronica was awarded a CBE for services to the arts.

Other appointments:

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

Key to Committees

(A) Audit Committee

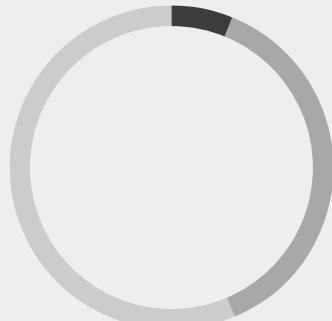
(R) Remuneration Committee

(N) Nomination Committee

● Committee Chair

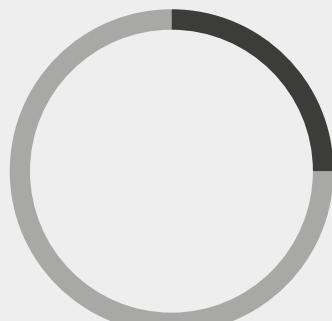
Governance at a Glance

Board composition



● Chairman	6.25%
● Executive Director	37.50%
● Non-executive Director	56.25%

Gender split



● Female	25%
● Male	75%

Non-Executive Director tenure



● 0-3 years	22.22%
● 3-6 years	33.33%
● 7-9 years	33.33%
● 9+ years	11.11%

Non-Executive Director experience – areas of experience

International	4
Public sector/government	5
Media/Communication	1
Finance/banking	4
Development and construction	4
Other current PLC board experience	3
Recent relevant financial experience	3

All Directors appear in more than one category.

Compliance with the UK Corporate Governance Code 2016 Index of disclosures

Compliance with the Code

Berkeley is committed to complying with the main principles of the UK Corporate Governance Code, listed opposite.

It is the Board's view that it has been fully compliant with the Code throughout the 2018/19 financial year.

Leadership

Providing effective leadership to ensure the long-term success of the Company.

Read more page **84**

Effectiveness

Ensuring that the Board and its committees have an appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their duties effectively.

Read more pages **84 to 86**

Accountability

Presenting a fair, balanced and understandable assessment of the Company's position and prospects and maintaining sound risk management and internal control systems.

Read more pages **86 to 87**

Remuneration

Ensuring transparency in its remuneration reporting

Read more pages **92 to 113**

Relations with shareholders

Ensuring that a satisfactory dialogue with its shareholders is maintained.

Read more pages **57 and 87**

UK Corporate Governance Code 2018

The UK Corporate Governance Code applies to the Company's 2019/20 financial year. While we are not required to comply with the UK Corporate Governance Code 2018 in the year being reported on, the Board has given consideration to the alignment of its new Remuneration Policy with the UK Corporate Governance Code 2018 as detailed in the table on page 95. The Board looks forward to reporting on compliance with the UK Corporate Governance Code 2018 in more detail in next year's Annual Report.

Governance structure

Executive and Chairman's Committees	Divisional and Operating Company Boards
<p>Key responsibilities include:</p> <ul style="list-style-type: none"> – business planning – reviewing the financial and operating performance of all Group divisions and companies – risk management – cash management – delivery of Group strategy – legal and regulatory matters – brand and reputation – relationships with Local Authority and Government stakeholders – people 	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> – health and safety – sales and marketing – land and planning – people retention and development – regulatory matters – production – assessing the impact of the economic and political environment – site-specific matters – customer service

In addition we have Operational Committees drawn from across the Group's autonomous companies and teams where information, experience and best practice are shared. These Committees, which report to the Executive Committee, cover the following areas:

- | | | | |
|---------------------|--------------------|----------------------------|-----------------------------|
| – Health and Safety | – Production | – Commercial and Technical | – Our Vision/Sustainability |
| – IT | – Customer Service | – Sales and Marketing | |

Board of Directors

- Key responsibilities include:
- overall management of the Group, its strategy and long-term objectives
 - approval of corporate plans
 - approval of all material corporate transactions
 - changes to the Group's capital structure
 - approval of the Group's Treasury Policy
 - approval of the Group's interim and annual results, dividend policy and shareholder distributions
 - reviewing the Group's risks and system of internal control
 - changes to the Board and other senior executive roles
 - Corporate Governance arrangements and the Board evaluation
 - approval of policies in key areas including Sustainability, Health and Safety, Business Ethics, Equality, Modern Slavery and Share Dealing

Audit Committee	Remuneration Committee	Nomination Committee
<p>Key responsibilities include:</p> <ul style="list-style-type: none"> – monitoring the integrity of the financial reporting – reviewing significant financial reporting matters and accounting policies – reviewing the adequacy and effectiveness of the Group's risk management and internal control systems – monitoring the effectiveness of the Group's internal audit function – overseeing the relationship with the external auditor, including appointment, removal and fees – ensuring the auditor's independence and the effectiveness of the audit process 	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> – determining and agreeing with the Board the broad policy for the remuneration of the Executive Directors. This includes salary, Bonus Plans, share options, other share based incentives and pensions – determining the performance conditions for the Bonus Plan operated by the Company and approving the total annual payments made under this Plan – determining all share incentive plans for approval by the Board and shareholders – taking into account the views of shareholders when determining plans under the Remuneration Policy – ensuring that the contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded – noting annually the remuneration trends and any major changes in employee benefit structures across the Company or Group 	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> – reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board – evaluating the balance of skills, knowledge and experience on the Board – leading the process for identifying and nominating candidates for Board vacancies

Chairman's Introduction to the Corporate Governance Statement

A W Pidgley CBE
Executive Chairman



Dear Shareholder

I am delighted to introduce the Corporate Governance Statement for the 2018/19 financial year. The Company is committed to maintaining a high standard of corporate governance and this section, including the Audit Committee Report, Directors' Remuneration Report and the Nomination Committee Report, details how the Company has applied the main principles and provisions of the UK Corporate Governance Code 2016 (the Code):

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

The Company's business model is explained in the Strategic Report. It is the Board's view that it has been fully compliant with the Code throughout the 2018/19 financial year. A copy of the Code is available on the Financial Reporting Council's website www.frc.org.uk.

During the year the Board received updates on changes to corporate governance and best practice. This included a briefing on the UK Corporate Governance Code 2018 (the '2018 Code') and the associated Guidance on Board Effectiveness which will apply to the Company's financial year ending 30 April 2020 and onwards, the GC100's revised guidance on Directors' Duties under s172 of the Companies Act 2006 issued in light of the changes brought in by the 2018 Code and The Companies (Miscellaneous Reporting) Regulations 2018.

The Board has carried out a number of key governance activities this year including:

- Integrating the four new Board directors appointed during the prior year and continuing to review Board succession planning;
- Considering shareholder concerns regarding the number of directorships held by Adrian Li;
- Reviewing the Company's approach to Diversity and Inclusion and reviewing and approving the Board's Diversity Policy;
- Reviewing the Company's Remuneration Policy in light of the Group's evolving strategy and Shareholder Returns programme, culminating in proposals for a new Remuneration Policy as set out on pages 100 to 102;
- Reviewing and approving the Company's Tax Policy;
- Reviewing the Company's risk appetite in the context of the prevailing operating environment;
- Reviewing the Company's approach to Cyber Security and GDPR; and
- Reviewing the Company's Whistleblowing policy.

These areas are discussed in more detail within the annual report and I look forward to hearing your views at and in advance of our 2019 AGM.

On page 81 we have set out a summary of our governance structure and on page 83 we have summarised details of the Board's activities during the financial year ended 30 April 2019. Looking forward to 2019/20, the Board will continue to monitor the Corporate Governance agenda and best practice in the UK.

In closing, I would like to thank all Board members for their service during the year.

A W PIDGLEY CBE
EXECUTIVE CHAIRMAN

The Board's Focus Areas

The Governance structure on page 81 sets out the key responsibilities of the Board of Directors. These key responsibilities are met through a number of standing agenda items for which reports are presented and debated covering, for example, health and safety, customer service, ESG related matters, the housing and sales market and investor relations amongst others.

In addition, the Board holds some meetings at key sites, which included Southall Waterside and One Blackfriars in the last year, which facilitates a presentation by executive management on the progress of the development.

Aside from the standing reports and presentations, there were a number of specific areas in focus during the year which the Board considered, encompassing:



Health and safety incidents

The Board reviewed the status of investigations into health and safety related incidents on the Group's developments in the year.



Berkeley Foundation

Following the publication of the next phase of the Foundation's strategy during the year, the Board received an update on the Foundation's vision for the future and how it plans to deepen the impact of its work.



Fire Safety

The Board continued to receive updates on the regulatory developments related to fire safety for buildings. In particular, the Board considered the principal recommendations made in the Hackitt Independent Review of Building Regulations.



Planning Status of Future Developments

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



Skills, Graduates and Apprentices

Following the opening of the West London Construction Skills Academy on the Southall Waterside development in October 2018, the March 2019 Board meeting was held in the academy enabling Board members to see the new facility first hand and gain a deeper understanding of Berkeley's commitment in this area.



Brexit

The Board debated the Group's actions taken during the year in anticipation of the UK's planned departure from the EU, principally on its engagement with its supply chain and the risks to the supply and costs of both EU sourced labour and materials.



Modular Factory

The Board received regular updates on the progress of the construction of the Berkeley Modular factory in Kent.



Our Vision Commitments

Following the launch of the 10 new Our Vision commitments in May 2018, a report on the new commitments and plans to achieve them were presented in the Board papers. Regular updates covering the status of each commitment are provided to the Board.



Business Strategy

In advance of the interim results released in December 2018, the CEO presented a review of the operating environment, the Group's risk appetite and strategy for capital allocation alongside the long-term business plan.

This culminated in the Board's strategy update announced in the interim results which set a target for a long-term, sustainable pre-tax return on equity of 15%, in conjunction with the extension of the £280 million per annum Shareholder Return from 2021 to September 2025.

Corporate Governance Report

Leadership

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

Its duties are set out in a formal schedule of matters specifically reserved for decision by the Board. Key areas of responsibility can be found in the table on page 81.

Effectiveness

Composition and Independence

At the date of this report the Board comprises sixteen Directors: the Chairman, six Executive Directors and nine independent Non-executive Directors. The biographies of these Directors are set out on pages 76 to 79.

The Board has put in place the succession planning that all successful organisations require and, as explained in the Nomination Committee Report on page 91, the composition of the Board continues to be reviewed on a regular basis. Berkeley seeks to have a Board of diverse experience, contribution and skills and each of these Directors, as set out in their biographies on pages 76 to 79, brings complementary talents and experience which we believe enhance the Board.

The Board reviews the independence of Non-executive Directors on an annual basis taking into account each individual's professional characteristics, behaviour and their contribution to unbiased and independent debate.

The Non-executive Directors, led by the Senior Independent Director Glyn Barker, have the skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. Each Non-executive Director is prepared to question and to challenge management. All of the Non-executive Directors are considered to have been independent throughout the year.

The Board recognises that Sir John Armitt's tenure as an independent Non-executive Director has exceeded nine years which may lead some investors to consider his independence. The Board has considered this matter and concluded that Sir John continues to maintain and contribute an independent view in all Board deliberations. Furthermore, his knowledge of Berkeley and his extensive construction expertise and experience continue to be of value to the Board.

In both 2017 and 2018 some shareholders raised concerns regarding the number of directorships held by Adrian Li and whether this may impact his ability to fulfil his duties as an Independent Non-executive Director of Berkeley, particularly should there be an exceptional period of Board activity at one or more of the companies on which Adrian serves as a Director. As explained in the Public Statement made in January 2019, which can be found on our website, the Board strongly believes that Adrian is a valuable and effective independent member of the Board; a view supported by 68.6% of shareholders who voted at the 2018 AGM. Specifically:

- Adrian is an active member of the Board. He brings legal and financial professional qualifications as well as a truly global and diverse perspective to Board discussions;
- Adrian provides invaluable insights into Far Eastern and emerging markets and supply chains that would be difficult to replace at a similar cost due to his day to day experience on the ground across the region;

- Adrian makes himself available whenever Berkeley executives visit the Far East (an important sales region for Berkeley) and through his extensive experience in the market, provides introductions to relevant local contacts;
- Since 2017, Adrian has relinquished one position at Sino Hotels (Holdings) Ltd. Two of his remaining directorships are linked under the Sino Group which is a common corporate structure in South East Asia. Adrian is based in Hong Kong and it should be noted that his appointments in Hong Kong comply with local guidelines and he is not considered overboarded;
- Adrian has attended all scheduled Board meetings since his appointment in 2013. He devotes significant time to Berkeley outside of Board meetings including whenever an ad hoc issue has arisen. The Company has no reason to believe that this should change in the near future. Accordingly the Board is satisfied that he has sufficient time to dedicate to Berkeley even in the event of unforeseen circumstances which may demand more of his time.

The Board understands the concerns raised by some shareholders regarding the level of director time commitments but strongly believes that Adrian, like all Non-executive Directors, has fully demonstrated his availability and value to Berkeley.

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

Chairman and Chief Executive

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

Tony Pidgley is Executive Chairman which we believe is the best succession model for Berkeley in order to ensure the continued long-term success of the Company. Having a strong Senior Independent Director and Deputy Chairman ensures that there is a balance of power at the top of the Company. The transition to this model took place in 2009 and shareholders have supported this structure ever since.

Meetings

The Board met formally four times during the year to 30 April 2019 and there were no absences. There were also three Board conference calls during the year.

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

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

Election and re-election of Directors

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

In accordance with the requirements of the Code, all Directors offer themselves for re-election annually at the Annual General Meeting each year including at the Annual General Meeting to be held on 6 September 2019.

Induction and development

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

Ongoing training is available to all Directors to meet their individual needs. Board members also receive guidance on regulatory matters and the corporate governance framework that the Group operates under. For example, during the year, Directors received training on Data Breaches in light of the new General Data Protection Regulations.

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

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

Board evaluation

The Code requires that the Board undertakes an annual evaluation of its own performance and that of its committees and individual Directors with an externally facilitated evaluation conducted at least every three years. The Board evaluations undertaken in 2015, 2016 and 2017 were externally facilitated. As in 2018, the 2019 evaluation was conducted by the Group's Head of Legal, Wendy Pritchard, who undertook one to one meetings with each Director. The discussions were far ranging and Directors were encouraged to reflect on progress made since the previous evaluation and their objectives for the coming year.

The goals set in 2018/2019 were:

- to embed the new Directors appointed in early 2018 and to ensure that the dynamic of open and discursive, free ranging debates continued notwithstanding a Board that had increased in size by 30%;
- continually to re-assess risk in an uncertain macro environment; and
- further to develop on diversity and inclusion throughout the business to ensure all persons of talent are recognised and supported.

The Board performed well against these goals. The new Directors brought additional areas of expertise and challenge to the Board and their contribution to the meetings was greatly valued by their colleagues. The increased size of the Board did not hamper the level of debate and all Board members confirmed they had been free to contribute and challenged as they wished.

The uncertain macro environment continued to be challenging and risk was constantly re-assessed as challenges increased.

Revitalisation of some of the businesses gave fresh opportunities to make diverse and inclusive appointments and the opening of the Academy at Southall created new training opportunities to attract the industry leaders of the future from various disciplines and backgrounds.

In the coming year, the Board's major aims are to:

- ensure that the Group's culture is embedded throughout the Company combining regulatory observance with an entrepreneurial approach;
- continually re-assess risk in a difficult and uncertain macro environment;
- progress research and development into modern forms of construction;
- encourage greater biodiversity through the Group's development commitments; and
- continue to encourage diversity of every sort in the workplace by creating opportunities and support for a mixed and diverse work force;

all against a backdrop of maintaining a strong Balance Sheet.

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.

Insurance

The Company had in place at 30 April 2019 an appropriate policy which insures Directors against certain liabilities, including legal costs, which they may incur in carrying out their duties. This remains in place.

Corporate Governance Report continued

Board Committees

The Board has delegated certain matters to individual Executives and to the specific Committees of the Board; Audit, Remuneration and Nomination. The main three Board Committees operate within clearly defined Terms of Reference pursuant to the provisions of the Code. The Terms of Reference can be downloaded from the section dealing with Investor Relations on the Company's website. Copies are also available to shareholders on application to the Company Secretary.

The responsibilities of the key Board Committees are described below.

Executive and Chairman's Committees

The Executive Committee meets monthly and reviews the financial and operating performance of all Group divisions and companies. The Chief Executive, R C Perrins, chairs this Committee and other members comprise A W Pidgley CBE, S Ellis, R J Stearn, J Tibaldi, P M Vallone, K Whiteman and A J Dowsett, Managing Director of St William.

The Chairman's Committee, chaired by A W Pidgley CBE, meets monthly and comprises the Group Chief Executive, the Group Finance Director and the Group's Head of Legal. This Committee reviews strategic and regulatory matters impacting the Group and its operations.

Audit Committee

The Audit Committee is responsible for monitoring and reviewing the financial reporting and accounting policies of the Company, reviewing the adequacy of internal controls and the activities of the Group's internal audit function and overseeing the relationship with the external auditor. The Audit Committee comprises four independent Non-executive Directors. A Myers, who chairs the Audit Committee, and G Barker are both considered to have recent and relevant experience as demonstrated by their biographies on pages 77 to 78. All members of the Committee have competence relevant to the residential development sector. Details of membership, meetings and attendance can be found in the table on page 88.

An explanation of the role and activities of the Audit Committee during the year is contained in the Audit Committee report on pages 88 to 90.

Remuneration Committee

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

Details of membership, meetings and attendance can be found in the table on page 92.

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

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 92 to 113.

Nomination Committee

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

Details of membership, meetings and attendance can be found in the table on page 91.

Key areas of responsibility of the Nomination Committee can be found in the table on page 81.

Accountability

Internal control and risk management

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

Internal control procedures are designed to manage rather than eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

There are ongoing processes and procedures for identifying, evaluating and managing the significant risks faced by the Group. These processes and procedures were in place from the start of the financial year to the date on which the 2019 Annual Report and Accounts were approved and accord with Principles C.2.1 and C.2.3 of the Code and with the FRC's Guidance on Risk Management, Internal Control and Related Business Reporting.

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

Clear organisational structure

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

Risk assessment

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

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

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

Financial reporting

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

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

Investment and contracting controls

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

Policies and procedures

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

Central functions

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

Internal audit

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

Whistleblowing

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

Bribery Act and Anti-Money Laundering Regulations

The Board has responsibility for complying with the requirements of the Bribery Act 2010 and The Money Laundering, 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 and monitoring ongoing compliance.

Remuneration

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 92 to 113.

Relations With Shareholders

The Company encourages active dialogue with its current and prospective shareholders through ongoing meetings or calls with institutional investors. During 2018/19 discussions covered topics such as performance, markets, strategy and governance. In addition to these regular meetings, Executive Directors, have spoken to several shareholders and proxy advisory agents in order to discuss their concerns regarding the re-election of Adrian Li. The Board also meets with retail shareholders at the Annual General Meeting.

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

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

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

Annual General Meeting

All shareholders are invited to participate in the Annual General Meeting ("AGM") on 6 September 2019 at 11:00am where the Chairman, the Chief Executive and the Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions and will also be available for discussions with shareholders both prior to and after the meeting.

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

The Company complies with the requirements of the Code regarding the separation of resolutions and the attendance of the Chairmen of the Board Committees. At the AGM, voting on all resolutions is conducted by way of a poll and the results of the AGM are announced to the Stock Exchange shortly after the close of the meeting. They are also 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 at the AGM and during normal business hours at the Company's registered office.

Audit Committee Report

A Myers
Chairman, Audit Committee



The Board of Directors presents its Audit Committee Report for the year ended 30 April 2019 which has been prepared on the recommendation of the Audit Committee.

The report has been prepared in accordance with the requirements of the UK Corporate Governance Code 2016, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and the Listing Rules of the Financial Conduct Authority.

Details of the composition and experience of the Committee can be found in the Directors' biographies on pages 76 to 79 and details of the number of meetings of the Committee are reported in the table.

Membership, meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance
Andy Myers (Chairman)*	6 December 2013	3/3
Glyn Barker	5 September 2011	3/3
Dame Alison Nimmo	5 September 2012	3/3
Rachel Downey	18 April 2018	3/3

*Chairman of the Audit Committee since 1 September 2014

Meeting	Items discussed
June 2018	<ul style="list-style-type: none">— draft financial results for the year ended 30 April 2018— KPMG's audit report— risk management and internal control, in particular the Viability Assessment and Fraud Risk Assessment— internal audit report— auditor's independence and non-audit fees and services— draft 2018 Annual Report
December 2018	<ul style="list-style-type: none">— draft interim results for the 6 months ended 31 October 2018— KPMG's audit plan and approach for the 2019 audit— KPMG's report on the interim review period— internal audit report— auditor's independence and non-audit fees and services
March 2019	<ul style="list-style-type: none">— annual review of Risk Management and Internal control framework— internal audit report— auditor's independence and non-audit fees and services— corporate reporting in the event of a 'no-deal' Brexit

Role and responsibilities of the Audit Committee

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board. The Terms of Reference were reviewed during 2018/19 together with the policy on the Independence of External Auditors, and no changes were made following the amendments made in the previous financial year as previously set out. The key responsibilities of the Committee are as follows:

– Financial reporting

Monitoring the integrity of the financial reporting of the Company and reviewing significant financial reporting matters and accounting policies;

– Risk management and internal control

Reviewing the adequacy and effectiveness of the Group's risk management and internal control systems and monitoring the effectiveness of the Group's internal audit function; and

– External audit

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

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

Financial reporting

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

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

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

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

The significant matters considered by the Committee during the 2018/19 financial year included:

– Carrying value of inventories and margin recognition

Inventories comprise land not under development, work in progress and completed units, which are held in the Balance Sheet at the lower of cost and net realisable value. This requires a periodic assessment by management of each of the Group's sites which is sensitive to assumptions in terms of future sales prices and construction costs and recognises the inherently cyclical nature of the property market and the risks of delivery notably over the longer term sites. These assumptions are also relevant to the determination of profit recognised on properties sold. The conclusions of this assessment were reported by exception to the Committee in a financial overview paper prior to release of the Group's half year and annual results.

– Provisions

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

The Group holds provisions for post-completion development obligations and estate related liabilities.

The basis for determining these provisions was presented to the Committee for its consideration. The Committee reviewed the relevant papers and discussed the assumptions underlying this determination with management and the Group's external auditor, and concluded that it was satisfied that the assumptions adopted were appropriate. A table of movements in provisions over the year is included in note 2.15 to the Consolidated Financial Statements.

Since the adoption of IFRS 15 'Revenue from Contracts with Customers' at the start of the current financial year, the point of revenue recognition has been at legal completion, this being the point at which control of the property rests with the customer. The Committee notes that there is a lower level of judgement under this new policy compared to the previous accounting policy under International Accounting Standard (IAS) 18 when properties were treated as sold and profits were recognised when contracts were exchanged and the building work was physically complete. Accordingly, the Committee no longer considered revenue recognition as a significant matter during the 2018/19 financial year.

Risk assessment and management and internal control

The Committee undertook its annual review of the Group's Risk Management and Internal Control Framework during the year. This review focused on the system of risk management and internal control in place which is explained in more detail on page 86 of the Corporate Governance Report, and covered:

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

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

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

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

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

Audit Committee Report continued

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

The Committee reviewed the assumptions and methodology behind the Group's Viability Statement, the period that the assessment covered and the sensitivity analysis undertaken. The Committee was satisfied that the Viability Statement was appropriate and recommended its approval to the Board. The Viability Statement can be found on page 59 of this Annual Report.

External audit

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

Approach

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

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

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

Independence of the external auditors

As part of its audit strategy presentation, KPMG identified the safeguards in place within its internal processes and procedures to protect, in respect of its own role, the independence of its audit.

In order to safeguard auditor independence, the Committee has a policy on the provision of non-audit services by the external auditor. In accordance with that policy the ratio of audit fees to non-audit fees should be no greater than 0.7:1, with a target of lower than 0.5:1 in any one year and in aggregation over the previous three financial years. The ratio for the year ended 30 April 2019 was 0.0:1, well within this limit. 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 transaction work is non-recurring.

Where the Committee considers it is right for the external auditor to undertake such non-recurring transactional work, the Committee will ensure:

- i) that the nature of the work and the basis for using the external auditor shall be disclosed in the Annual Report;
- ii) that the work does not pose any threat to the independence and objectivity of the external auditors; and
- iii) 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 grounds that:
 - it is proprietary to them;
 - they have 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
 - at the discretion of the Chairman of the Audit Committee.

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

The Committee has concluded that the auditor is independent.

Appointment of KPMG

On completion of the audit, the Committee reviewed the performance and effectiveness of KPMG with feedback from senior management. The Committee has resolved to propose KPMG's re-appointment at the 2019 Annual General Meeting.

The Committee remains mindful of evolving best practice under the UK Corporate Governance Code 2016 and 2018 and is subject to the new requirements of the Financial Reporting Council and the European Union in determining its future approach to re-tendering the external audit appointment. The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

A MYERS

CHAIRMAN, AUDIT COMMITTEE

19 June 2019

Nomination Committee Report

A W Pidgley CBE
Chairman, Nomination Committee



Membership, meetings and attendance

Committee member	Date of appointment to Committee	Meeting attendance
Tony Pidgley CBE (Chairman)*	9 September 2009	2/2
Glyn Barker	18 April 2018	2/2
Diana Brightmore-Armour	15 October 2015	2/2
Veronica Wadley CBE	13 June 2012	2/2

* Chairman of the Nomination Committee since 9 September 2009

Meeting	Items discussed
December 2018	<ul style="list-style-type: none"> – Board and Committees composition – Integration of new Board members – UK Corporate Governance Code 2018 and requirements in regard to workforce engagement – Diversity levels across the Group – Talent management
April 2019	<ul style="list-style-type: none"> – Board and Committees composition – The recommendations of the Hampton Alexander-Review – The UK Corporate Governance Code 2018 – Shareholder concerns regarding the number of directorships held by Adrian Li

The Board of Directors presents its Nomination Committee Report for the year ended 30 April 2019.

Details of the membership, meetings and attendants of the Nomination Committee are reported in the table.

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

- reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board;
- evaluating the balance of skills, knowledge and experience on the Board; and
- leading the process for identifying and nominating candidates for the Board.

Succession planning

During the year the Committee reviewed the Board's composition to ensure that it had the correct balance of skills, experience and knowledge required for the leadership of the Group. Consideration was also given to succession planning for both Executive and Non-executive Directors.

The process for identifying and recommending new appointments to the Board includes a combination of discussions and consultations, in addition to formal interviews, utilising the services of independent recruitment specialists, when appropriate. There have been no appointments during the year ended 30 April 2019.

Board Equality and Diversity Policy

Recognising the benefits that diversity can bring to all areas of the Group and noting the recommendations of the Hampton-Alexander and Parker Reviews, Berkeley seeks to build a Board which represents a wide range of backgrounds and experience. Female representation on the Board is at 25%, just below the target set by the Hampton-Alexander Review. Appointments to the Board are made on the basis of merit and capability and in the best interests of the Group. The recommendations of the Hampton-Alexander and Parker Reviews were key considerations during the last Board recruitment process and will be again when a Board vacancy next arises.

Berkeley strives to be an equal opportunity employer and a Group-wide Equality and Diversity Policy, making it clear that it does not tolerate discrimination in any form, is in place. A copy of this policy is available on the Company's website.

A W PIDGLEY CBE

CHAIRMAN, NOMINATION COMMITTEE

19 June 2019

Directors' Remuneration Report

Annual Statement of the Chair of the Remuneration Committee

"As Berkeley enters a new phase of its strategy, our focus for 2018/19 has been on ensuring that the remuneration framework continues to drive long-term sustainable performance"

Glyn Barker
Chairman, Remuneration Committee



Remuneration Committee membership

Committee member	Date of appointment to Committee	Meeting attendance
Glyn Barker, Chairman*	13 June 2012	2/2
Andy Myers	1 May 2014	2/2
Peter Vernon	18 April 2018	2/2

*Chairman of the Remuneration Committee since 14 June 2013.

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Key responsibilities of the Committee

- Determine and agree with the Board the broad policy for the remuneration of the Executive Directors and senior management.
- Review pay policies for the wider workforce.
- Determine performance conditions for the incentive plans operated by the Company and approve the total annual payments made under them.
- Determine all share incentive plans for approval by the Board and shareholders.
- Take into account the views of shareholders and the wider workforce when determining plans under the Remuneration Policy.
- Ensure that the contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded.
- Note annually the remuneration trends and any major changes in employee benefit structures across the Company or Group.

The Committee's Terms of Reference sets out its full remit and can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk).

Who supports the Committee?

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

PricewaterhouseCoopers LLP (PwC) is the independent remuneration advisor to the Committee. PwC also provided Berkeley with tax advisory services during the year.

The Committee reviewed the nature of the other services provided by PwC and was satisfied that no conflict of interest exists or existed in the provision of these services. PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fixed fees of £50,000 were provided to PwC during the year in respect of remuneration advice received.

Financial highlights of 2018/19

The Company had a strong year reflected in the following components of performance:

- Net cash of £975.0 million (2018: £687.3 million) after making shareholder return payments of £251.9 million (2018: £287.1 million)
- Pre-tax return on shareholders' equity of 27.9% (2018: 41.9%)
- Net asset value per share increased by 18.9% to £23.05 (2018: £19.38)
- Forward sales of £1.83 billion (2018: £2.19 billion)
- Future anticipated gross margin in the land bank up 4.1% to £6,247 million (2018: £6,003 million)
- Profit before tax of £775.2 million (2018: £977.0 million)

The results continue to underline the Group's strategy of balancing earnings in the near term and creating a sustainable business, delivering value to shareholders over the long-term. Berkeley's Return on Equity compared with the sector over the last 10 years illustrates the relative performance of the Company.

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:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 Restated	2018/19
Berkeley	13.3%	15.3%	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	27.9%
Sector highest	13.3%	15.3%	21.2%	22.4%	27.5%	35.1%	30.8%	41.1%	41.9%	34.1%
Sector lowest	(44.2%)	(6.2%)	(0.4%)	3.4%	3.5%	12.2%	16.0%	15.7%	11.0%	15.9%
Sector average* (excluding Berkeley)	(18.1%)	1.0%	4.8%	8.5%	11.4%	18.2%	22.3%	24.2%	23.3%	24.9%

*Sector includes Barratt Developments, Bovis Homes, Redrow, Taylor Wimpey, Bellway and Persimmon.

Impact on remuneration

The strong performance of the Company set out above has resulted in the following remuneration outcomes for the Executive Directors:

- Maximum bonus contributions being earned for the financial year.
- The vesting of the relevant tranche of the award under the 2011 LTIP.

Governance

The key governance highlights for the year were as follows:

- Strong support for remuneration report at the 2018 AGM (92.2% voted FOR).
- Committee has responded to changes proposed by the FRC to the UK Corporate Governance Code.
- Reviewed the Committee's Terms of Reference and assessed its effectiveness.
- Continued engagement with our shareholders.

Decisions made during the year

The Committee determined the following during the year:

- Salary rise for 2019/20 below level of general employee rises. Similar rise awarded for 2018/19 but not taken by the Executive Directors.
- Bonus targets for 2018/19 and the level of bonus earned for achieving these targets.
- Vesting of the 2011 LTIP tranche in September 2018.
- The design of a new Remuneration Policy to be put to shareholders at the 2019 Annual General Meeting (AGM). Full details of this Policy are contained in the Notice of AGM.

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 120 to 127 and those aspects of the report that have been subject to audit are clearly marked. It is considered that throughout the year under review the Company has complied with the governance rules and best practice provisions applying to UK-listed companies.

Directors' Remuneration Report continued

Annual Statement of the Chair of the Remuneration Committee continued

Dear Shareholder,

I am pleased to introduce our Directors' Remuneration Report for the year ended 30 April 2019. I want to begin by saying the Committee is very mindful of the external focus on Executive remuneration and is committed to ensuring there is a strong alignment between pay and performance at Berkeley.

Contents of the report

This year we have taken the opportunity to make some changes to the format of our Remuneration Report. We are committed to transparency and want to ensure the report is accessible to all stakeholders. We have included more detail on Berkeley's remuneration principles, refreshed our 'at a glance' section and provided a detailed report on our approach to pay fairness and wider workforce considerations.

Revised strategy and link to Remuneration Policy

Strategy link

The Company has always been able to draw a direct link between the corporate strategy and the reward strategy. This was evidenced in February 2016 when the 2011 LTIP was amended (to the detriment of the participants) to reflect the increase in the dividend payable over the performance period. The LTIP was also amended to tranche vesting based on annual dividend payments of £2 as part of the Company's strategy to give shareholders greater visibility and certainty over their income from holding Berkeley shares. In February 2017 the 2011 LTIP was amended to allow share buy-backs to be included in meeting the performance conditions (not in reducing the exercise price) to align with the Board's view that share buy-backs should be part of the corporate strategy.

Governance link

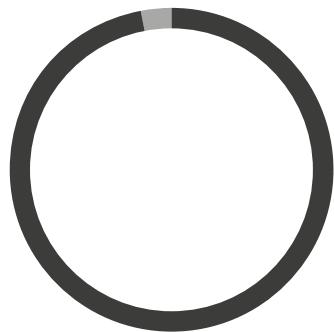
The Remuneration Committee has proactively managed on an ongoing basis the remuneration of the Executive Directors to ensure that the Company anticipated evolving shareholder sentiment and made changes to the remuneration in advance. The key changes made to the 2011 LTIP by the Committee during this active management were:

- February 2016 – global cap on the maximum value that could be paid under the 2011 LTIP at £35 per share.
- February 2016 – increase in the performance conditions by £3.34.
- February 2017 – introduction of LTIP Cap and Total Remuneration Cap.

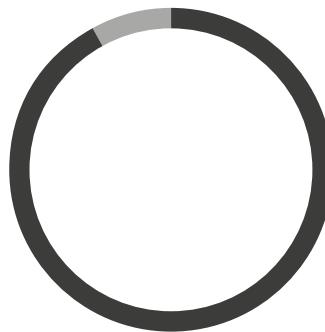
Shareholder support

The Committee believes that its approach has been endorsed by shareholders based on the voting on the remuneration resolutions as seen most recently by the 2018 AGM vote on the Annual Report on Remuneration which was passed with over 92% support (all votes since 2011 have been passed by an 80%+ majority).

2017 Remuneration Policy



2018 Annual Report on Remuneration



● Votes For
● Votes Against

97.2%
2.8%

● Votes For
● Votes Against

92.2%
7.8%

The Committee believes that part of the reason for continued shareholder support has been:

- The effective communication of the link between the implementation of the strategy and the reward provided to the Executive Directors.
- Shareholders have felt that there has been a strong link between the performance of the Company and the reward provided to the Executive Directors.
- No material concerns have been raised by shareholders over the corporate governance surrounding the operation of the Company's remuneration in practice.

The Notice of the AGM sets out the new Remuneration Policy following the new strategy announced to shareholders in December 2018.

Wider workforce considerations

The Committee is responsible for overseeing remuneration for the most senior employees at the Company. However, we are aware of our duty to oversee remuneration principles at all levels, ensuring that pay is fair, competitive and strategically aligned for our employees. Remuneration arrangements are in place which ensure that all employees can share in the Company's success and these arrangements are discussed further on page 104.

The Committee has taken steps to implement the corporate governance changes which have come into effect at the beginning of 2019 and the expansion of our remit. We have set out specific details below of how we are responding to aspects of the new Code.

Compliance with the 2018 UK Corporate Governance Code

Our Remuneration Policy review was carried out with consideration to the 2018 UK Corporate Governance Code which applies for financial years beginning on or after 1st January 2019. While we are not required to comply with the new Code for the year being reported on, we have worked to ensure that our Policy is fit for purpose:

Key remuneration element of the 2018 UK Corporate Governance Code	Alignment with our proposed Remuneration Policy
Five year period between the date of grant and realisation for equity incentives.	The LTIP exceeds this requirement, by extending the performance period to a total of seven years.
Phased release of equity awards.	The LTIP ensures the phased release of equity awards through annual rolling vesting.
Discretion to override formulaic outcomes.	The Remuneration Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary.
Post-cessation shareholding requirement.	We have introduced a two year post-cessation shareholding requirement.
Pension alignment.	We have lowered pension entitlement for new Executive Directors to 6%, to be in line with eligibility for the majority of the wider workforce.
Extended malus and clawback.	The current malus and clawback provisions already exceed the best practice suggested in relation to the new Code.

In conclusion

The new Remuneration Policy will be subject to a binding vote, and the Annual Report on Remuneration, together with this letter, will be subject to an advisory shareholder vote at the forthcoming AGM in September 2019.

I would like to thank the shareholders who have engaged with us and supported us during the year. I would also like to thank my fellow Committee members for their support during the year.

I look forward to receiving your support for the resolution seeking approval of the new Remuneration Policy and Annual Report on Remuneration at our forthcoming AGM. If you have any questions on our new Remuneration Policy or its implementation I am happy to discuss and can be contacted via our Company Secretary, Jared Cranney.

G BARKER

CHAIRMAN, REMUNERATION COMMITTEE

19 June 2019

Directors' Remuneration Report continued

Berkeley's Remuneration Philosophy

Our remuneration philosophy

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

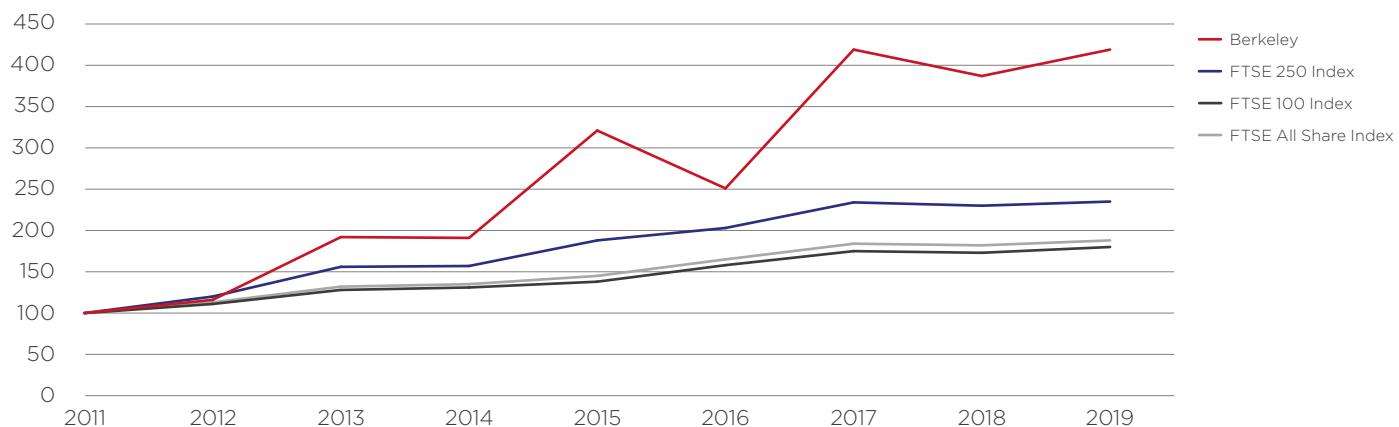
Remuneration principle	Details
Fixed pay should be aligned to the market and the individual's experience.	The Committee sets salaries for the Executive Directors based on their experience, role, individual and corporate performance. Salaries on appointment to the Board may be set below that of the comparator group and subsequently, based on appropriate levels of individual and corporate performance, may be increased with experience gained over time.
Variable pay should be linked to the long term performance of the company.	The Committee believes that shareholders' interests are best served by remuneration packages that have a large emphasis on performance-related pay which encourage the Executive Directors to focus on delivering the business strategy.
Executives should be rewarded for long term sustainable performance.	Our new Remuneration Policy delivers all variable pay in the form of long term incentives. The long term incentives, which now extend to 2025, have been designed to lock in the Executive team for a far longer period than is typical in most publicly listed companies. This helps to ensure that the Executive team is focused on executing our capital allocations strategy and generating long term sustainable value for shareholders.
Executives should hold substantial equity holdings.	In order to align the interests of Executive Directors and shareholders, the reward strategy is designed so that, provided performance is delivered, the Executive team become material (in relation to their overall compensation) shareholders in the Company. We have introduced a two year post-cessation holding period to further enhance this and align with emerging best practice.
Executive remuneration should not be excessive.	The Committee is cognisant of the broader environment regarding Executive remuneration and the potential concerns regarding the quantum available to Executive Directors notwithstanding the level of performance and growth which may have been achieved by the Company. The Committee considers the use of remuneration caps to be an appropriate response to these challenges.

How have we performed since the 2011 LTIP was introduced?

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

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

TSR performance since the introduction of the 2011 LTIP



Remuneration at a Glance

What we paid Executive Directors in the year

Executive Director £'000	Salary 2019	Pension 2019 ⁽¹⁾	Annual bonus 2019 ⁽²⁾	LTIP		Total Remuneration		Benefits 2019 ⁽⁷⁾	Total 2019	Total 2018
				Cap ⁽³⁾	Actual ⁽⁴⁾	Cap ⁽⁵⁾	Actual ⁽⁶⁾			
A W Pidgley	200	—	—	8,000	8,000	8,200	8,200	57	8,257	8,256
R C Perrins	545	92	1,635	5,500	5,500	8,000	7,772	37	7,809	7,806
R J Stearn	370	55	740	2,000	2,000	3,250	3,165	21	3,186	3,185
K Whiteman	355	53	710	2,000	2,000	3,250	3,118	29	3,147	3,142
S Ellis	355	53	781	3,750	3,750	5,000	4,939	21	4,960	4,960
J Tibaldi ⁽⁸⁾	355	53	710	1,150	1,150	2,400	2,268	14	2,282	450
P Vallone ⁽⁸⁾	355	53	710	1,150	1,150	2,400	2,268	18	2,286	451

Notes

1. S Ellis is a member of a defined contribution scheme and received a contribution equal to 15% of salary. P Vallone is also a member of a defined contribution scheme and received an element of his pension entitlement of 15% of salary as contributions, with the remainder received by way of payments in lieu of a pension contribution from the Company. No amounts were paid into pension arrangements in respect of R C Perrins, K Whiteman, R J Stearn and J Tibaldi during the year ended 30 April 2019, who instead received payments in lieu of a pension contribution from the Company (2018/19: percentages of salary 17%, 15%, 15%, and 15% respectively).
2. This represents the contribution into the Bonus Plan for the level of performance achieved in the financial year. 50% of this contribution is deferred in shares or share equivalents. The actual payments made in the year are set out on page 110.
3. The LTIP Cap limits the value of the LTIP vesting in the year. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
4. This represents the third tranche of the 2011 LTIP that vested on 1 October 2018 at a share price of £36.38 subject to the operation of the LTIP Cap (see table on page 111 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.
5. The Total Remuneration Cap limits the amount of total remuneration that has been earned over the financial year and is capable of being paid out. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
6. The Total Remuneration Cap operated for the 2018/19 financial year and where the remuneration would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
7. Benefits, which are not included in calculating the Remuneration Cap, include a fully expensed company car or cash allowance alternative and medical insurance.
8. J Tibaldi and P Vallone became Executive Directors on 8 December 2017. The comparative single figure for 2017/18 includes their remuneration since joining the Board.

The following table sets out the total fixed pay and total variable pay in 2018/19 and 2017/18:

£'000	Total Fixed		Total Variable	
	2019	2018	2019	2018
A W Pidgley	257	256	8,000	8,000
R C Perrins	674	671	7,135	7,135
R J Stearn	446	445	2,740	2,740
K Whiteman	437	432	2,710	2,710
S Ellis	429	429	4,531	4,531
J Tibaldi	422	168	1,860	282
P Vallone	426	169	1,860	282

Directors' Remuneration Report continued

Remuneration at a Glance continued

Annual Bonus outcome

The following table shows the basis of the calculation of the annual bonus earned in respect of 2018/19:

Executive Director	Return on Equity		Net Asset Value Growth		Annual Bonus Contribution to Plan Account for 2018/19 % of maximum	Annual Bonus Contribution to Plan Account for 2018/19 £'000
	Maximum Annual Bonus (% of salary)	Maximum Target	Actual	Maximum Target	Actual	
A W Pidgley ⁽¹⁾	-					-
R C Perrins	300%					1,635
R J Stearn	200%					740
K Whiteman	200%	27.5%	27.9%	5.0%	14.3%	100%
S Ellis	220%					781
J Tibaldi	200%					710
P Vallone	200%					710

Note

- Under the Remuneration Policy that took effect from 1 May 2017, A W Pidgley is no longer eligible to earn new contributions under the Bonus Plan. The balance of his plan account will however continue to pay out in accordance with the terms and timings under the previous Remuneration Policy.

The Committee did not adjust the formulaic outcome from the bonus believing it accurately reflected the underlying business and personal performance.

LTIP

The third tranche of the 2011 LTIP award vested in the year as follows. The number of options released from the Plan is limited to the value of the LTIP Cap for each individual:

Executive Director	Options granted under 2011 LTIP	Percentage of options capable of vesting	Performance measure and outcome	Options capable of vesting	Value of gain on vested options ⁽¹⁾	LTIP Cap (and value vested) ⁽²⁾	Number of options vested (after application of Cap) ⁽³⁾	Value above the LTIP Cap ⁽⁴⁾
A W Pidgley	5,000,000			670,000	19,195,835	8,000,000	279,227	11,195,835
R C Perrins	5,000,000		£556.1m of shareholder returns from 1 October 2016 to 30 September 2018 – 100% achieved	670,000	19,195,835	5,500,000	191,968	13,695,835
R J Stearn	954,328	13.4%		127,879	3,663,797	2,000,000	69,806	1,663,797
K Whiteman	1,000,000			134,000	3,839,167	2,000,000	69,806	1,839,167
S Ellis	2,250,000			301,500	8,638,126	3,750,000	130,887	4,888,126
J Tibaldi	300,000			75,000	2,148,788	1,150,000	40,138	998,788
P Vallone	300,000	25.0%		75,000	2,148,788	1,150,000	40,138	998,788

Notes

- The value of gain on the options at vesting is calculated using the opening share price of £36.38 on 1 October 2018 (the date the options vested and became exercisable) less the exercise price of £7.7295 per share.
- The LTIP Cap limits the value of the LTIP vesting in the year. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM. The LTIP Cap operated for the 2018/19 financial year and where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
- This is the actual number of options which vested on 1 October 2018 and could be exercised by the participants.
- This is the value of the options above the LTIP Cap which would have vested had the Cap not operated.

The Committee did not adjust the level of option vesting as a result of share price growth over the performance period. It was an inherent feature of the 2011 LTIP that management and shareholders' interests were aligned based on total shareholder returns (including share price growth) over the performance period.

Directors' shareholdings and share interests

It is a core facet of Berkeley's current and proposed new 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, the value of the shares they currently own and the value of share incentives held (both as a percentage of salary). Full details on the Directors' share interests can be found in the Annual Report on Remuneration.

% of salary	Shareholding requirement	Value of beneficially owned shares	Value gain on interests over shares
A W Pidgley	400%	85,786%	30,051%
R C Perrins	400%	9,375%	11,028%
R J Stearn	200%	1,523%	3,100%
K Whiteman	200%	3,045%	3,386%
S Ellis	200%	3,126%	7,619%
J Tibaldi	200%	336%	1,895%
P Vallone	200%	284%	1,895%

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

Directors' Remuneration Report continued

How the Remuneration Policy was operated in 2018/19 and how the new Remuneration Policy will be operated in 2019/20

Element and key features of current Remuneration Policy	Proposed changes in the new Policy	How the current Remuneration Policy was implemented in 2018/19	How we plan to implement the proposed new Remuneration Policy in 2019/20																														
Base salary Set on appointment and reviewed annually (effective from 1 May each year) or when there is a change in position or responsibility. Determined taking into account a number of external and internal factors.	No change.	<p>The salaries for 2018/19 are set out below:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: right;">£000's</th> </tr> </thead> <tbody> <tr><td>A W Pidgley</td><td style="text-align: right;">200</td></tr> <tr><td>R C Perrins</td><td style="text-align: right;">545</td></tr> <tr><td>R J Stearn</td><td style="text-align: right;">370</td></tr> <tr><td>K Whiteman</td><td style="text-align: right;">355</td></tr> <tr><td>S Ellis</td><td style="text-align: right;">355</td></tr> <tr><td>J Tibaldi</td><td style="text-align: right;">355</td></tr> <tr><td>P Vallone</td><td style="text-align: right;">355</td></tr> </tbody> </table> <p>The Remuneration Committee proposed to increase salaries for 2018/19 by between 2.7% and 2.8%, but these were not taken by the Executive Directors. In reviewing the salaries of the Executive Directors for 2018/19, the Committee took account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 4.4%.</p>	£000's	A W Pidgley	200	R C Perrins	545	R J Stearn	370	K Whiteman	355	S Ellis	355	J Tibaldi	355	P Vallone	355	<p>Base salary levels for 2019/20 will be increased by between 2.7% and 2.8% as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: right;">£000's</th> </tr> </thead> <tbody> <tr><td>A W Pidgley</td><td style="text-align: right;">200</td></tr> <tr><td>R C Perrins</td><td style="text-align: right;">560</td></tr> <tr><td>R J Stearn</td><td style="text-align: right;">380</td></tr> <tr><td>K Whiteman</td><td style="text-align: right;">365</td></tr> <tr><td>S Ellis</td><td style="text-align: right;">365</td></tr> <tr><td>J Tibaldi</td><td style="text-align: right;">365</td></tr> <tr><td>P Vallone</td><td style="text-align: right;">365</td></tr> </tbody> </table> <p>In reviewing the salaries of the Executive Directors for 2019/20, the Committee has also taken account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 4.1%.</p>	£000's	A W Pidgley	200	R C Perrins	560	R J Stearn	380	K Whiteman	365	S Ellis	365	J Tibaldi	365	P Vallone	365
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Benefits Benefits include a fully expensed car or car allowance alternative, and medical insurance. Additional benefits may be offered such as relocation allowances on recruitment.	No change.	Normal company benefit provision.	Normal company benefit provision.																														
Pension The Company provides either a contribution to a pension arrangement or a payment in lieu of pension.	<p>For current Executive Directors, the maximum pension contribution will remain at their current level.</p> <p>For future appointments the maximum pension contribution will be capped at 6% of salary. This is in line with the level provided to the wider workforce.</p>	<p>The pension contributions for 2018/19 were as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: right;">% salary</th> </tr> </thead> <tbody> <tr><td>A W Pidgley</td><td style="text-align: right;">0%</td></tr> <tr><td>R C Perrins</td><td style="text-align: right;">17%</td></tr> <tr><td>R J Stearn</td><td style="text-align: right;">15%</td></tr> <tr><td>K Whiteman</td><td style="text-align: right;">15%</td></tr> <tr><td>S Ellis</td><td style="text-align: right;">15%</td></tr> <tr><td>J Tibaldi</td><td style="text-align: right;">15%</td></tr> <tr><td>P Vallone</td><td style="text-align: right;">15%</td></tr> </tbody> </table>	% salary	A W Pidgley	0%	R C Perrins	17%	R J Stearn	15%	K Whiteman	15%	S Ellis	15%	J Tibaldi	15%	P Vallone	15%	No change for existing Executive Directors but see proposed changes in relation to future appointments which will be in line with wider workforce level of 6% of salary.															
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Element and key features of current Remuneration Policy	Proposed changes in the new Policy	How the current Remuneration Policy was implemented in 2018/19	How we plan to implement the proposed new Remuneration Policy in 2019/20																
<p>Bonus Under the Bonus Plan, awards are earned annually over a six year plan period, subject to stretching performance targets, which are set at the beginning of the plan year. 50% of a participant's plan account will be paid out annually for the first five years with 100% of the balance paid at the end of the sixth plan year.</p> <p>Malus applies up to the date of payment. Clawback applies three years post the date of payment.</p>	<p>There will be no further bonus contributions to the Bonus Plan after the financial year ended 30 April 2019.</p> <p>There will be no replacement bonus plan after the financial year ending 30 April 2021.</p> <p>The accrued deferred balances in participant Bonus Plan accounts will continue to pay-out as normal under the current Remuneration Policy.</p>	<p>The maximum bonus potential for 2018/19 was:</p> <table border="1" data-bbox="827 458 1151 765"> <thead> <tr> <th></th> <th>% salary</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>-</td> </tr> <tr> <td>R C Perrins</td> <td>300%</td> </tr> <tr> <td>R J Stearn</td> <td>200%</td> </tr> <tr> <td>K Whiteman</td> <td>200%</td> </tr> <tr> <td>S Ellis</td> <td>220%</td> </tr> <tr> <td>J Tibaldi</td> <td>200%</td> </tr> <tr> <td>P Vallone</td> <td>200%</td> </tr> </tbody> </table>		% salary	A W Pidgley	-	R C Perrins	300%	R J Stearn	200%	K Whiteman	200%	S Ellis	220%	J Tibaldi	200%	P Vallone	200%	<p>Not applicable - there will be no replacement bonus plan for the new Remuneration Policy period.</p>
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J Tibaldi	200%																		
P Vallone	200%																		
<p>LTIP No Plan available for new grants during the three year policy period unless, on recruitment, where a new Executive Director may be eligible to participate in the 2011 LTIP and also provided the total number of awards granted to all participants do not exceed the limits agreed with shareholders at the 2011 AGM.</p> <p>Currently the LTIP ends in 2021. Shares earned but banked at 30 September 2021 may be released to participants in September 2022 and 2023, subject to the LTIP cap but no further performance condition.</p>	<p>Changes are proposed to the operation of the LTIP such that shares earned but not vested at 30 September 2021 have to be re-earned by management over four years in equal instalments to 2025 subject to £2 of additional return being provided to shareholders each year.</p> <p>Details of how the above change will work are set out in the Notice of the AGM.</p>	<p>The third vesting of options under the 2011 LTIP occurred on 1 October 2018.</p> <p>The maximum level of options capable of vesting was 13.4% of the total grant (25% for Tibaldi and Vallone) provided that £555 million of shareholder returns plus £2 for each share issued or reissued in the period 1 October 2016 to 29 September 2018, was provided through a combination of dividends and share buy-backs.</p> <p>This performance condition was met in full and therefore the maximum level of options vested.</p> <p>Further details on the operation of the 2011 LTIP in the year 2018/19 are set out on page 111.</p>	<p>Details of the operation of the 2011 LTIP for 2019/20 are set out in the Notice of the AGM.</p>																
<p>Total Remuneration Cap Individual caps will limit the amount of total remuneration that can be paid in respect of the financial year.</p>	<p>Removal of the separate LTIP Cap as no longer required with the removal of the Bonus Plan. The Total Remuneration Cap will remain unchanged.</p>	<p>The Total Remuneration Caps for 2018/19 were as follows:</p> <table border="1" data-bbox="827 1603 1151 1931"> <thead> <tr> <th></th> <th>Total cap p.a. (£'000)</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>8,200</td> </tr> <tr> <td>R C Perrins</td> <td>8,000</td> </tr> <tr> <td>R J Stearn</td> <td>3,250</td> </tr> <tr> <td>K Whiteman</td> <td>3,250</td> </tr> <tr> <td>S Ellis</td> <td>5,000</td> </tr> <tr> <td>J Tibaldi</td> <td>2,400</td> </tr> <tr> <td>P Vallone</td> <td>2,400</td> </tr> </tbody> </table>		Total cap p.a. (£'000)	A W Pidgley	8,200	R C Perrins	8,000	R J Stearn	3,250	K Whiteman	3,250	S Ellis	5,000	J Tibaldi	2,400	P Vallone	2,400	<p>The Total Remuneration Caps remain unchanged.</p>
	Total cap p.a. (£'000)																		
A W Pidgley	8,200																		
R C Perrins	8,000																		
R J Stearn	3,250																		
K Whiteman	3,250																		
S Ellis	5,000																		
J Tibaldi	2,400																		
P Vallone	2,400																		

Directors' Remuneration Report continued

How the Remuneration Policy was operated in 2018/19 and how the new Remuneration Policy will be operated in 2019/20 continued

Element and key features of current Remuneration Policy	Proposed changes in the new Policy	How the current Remuneration Policy was implemented in 2018/19	How we plan to implement the proposed new Remuneration Policy in 2019/20
Minimum shareholding requirement The Committee operates a system of shareholding guidelines to encourage long term share ownership by the Executive Directors. This should be achieved within five years of appointment for Executive Directors.	No change.	In the case of the Group Chairman and Chief Executive Officer this is 400% of base salary, for other Executive Directors 200% of base salary. The Committee retains the discretion to increase shareholding requirements.	The minimum shareholding requirement remain unchanged.
Post-cessation shareholding requirement To ensure that Executive Directors continue to be aligned with shareholders' interests post their cessation of employment with the Group.	The Committee has introduced a further post-cessation shareholding requirement for Executive Directors. For two years following 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.	Not applicable.	See above for shareholding guidelines for the Executive Directors.
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.	No change.	Non-executive Director fee levels for 2018/19 were as follows: – Deputy Chairman and SID fees: £119.5k; – Basic fee: £66k; – Additional fee for chairmanship of Committee: £13k. Fees were increased by 3%. The average employee rise in salaries was 4.4%.	Non-executive Director fee levels for 2019/20 will be increased by 3% as follows: – Deputy Chairman and SID fees: £123.1k; – Basic fee: £68k; – Additional fee for chairmanship of Committee: £13k (no change). The average employee rise in salaries was 4.1%.

Key elements of Berkeley's proposed new Remuneration Policy for 2019/20

Policy elements	Purpose	19/20	20/21	21/22	22/23	23/24	24/25
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 employment benefits						
LTIP	No plan available for new grants during the policy period to current Executive Directors						
Total Remuneration Cap	To achieve a balance between the need to reward and incentivise the Executive Directors to implement the Company strategy and the interests of other stakeholders in the Company						Total remuneration cap varies by each Executive Director
Shareholding requirement	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon						

Additional context on Berkeley's Executive Directors' pay

Our Remuneration positioning philosophy

The current Remuneration Policy is to set the main elements of the Executive Directors' remuneration package against two benchmarks: the FTSE 100; and a Company comparator group.

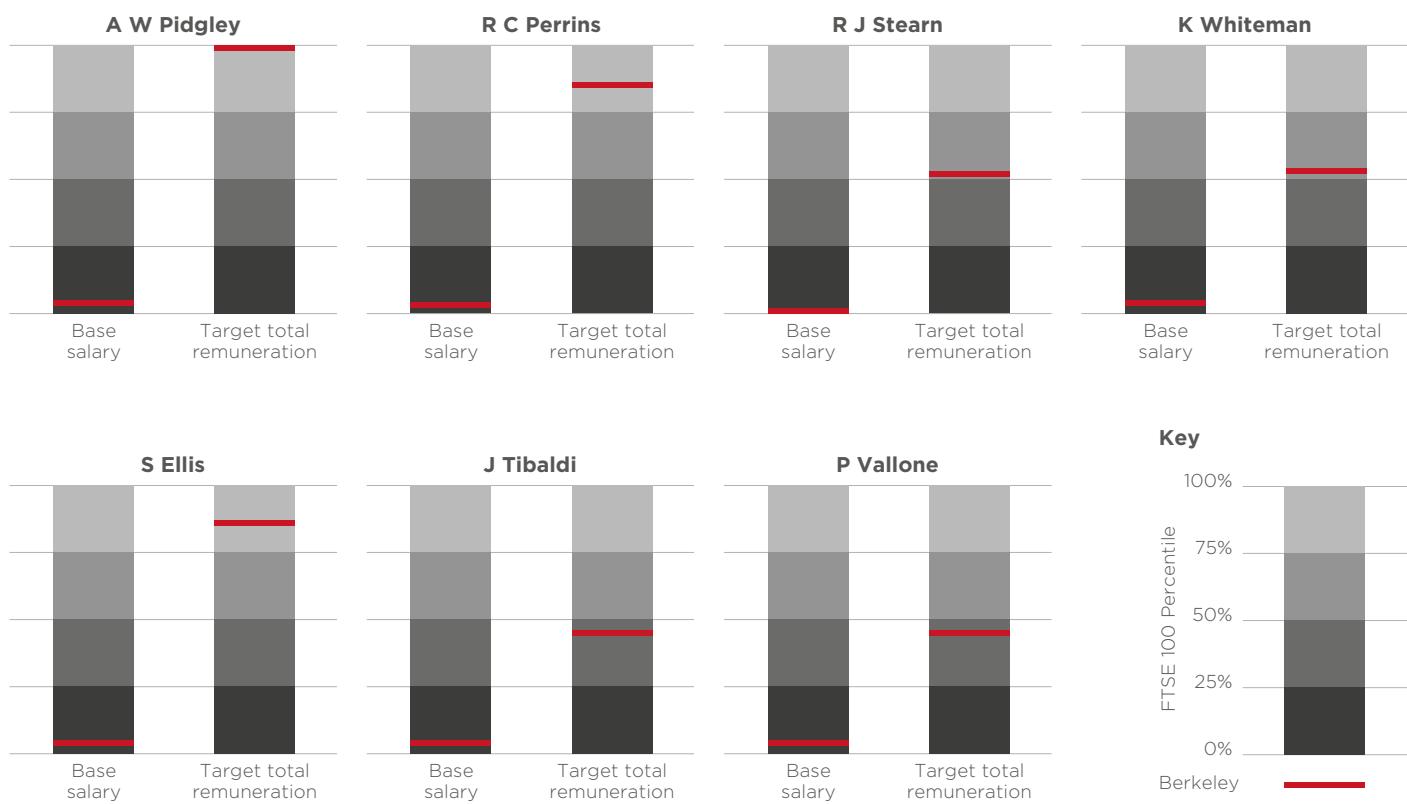
Base salary	Pension	Benefits	Incentives
Experience & role	Lower quartile	Market practice	Upper decile

The comparator group of companies for the 2018/19 financial year comprised:

- Persimmon
- Taylor Wimpey
- Barratt Developments
- Bellway
- Redrow
- Balfour Beatty
- Countryside Properties
- Bovis Homes
- Crest Nicholson Holdings
- Kier Group
- Galliford Try
- McCarthy and Stone

Our Policy quantum compared to the FTSE 100

The following table shows the relative position of base salary and target total remuneration under the current Remuneration Policy for our Executive Directors compared to the FTSE 100.



The above charts show clearly the Remuneration Committee's policy of providing comparatively modest salaries in combination with a leveraged approach to incentivisation.

Directors' Remuneration Report continued

Employment at Berkeley

The Remuneration Committee's remit

This year, the Committee has expanded its remit to include responsibility for setting and managing the remuneration of Berkeley's senior management, in addition to Executive Directors. The Committee's focus is on determining the remuneration policy and practices to ensure that the incentives operated by the Company align with its culture and strategy.

The Committee also has oversight of wider workforce pay and policies and incentives, which enables it to ensure that the approach to Executive remuneration is consistent with those workforces. The Committee is provided with additional information from the Company in order to carry out these responsibilities.

In order for the Committee to carry out its oversight review of wider workforce pay and policies and incentives, a specific process is being developed. The Committee will receive an annual summary setting out the key details of remuneration changes for Berkeley's senior management and the wider workforce.

The Committee is aware that clearly the level and type of remuneration offered will vary across employees depending on the employee's level of seniority and nature of his or her role. The Committee is not looking for a homogeneous approach to remuneration; however, when conducting its review, it pays particular attention to:

- whether the element of remuneration is consistent with the Company's remuneration philosophy;
- if there are differences, they are objectively justifiable; and
- whether the approach seems fair and equitable in the context of other Berkeley's senior management and Berkeley's wider workforce.

The first report, as described above, is due to be considered by the Committee later in 2019/20. Details of the findings on the alignment of pay across the Group will be communicated to employees and reported on in next year's Annual Report on Remuneration.

Fairness, diversity and wider workforce considerations

The Committee seeks to ensure that pay is fair throughout the Company and makes decisions in relation to the structure of Executive pay in the context of the cascade of pay structures throughout the business.

Remuneration across the Company

- **Salary** – We set salaries to ensure that we remain competitive in the market and that levels are appropriate considering roles and responsibilities of individuals. We have also committed to ensuring that all our employees receive at least the voluntary Living Wage as set by the Living Wage Foundation.
- **Pension** – We provide either a contribution to a pension arrangement or a payment in lieu of pension. The maximum pension contribution for employees is 15% of salary; the average is 6% which is now aligned with our new Remuneration Policy.
- **Benefits** – We offer a range of benefits to our employees, including medical insurance.
- **Bonus** – Each business operates a bonus scheme for its employees. For senior employees (other than Executive Directors) elements of the bonus plan are linked to the performance of the relevant Division and are deferred to ensure performance over the long-term and to provide lock-in. Executive Directors are no longer eligible for bonuses.
- **Medium term incentives** – In addition, medium term incentive schemes are in place for all levels of staff below Executive Director, with currently over one third of all employees receiving awards under these schemes.

Gender pay gap reporting

The median pay gap for the Group is 38.9% and, like much of our industry, this is primarily driven by the shape of our workforce, with a lower proportion of women in senior, higher paid roles, and more women occupying junior, lower paid roles. The shape of our workforce also impacts our bonus gap, with our senior executives participating in the Company's Long Term Incentive Plans.

How we are improving diversity, fairness and equality across our organisation

Berkeley is committed to paying for performance equally and fairly and rewarding and retaining our best people. We are already taking steps that will increase the proportion of women within the organisation as a whole, recognising the desire in the Group to promote from within and therefore providing increased opportunities for career progression for those of all backgrounds within the organisation, and to more senior roles over the long-term.

Central to this is to recruit and retain a high calibre workforce and in May 2018 we launched two new 2018-2020 commitments within Our Vision, Berkeley's long-term strategy, to help achieve this.

Industry image

One of the greatest barriers for young people, especially women, joining our industry is the perception of the roles within the industry. We are committed to undertaking a range of activities including ensuring that existing material for the industry includes clear pathways for progression and by developing a programme for school and further education engagement. In addition we will encourage our employees, across all roles and levels, to act as role models and mentors for the industry.

Diversity and inclusion

There is a historic lack of diversity in our industry and we believe there are real benefits in ensuring diverse views, skills and perspectives which can lead to creative thinking and more effective problem solving. We have committed to focusing on

diversity and inclusion by developing guiding principles applied by each of our autonomous companies. This is supplemented by a range of additional activities, which include a wider review of our policies, processes and procedures to ensure we create an inclusive environment.

Our graduate scheme targets a balanced intake each year, aiming to identify the next generation of leaders within the organisation. This will naturally take a period of time but we are investing for the long-term. We are also focused on providing apprenticeships, through recruitment and for existing employees, in order to improve skills within both Berkeley and the wider industry.

Alongside these initiatives, we remain focused on retaining our best people within the organisation over the long-term, by focusing on training and development through our talent management programme, and a health and wellbeing programme.

We are also conscious that there has historically been a lack of investment in training facilities across the industry which has resulted in a shortage of high quality training facilities that provide the right courses for students and ultimately employers.

To address this, Berkeley is working with training providers and has teamed up with West London College to launch a joint-venture, the West London Construction Academy (WLCA), where students receive training that focuses on employability in modern, aspirational surroundings.

This facility was opened in October 2018 and one of its purposes is to demonstrate the fantastic and diverse career opportunities that exist within the Built Environment and construction sectors to meet the aspirations of today's young people. Berkeley believes there is a role for everyone within the industry.

The WLCA facility also recently held an event as part of Women in Construction week to provide women with the opportunity to find out more about the construction industry and how they can build a successful career in it.

Pay comparisons

Chief Executive pay ratio

Our Chief Executive to employee pay ratio for 2018/19 is 109:1.

This is measured as the ratio of the Chief Executive single figure remuneration in the year to the average employee remuneration for all staff and Directors below the Main Board. This ratio is intended to provide an early indication of our relative internal positioning. In next year's Directors' Remuneration Report we will provide Chief Executive ratios in accordance with the requirements under the new reporting regulations.

In addition to the all-employee ratio, we also present below the ratio of total single figure remuneration across the entire Berkeley senior Executive team (excluding the Chairman) with that of the Chief Executive. This demonstrates broadly consistent ratios across the team reflecting the consistent nature of the pay structures for these individuals.

Executive Director	Chief Executive pay ratio
R J Stearn	2.5:1
K Whiteman	2.5:1
S Ellis	1.6:1
J Tibaldi	3.4:1
P Vallone	3.4:1

Shareholders expect the Chief Executive to have a significant proportion of his pay based on performance and paid in shares. It is this element of his package which will provide any observed volatility in his remuneration when comparing on a year-to-year basis to the wider employee population. The Committee is comfortable that the underlying picture is not one of a greater divergence of the Chief Executive's remuneration from employees, i.e. excluding the volatility of the LTIP, the relationship will be consistent. There is likely to be significant volatility in this ratio year-on-year, and we believe that this is likely to be caused by the following factors:

- Our Chief Executive's pay is made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our shareholders. This introduces a higher degree of variability in his pay each year, which will affect the ratio.
- The value of long term incentives is disclosed in pay in the year it vests, which increases the Chief Executive's pay in that year, again impacting the ratio for that year.
- Long term incentives are provided in shares, and therefore an increase in share price magnifies the impact of a long term incentive award vesting in a year.
- We recognise that the ratio is driven by the different structure of the pay of our Chief Executive versus that of our employees, as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the Chief Executive and the wider workforce.
- Where the structure of remuneration is similar, as for the Executive Directors and the Chief Executive, the ratio will be much more stable over time.

Directors' Remuneration Report continued

Employment at Berkeley continued

External pay comparisons

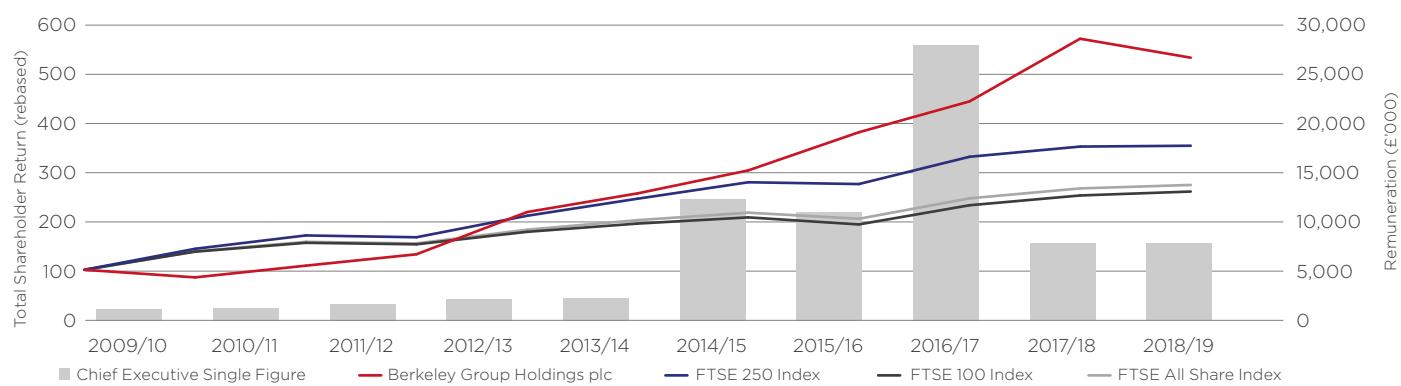
Our Policy compared to peers

On page 103 we have compared our Remuneration Policy quantum to the FTSE 100.

Comparison of Chief Executive total remuneration and Total Shareholder Return against the market

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

To give context to the total single figure levels of the Chief Executive we have also included the single figure historical outcomes from the table below onto the chart in order to demonstrate the clear alignment between shareholder returns and the Chief Executive's single figure pay that results from the nature of the remuneration structure in place.



Chief Executive / Chairman pay in the last 10 years

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

Executive Director	Single total figure of remuneration (£'000) ⁽¹⁾		Multi-year incentive vesting awards (as % maximum opportunity)	
	A W Pidgley Chairman	R C Perrins Chief Executive	Annual bonus pay-out (as % maximum opportunity) ⁽²⁾	
2018/19	8,257	7,809	100%	100%/See Note 8
2017/18	8,256	7,806	100%	100%/See Note 7
2016/17	29,192	27,963	100%	100%/See Note 6
2015/16	21,489	10,993	100%	100%/See Note 5
2014/15	23,296	12,357	100%	100%/See Note 4
2013/14	3,757	2,271	100%	
2012/13	3,638	2,198	100%	See Note 3
2011/12	2,799	1,692	100%	
2010/11	2,033	1,226	100%	n/a
2009/10	2,406	1,127	100%	n/a

Notes

1. Single figure of total remuneration for each year has been calculated in accordance with the Regulations.
2. From 2010/11 onwards the annual bonus pay-out figures represent annual Company contributions under the Bonus Plan, introduced in 2010/11 and then the new six year Bonus Plan put in place for 2015/16.
3. 2011/12, 2012/13 and 2013/14 Multi-year vesting awards represent deferred awards that were released during the year under the initial Bonus Plan. In accordance with the initial Bonus Plan rules the Company's contribution is earned based on the satisfaction of the annual performance conditions. Part of the Company contribution is provided as a deferred award. 100% of these deferred awards will be paid out unless there has been forfeiture during the deferral period and subject to continued employment at the date of release. At the year ended 30 April 2015, the last financial year of the initial Bonus Plan, there were no forfeiture events under the Bonus Plan.
4. 2014/15 Multi-year vesting represents the 2009 LTIP Part B awards that vested during the year and the deferred Bonus Plan awards as per note 3 above.
5. 2015/16 Multi-year vesting represents the 2009 LTIP Part B awards that vested during the year.
6. 2016/17 Multi-year vesting represents the 2011 LTIP first tranche that vested during the year and deferred awards that were released during the year under the Bonus Plan.
7. 2017/18 Multi-year vesting represents the 2011 LTIP second tranche that vested during the year and deferred awards that were released during the year under the Bonus Plan.
8. 2018/19 Multi-year vesting represents the 2011 LTIP third tranche that vested during the year (see table on page 111 for details) and deferred awards that were released during the year under the Bonus Plan (see table on page 110 for details).

Percentage change in Chief Executive's remuneration

The following table compares the Chief Executive's pay (including salary, taxable benefits and annual bonus) between 2017/18 and 2018/19 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:

	2017/18 to 2018/19 year on year change (%)	
	R C Perrins Chief Executive	Group employees
Base salary	0.0%	4.4%
Taxable benefits	11.0%	0.8%
Annual bonus	0.0%	2.4%

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. Further, there is a correlation between the bonus earned by the Chief Executive and the wider workforce demonstrating that success is shared throughout the Company.

Directors' Remuneration Report continued

Annual Report on Remuneration

This section of the Remuneration Report contains details of how the Company's Remuneration Policy, approved by shareholders at the EGM on 23 February 2017, was implemented for Executive Directors during the financial year that ended on 30 April 2019. An advisory resolution to approve this report (including the Chairman's Statement) will be put to shareholders at the AGM in September 2019.

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 2018/19 financial year. The components of the single figure for 2018/19 are aligned with the calculation of the individual elements of remuneration for the purposes of the remuneration caps, which were introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.

Executive Director £'000	Salary 2019	Pension 2019	Annual bonus 2019 ⁽¹⁾	LTIP		Total Remuneration		Benefits 2019 ⁽⁶⁾	Total 2019
				Cap ⁽²⁾	Actual ⁽³⁾	Cap ⁽⁴⁾	Actual ⁽⁵⁾		
A W Pidgley	200	—	—	8,000	8,000	8,200	8,200	57	8,257
R C Perrins	545	92	1,635	5,500	5,500	8,000	7,772	37	7,809
R J Stearn	370	55	740	2,000	2,000	3,250	3,165	21	3,186
K Whiteman	355	53	710	2,000	2,000	3,250	3,118	29	3,147
S Ellis	355	53	781	3,750	3,750	5,000	4,939	21	4,960
J Tibaldi	355	53	710	1,150	1,150	2,400	2,268	14	2,282
P Vallone	355	53	710	1,150	1,150	2,400	2,268	18	2,286

Notes

1. This represents the contribution into the Bonus Plan for the level of performance achieved in the financial year. 50% of this contribution is deferred in shares or share equivalents. The actual payments made in the year are set out on page 110.
2. The LTIP Cap limits the value of the LTIP vesting in the year. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
3. This represents the third tranche of the 2011 LTIP that vested on 1 October 2018 at a share price of £36.38 subject to the operation of the LTIP Cap (see table on page 111 for details). Where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
4. The Total Remuneration Cap limits the amount of total remuneration that has been earned over the financial year and is capable of being paid out. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
5. The Total Remuneration Cap operated for the 2018/19 financial year and where the remuneration would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
6. 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 2017/18, as disclosed in last year's Directors' Remuneration Report, are set out in the table below.

Executive Director £'000	Salary 2018	Pension 2018	Annual bonus 2018 ⁽¹⁾	LTIP		Total Remuneration		Benefits 2018 ⁽⁶⁾	Total 2018
				Cap ⁽²⁾	Actual ⁽³⁾	Cap ⁽⁴⁾	Actual ⁽⁵⁾		
A W Pidgley	200	—	—	8,000	8,000	8,200	8,200	56	8,256
R C Perrins	545	92	1,635	5,500	5,500	8,000	7,772	34	7,806
R J Stearn	370	55	740	2,000	2,000	3,250	3,165	20	3,185
K Whiteman	355	53	710	2,000	2,000	3,250	3,118	24	3,142
S Ellis	355	53	781	3,750	3,750	5,000	4,939	21	4,960
J Tibaldi ⁽⁷⁾	141	21	282	1,150	—	2,400	444	6	450
P Vallone ⁽⁷⁾	141	21	282	1,150	—	2,400	444	7	451

Notes

1. This represents the contribution into the Bonus Plan for the level of performance achieved in the financial year. 50% of this contribution is deferred in shares or share equivalents..
2. The LTIP Cap limits the value of the LTIP vesting in the year. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
3. This represents the second tranche of the 2011 LTIP that vested on 2 October 2017 at a share price of £37.52 subject to the operation of the LTIP Cap. Where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
4. The Total Remuneration Cap limits the amount of total remuneration that has been earned over the financial year and is capable of being paid out. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM.
5. The Total Remuneration Cap operated for the 2017/18 financial year and where the remuneration would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
6. Benefits, which are not included in calculating the remuneration cap, include a fully expensed company car or cash allowance alternative and medical insurance.
7. J Tibaldi and P Vallone became Executive Directors on 8 December 2017. The single figure includes their remuneration since joining the Board.

The table below sets out the single total figure of remuneration and breakdown for each Non-executive Director. Non-executive Directors do not participate in any of the Company's incentive arrangements nor do they receive benefits.

Non-executive Director (£'000)	Basic fees		Additional fees⁽¹⁾		Total fees	
	2019	2018	2019	2018	2019	2018
J Armitt ⁽²⁾	80.0	116.0	-	-	80.0	116.0
A Nimmo	66.0	64.0	-	-	66.0	64.0
G Barker	119.5	64.0	-	13.0	119.5	77.0
V Wadley	66.0	64.0	-	-	66.0	64.0
A Li	66.0	64.0	-	-	66.0	64.0
A Myers	66.0	64.0	13.0	13.0	79.0	77.0
D Brightmore-Armour	66.0	64.0	-	-	66.0	64.0
P Vernon ⁽³⁾	66.0	41.8	-	-	66.0	41.8
R Downey ⁽⁴⁾	66.0	25.3	-	-	66.0	25.3

Notes

1. Additional fees represent fees paid for the role of Committee Chairmanship.
2. J Armitt stepped down from his role as Deputy Chairman and Senior Independent Director in 2017/18. He receives a base fee of £80,000 to reflect his experience and pre-eminent standing in construction and infrastructure, and the value he continues to add to the Board.
3. P Vernon was appointed to the Board as a Non-executive Director on 6 September 2017.
4. R Downey was appointed to the Board as a Non-executive Director on 8 December 2017.

Annual Bonus

In respect of the financial year, the Executive Directors' performance was carefully reviewed by the Committee. The actual performance against the maximum targets under Bonus Plan for the performance year 2018/19 is set out below:

Executive Director	Maximum Annual Bonus (% of salary)	Return on Equity		Net Asset Value Growth		Annual Bonus Contribution to Plan Account for 2018/19 % of maximum	Annual Bonus Contribution to Plan Account for 2018/19 £'000
		Maximum Target	Actual	Maximum Target	Actual		
A W Pidgley ⁽¹⁾	-						-
R C Perrins	300%						1,635
R J Stearn	200%						740
K Whiteman	200%	27.5%	27.9%	5.0%	14.3%	100%	710
S Ellis	220%						781
J Tibaldi	200%						710
P Vallone	200%						710

Note

1. Under the Remuneration Policy that took effect from 1 May 2017, A W Pidgley is no longer eligible to earn new contributions under the Bonus Plan. The balance of his plan account will however continue to pay out in accordance with the terms and timings under the previous Remuneration Policy.

Directors' Remuneration Report continued
Annual Report on Remuneration continued

Further details of the matrix of targets against which performance has been assessed for the year ended 30 April 2019 is set out below:

Performance Requirement Matrix		Net Asset Value Growth						
		<0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
		0%	50%	60%	70%	80%	90%	100%
Return on Equity	<20.0%	0%	0%	0%	0%	0%	0%	0%
	20.0%	50%	0%	25%	30%	35%	40%	45%
	21.5%	60%	0%	30%	36%	42%	48%	54%
	23.0%	70%	0%	35%	42%	49%	56%	63%
	24.5%	80%	0%	40%	48%	56%	64%	72%
	26.0%	90%	0%	45%	54%	63%	72%	80%
	27.5%	100%	0%	50%	60%	70%	80%	90%
								100%

Whilst the bonus payable for all the Executive Directors will be determined based on the satisfaction of the Group targets, divisional performance continues to be an important part of the Committee's assessment. The Committee assessed the performance of each individual division and Director for 2018/19 and determined that the bonus as calculated was reflective of performance during the period. The Committee did not use any discretion during the period to adjust bonus amounts.

Bonus earned but deferred under the Bonus Plan (Audited)

Under the Bonus Plan, awards are earned annually over a six year plan period, subject to stretching performance targets, which are set at the beginning of the plan year. 50% of a participant's plan account will be paid out annually for the first five years with 100% of the balance paid at the end of the sixth plan year.

Executive Director	Shares	£'000	£'000	£'000	£'000	£'000	Shares
A W Pidgley ⁽⁴⁾	32,227	1,223	-	1,223	(612)	612	16,287
R C Perrins	39,598	1,503	1,635	3,138	(1,569)	1,569	41,777
R J Stearn	17,928	681	740	1,421	(710)	710	18,912
K Whiteman	17,188	653	710	1,363	(681)	681	18,138
S Ellis	18,907	718	781	1,499	(749)	749	19,952
J Tibaldi	8,718	331	710	1,041	(521)	521	13,857
P Vallone	8,718	331	710	1,041	(521)	521	13,857
Total	143,284	5,440	5,286	10,726	(5,363)	5,363	142,780

Notes

1. Converted at a share price of £37.56 at 30 April 2019 plus £0.333 dividend paid on 14 September 2018 and £0.0712 dividend paid on 16 January 2019.
2. Contribution into the plan account for the year is the amount disclosed in the single figure table for 2018/19.
3. Converted at a share price of £37.56 at 30 April 2019.
4. Under the Remuneration Policy which took effect on 1 May 2017, A W Pidgley is no longer eligible to earn new contributions under the Bonus Plan. The balance of his plan account will however continue to pay out in accordance with the terms and timings under the previous Remuneration Policy.
5. All amounts are rounded to the nearest £'000.

Long term incentives (Audited)

The third vesting of options under the 2011 LTIP occurred on 1 October 2018. The maximum level of options capable of vesting was 13.4% (25% for Tibaldi and Vallone) of the total grant provided that £556.1 million of shareholder returns had been made from 1 October 2016 to 30 September 2018, through a combination of dividends and share buy-backs. This performance condition was met in full and therefore the maximum number of options capable of vesting vested.

The table below sets out the number of options over shares that vested for each Executive Director and the achievement against the conditions required for vesting taking into account the application of the LTIP Caps.

	Options granted under 2011 LTIP	Percentage of options capable of vesting	Performance measure and outcome	Options capable of vesting	Value of gain on vested options ⁽¹⁾	LTIP Cap (and value vested) ⁽²⁾	Number of options vested (after application of Cap) ⁽³⁾	Value above the LTIP Cap ⁽⁴⁾	Banked options ⁽⁵⁾	Cumulative Banked options ⁽⁶⁾
A W Pidgley	5,000,000			670,000	19,195,835	8,000,000	279,227	11,195,835	390,773	782,318
R C Perrins	5,000,000		£556.1m of shareholder returns from 1 October 2016 to 30 September 2018 – 100% achieved	670,000	19,195,835	5,500,000	191,968	13,695,835	478,032	956,594
R J Stearn	954,328	13.4%		127,879	3,663,797	2,000,000	69,806	1,663,797	58,073	116,339
K Whiteman	1,000,000			134,000	3,839,167	2,000,000	69,806	1,839,167	64,194	128,580
S Ellis	2,250,000			301,500	8,638,126	3,750,000	130,887	4,888,126	170,613	341,587
P Vallone	300,000			75,000	2,148,788	1,150,000	40,138	998,788	34,862	34,862
J Tibaldi	300,000	25.0%		75,000	2,148,788	1,150,000	40,138	998,788	34,862	34,862

Notes

1. The value of gain on the options at vesting is calculated using the opening share price of £36.38 on 1 October 2018 (the date the options vested and became exercisable) less the exercise price of £7.7295 per share.
2. The LTIP Cap limits the value of the LTIP vesting in the year. This was introduced as part of the Remuneration Policy approved by shareholders at the 2017 EGM. The LTIP Cap operated for the 2018/19 financial year and where the LTIP value would have been greater without the Cap, it is the capped amount which is payable and therefore disclosed in the single figure of remuneration.
3. This is the actual number of options which vested on 1 October 2018 and could be exercised by the participants.
4. This is the value of the options above the LTIP Cap which would have vested had the Cap not operated.
5. This is the number of options representing the value above the Cap, which are banked and capable of vesting at a future vesting date.
6. This is the cumulative banked options including options banked in prior years.
7. Each Executive Director exercised all the options that vested on 1 October 2018. 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 2023 at which point the sale restriction falls away.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Directors' shareholding and share interests (Audited)

The Company has a shareholding requirement for both Executive and Non-executive Directors, linked to base salary or net fee they receive from the Company. In the case of the Chairman and Chief Executive this is 400% of base salary, for other Executive Directors 200% of base salary and for the Non-executive Directors 100% of net fees. This should be achieved within five years of appointment for Executive Directors and three years of appointment for Non-executive Directors. Using the Company's closing share price of £37.56 on 30 April 2019, compliance with these requirements was as follows:

Executive Director⁽¹⁾	Obligation (% base salary)	Actual Shareholding as % base salary at 30 April 2019	Achievement at 30 April 2019
A W Pidgley	400%	85,786%	✓
R C Perrins	400%	9,375%	✓
R J Stearn	200%	1,523%	✓
K Whiteman	200%	3,045%	✓
S Ellis	200%	3,126%	✓
J Tibaldi	200%	336%	✓
P Vallone	200%	284%	✓
Non-executive Director⁽²⁾	(% NED net fees)	% net fees	
J Armitt	100%	692%	✓
A Nimmo	100%	215%	✓
G Barker	100%	737%	✓
V Wadley	100%	414%	✓
A Li	100%	2,148%	✓
A Myers	100%	268%	✓
D Brightmore-Armour	100%	107%	✓
P Vernon	100%	65%	N/a
R Downey	100%	-	N/a

Notes

1. To be achieved within five years of appointment.
2. To be achieved within three years of appointment.

Executive Director	Beneficially owned shares⁽¹⁾	2011 LTIP Option interests subject to conditions⁽²⁾	Total interests held
A W Pidgley	4,567,939	2,010,000	6,577,939
R C Perrins	1,360,283	2,010,000	3,370,283
R J Stearn	150,074	383,641	533,715
K Whiteman	287,770	402,000	689,770
S Ellis	295,494	904,500	1,199,994
J Tibaldi	31,732	225,000	256,732
P Vallone	26,825	225,000	251,825
Non-executive Director			
J Armitt	8,112	-	8,112
A Nimmo	2,000	-	2,000
G Barker	12,422	-	12,422
V Wadley	4,000	-	4,000
A Li	20,000	-	20,000
A Myers	3,000	-	3,000
D Brightmore-Armour	1,000	-	1,000
P Vernon	609	-	609
R Downey	-	-	-

Notes

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. The third tranche of the 2011 LTIP awards vested and were exercised during the year by the Executive Director participants (see page 111 for details).

Summary table

The following table sets out where in the Remuneration Committee Report the following information can be found:

Element	Relevant in Year	Page
Taxable benefits (Audited)	Yes	100
Total pension entitlements (Audited)	Yes	100
Payments to past Directors (Audited)	No payments	-
Payments for loss of office (Audited)	No payments	-
Directors' shareholding and share interests (Audited)	Yes	112
Statement of the Implementation of the new Remuneration Policy for 2019/20	Yes	100-102

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2017/18 and 2018/19 financial years compared with distributions to shareholders.

	2018/19 (£m)	2017/18 (£m)	% change
Remuneration of Group employees (including Directors)	214	208	3%
Distributions to shareholders	252	287	(12%)

Service contracts

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

Executive Director	Date of contract/letter of appointment	Expiry date	Notice period by Company or Director
A W Pidgley	24 June 1994	Rolling service contract with no fixed expiry date	12 months
R C Perrins	15 July 2002	Rolling service contract with no fixed expiry date	12 months
R J Stearn	3 October 2014	Rolling service contract with no fixed expiry date	12 months
K Whiteman	15 January 1996	Rolling service contract with no fixed expiry date	12 months
S Ellis	5 May 2004	Rolling service contract with no fixed expiry date	12 months
J Tibaldi	30 June 1999	Rolling service contract with no fixed expiry date	12 months
P Vallone	25 September 1990	Rolling service contract with no fixed expiry date	12 months
Non-executive Director			
J Armitt	1 October 2007	Renewable annually on 1 May	n/a
A Nimmo	5 September 2011	Renewable annually on 1 May	n/a
G Barker	3 January 2012	Renewable annually on 1 May	n/a
V Wadley	3 January 2012	Renewable annually on 1 May	n/a
A Li	2 September 2013	Renewable annually on 1 May	n/a
A Myers	6 December 2013	Renewable annually on 1 May	n/a
D Brightmore-Armour	1 May 2014	Renewable annually on 1 May	n/a
P Vernon	6 September 2017	Renewable annually on 1 May	n/a
R Downey	8 December 2017	Renewable annually on 1 May	n/a

All service contracts and letters of appointments are available for viewing at the Company's registered office. The Company's practice is to appoint the Non-executive Directors under letters of appointment, which are renewable annually on 1 May. They are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however, in accordance with the UK Corporate Governance code 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 2019.

Principal activities and review of the business

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

The information that fulfils the requirements of the Strategic Report can be found on pages 4 to 73 of the Annual Report and provides more detailed commentaries on the business performance during the year together with the outlook for the future. In particular, information in respect of the principal financial and operating risks of the business is set out on pages 58 to 69 of the Strategic Report.

Trading results and dividends

The Group's consolidated profit after taxation for the financial year was £627.4 million (2018: £795.5 million). The Group's joint ventures contributed a profit after taxation of £8.8 million (2018: £162.7 million).

An interim dividend of 33.30 pence per share was paid to shareholders on 14 September 2018 and a further interim dividend of 7.12 pence per share was paid to shareholders on 16 January 2019. A further interim dividend is proposed to be paid as part of the £139.7 million Shareholder Return to be provided by 30 September 2019 through a combination of dividends and share buy-backs. The amount to be paid as a dividend will be announced on 15 August 2019, taking account of any share buy-backs undertaken as part of the Shareholder Returns programme. The dividend will be paid on 13 September 2019 to shareholders on the register on 23 August 2019.

Post balance sheet event

There are no post balance sheet events that require disclosure.

Share capital

The Company had 140,157,183 ordinary shares in issue at 30 April 2019 (2018: 140,157,183). During the year to 30 April 2019 and in accordance with the authority provided by shareholders at the 2017 and 2018 Annual General Meetings, the Company has purchased 5,591,370 ordinary shares with a nominal value of £279,569 which equated to 4.17% of the called-up share capital of the Company at the beginning of the period, excluding treasury shares. The aggregate consideration paid for these shares was £198.9 million. As at 30 April 2019 the Company held 11,141,900 shares in Treasury. These shares have no voting rights. Authority will be sought from shareholders at the forthcoming Annual General Meeting to renew the authority given at the 2018 Annual General Meeting for a further year, permitting the Company to purchase its own shares in the market up to a limit of 10% of its issued share capital.

Movements in the Company's share capital are shown in note 2.17 to the Consolidated Financial Statements.

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 92 to 113.

Articles of Association

The 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 of Association, Directors can be appointed or removed by shareholders in a general meeting.

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

Directors

The Directors of the Company and their profiles are detailed on pages 76 to 79. All of these Directors served throughout the year under review.

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

The Directors' interests in the share capital of the Company and its subsidiaries are shown in the Directors' Remuneration Report on pages 99 and 112. At 30 April 2019 each of the Executive Directors were deemed to have a non-beneficial interest in 437,358 (2018: 443,062) ordinary shares held by the Trustee of the Berkeley Group Employee Benefit Trust ('EBT'). The Trustee of the EBT has waived entitlement to dividends until further notice and has agreed not to vote on any shares held in the EBT at any general meeting.

There were no contracts of significance during, or at the end of, the financial year in which a Director of the Company is, or was, materially interested, other than those set out in note 2.24 to the Consolidated Financial Statements, the contracts of employment of the Executive Directors, which are terminable within one year, and the appointment terms of the Non-executive Directors, which are renewable annually and terminable on one month's notice.

Directors' indemnities

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

Substantial shareholders

The Company has been notified of the following interests, pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules ('DGTR'), as at 30 April 2019:

	Number of ordinary shares held⁽ⁱ⁾	% of voting rights ⁽ⁱ⁾	Nature of holdings
BlackRock Inc.	11,698,607	8.72	Indirect
First Eagle Investment Management LLC ⁽ⁱⁱ⁾	10,071,368	7.81	Indirect
A W Pidgley CBE	4,567,939	3.54	Direct

- (i) The number of ordinary shares held and percentage of voting rights is as stated by the shareholder at the time of notification.
- (ii) First Eagle Global Fund has notified the Company that it holds 5,013,920 ordinary shares which is 3.89% of voting rights. This holding is included in the indirect interests of 7.81% held by First Eagle Investment Management LLC.

Between 30 April 2019 and 19 June 2019 the Company was not notified of any changes to substantial interests, pursuant to Rule 5 of the DGTR.

Donations

The Group made no political donations (2018: £nil) during the year.

Employment policies

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

An Equal Opportunities Policy was introduced in 2001. Following periodic reviews (the most recent in September 2010) the policy is now an Equality and Diversity Policy with the aim of ensuring that all employees, potential employees and other individuals receive equal treatment (including access to employment, training and opportunity for promotion) regardless of their age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief (including lack of belief), sex or sexual orientation.

All disclosures concerning diversity of the Group's Directors, senior management and employees (as required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) are contained within the Strategic Report on page 51.

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

Sustainability

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

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

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

Directors' Report continued

Greenhouse gas emissions

	2019	2018
Scope 1 (tCO ₂ e)	3,399 A	2,553
Scope 2 (tCO ₂ e)	5,896 A	7,402
Scope 3 (tCO ₂ e)	17,713 A	14,326
Total (tCO ₂ e)	27,008 A	24,281
Emissions intensity (tCO ₂ e/person)	2.50	2.15

2019 (A) information has been separately subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided in 2019 and prior years, see the independent assurance reports found at www.berkeleygroup.co.uk/about-us/sustainability/reports-and-case-studies.

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

Scope 1 – direct emissions relating to office, sales and development site activities; and travel (business and other travel where expensed) in Company owned vehicles;

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

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

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

The intensity ratio has been calculated using the number of Berkeley employees and the number of contractors working on our sites. It is the average figure for the year and includes 50% of employees and contractors working in offices, in sales suites or on development sites of Berkeley's joint ventures.

The UK Government Environmental Reporting Guidance 2013, UK Government GHG Conversion Factors for Company Reporting and International Energy Agency emission factors have been used to calculate and report the Group's greenhouse gas emissions.

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

Note that emissions reported outside of this Directors' Report are based on the Group's operational reporting boundary. They include 100% joint venture emissions. Further details on our reporting boundaries, our established reporting criteria and the methodology adopted for the overall calculations can be found at www.berkeleygroup.co.uk/about-us/sustainability/reports-and-case-studies.

Takeover directive – agreements

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

Change of control provisions are included as standard in many types of commercial agreements, notably bank facility agreements and joint venture shareholder agreements, for the protection of both parties. Such standard terms are included in Berkeley's bank facility agreement which contains provisions that give the banks certain rights upon a change of control of the Company. Similarly, in certain circumstances, a change of control of either National Grid or Berkeley may give the other joint venture partner the ability to sell its interest in the joint venture.

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

Independent Auditor and disclosure of information to the 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.

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

Annual General Meeting

The Annual General Meeting of the Company is to be held at the Woodlands Park Hotel, Woodlands Lane, Stoke D'Abernon, Cobham, Surrey KT11 3QB at 11.00am on 6 September 2019. The Notice of Meeting, which is contained in a separate letter from the Chairman accompanying this report, includes a commentary on the business to be transacted at the Annual General Meeting.

Share capital structure

The Company is compliant with DGTR 7.2.6. and the information relating to the Company's share capital structure is included in the Directors' Report on page 114.

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

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the Directors, whose names and functions are listed on pages 76 to 79 confirm that, to the best of each person's knowledge:

- a. the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- b. the Strategic Report, together with the Directors' Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces, including those that would threaten its business model, future performance, solvency or liquidity; and
- c. the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial performance and position, business model and strategy.

Going concern

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial Review on pages 70 to 73.

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

The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future period, and not less than 12 months from the date of approval of these Financial Statements. For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

J S P CRANNEY
COMPANY SECRETARY

The Berkeley Group Holdings plc
Registered number: 5172586
19 June 2019

One Blackfriars includes 274 homes, a 162 bedroom hotel and a ground level public square with shops, a café and restaurant. The development was named 'Most Considerate Site' at the Considerate Constructors Scheme (CCS) National Site Awards 2019.

Find out more:

www.berkeleygroup.co.uk/oneblackfriars





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Independent Auditors' Report

to the members of The Berkeley Group Holdings PLC

1. Our opinion is unmodified

We have audited the financial statements of The Berkeley Group Holdings plc ("the Company") for the year ended 30 April 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in Note 1 and C1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 27 November 2013. The period of total uninterrupted engagement is for the six financial years ended 30 April 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview	
Materiality: group financial statements as a whole	£27.0m (2018: £35.0m) 3.5% (2018: 3.7%) of group profit before tax
Coverage	97% (2018: 93%) of group profit before tax
Key audit matters	vs 2018
Event Driven	New: Brexit uncertainty 
Recurring risks	Carrying value of inventories and profit recognition 
	Post completion development provisions 
	Carrying value of Parent Company investments 

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our result from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

We continue to perform procedures over revenue recognition. However, following the Company's adoption of IFRS 15 Revenue from Contracts with Customers revenue is now recognised at legal completion rather than build completion under the previously applicable standard. This reduces the risks associated with revenue recognition at year end due to a lower level of judgement, and accordingly we have not assessed this as one of the most significant risks in our current year audit and, therefore it is not separately identified in our report this year.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 58 (principal risks), page 59 (viability statement), pages 88-90 (Audit Committee Report).	<p>Unprecedented levels of uncertainty: All audits assess and challenge the reasonableness of estimates, in particular as described in carrying value of inventories and profit recognition, post completion development provisions and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement 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.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> — Our Brexit knowledge: We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plan to take action to mitigate the risks; — Sensitivity analysis: When addressing the carrying value of inventory and profit recognition, post completion development provisions and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty; and — Assessing transparency: As well as assessing individual disclosures as part of our procedures on the carrying value of inventory and profit recognition and post completion development provisions, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. <p>Our results</p> <ul style="list-style-type: none"> — As reported under carrying value of inventory and profit recognition and post completion development provisions, we found the resulting estimates and related disclosures of the allowance of risk within longer term sites and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Independent Auditors' Report continued

	The risk	Our response
Carrying value of inventories and profit recognition (£3,114.7 million; 2018: £3,296.6 million as restated)	<p>Subjective estimate: The Group recognises profit on each unit sold by reference to the overall site margin, which is the forecast profit percentage for a site that may comprise multiple phases and can be completed over a number of years. The recognition of profit is therefore dependent on the Group's estimate of future selling prices and build costs, including an allowance for risk. Further estimation uncertainty and exposure to cyclical exists within long term sites.</p> <p>Forecasts are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors including, but not limited to, the future market uncertainties surrounding the UK's exit from the European Union.</p> <p>Inventory represents the capitalised site costs to date less amounts expensed on sales by reference to the above forecasts. It is held at the lower of cost and net realisable value, the latter also being based on the forecast for the site. As such inappropriate assumptions in these forecasts can impact the assessment of the carrying value of inventories.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of inventory and profit recognition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>The financial statements (note 2.11) disclose the sensitivity estimated by the Group in respect of the approach taken for profit recognition for the long-term regeneration developments in the portfolio.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Control observation: We attended a selection of the Group's build cost meetings, which included assessing whether the appropriate individuals attended the meetings, assessing that the site forecast costs for developments were discussed and the site forecast costs forecasts were updated as appropriate; <p>We inspected whole site forecasts, on a sample basis, and challenged management's inputs and assumptions by performing the following procedures:</p> <ul style="list-style-type: none"> – Historical comparisons: Agreed a sample of site forecast costs to purchase contracts, supplier agreements or tenders and agreed a sample of costs incurred in the year to invoice and/or payment; – Benchmarking assumptions: Assessed, based on the risks highlighted by the Group's build cost review meetings and industry cost indices, the appropriateness of allowances made for cost increases and longer term development risks as well as contingencies; – Benchmarking assumptions: Compared forecast sales prices against recent prices achieved in the local market, historical sales prices, and considered factors that may impact the achievable price on future sales forecast sales; – Our sector experience: Utilised the team's experience, supported as appropriate by the firm's property experts, to consider the appropriateness of the forecast assumptions; – Sensitivity analysis: We evaluated the impact of varying changes in sales prices and costs on the forecast margin and considered whether this indicated a risk of impairment of the inventory balance and alternative basis of profit recognition in the year; and – Assessing transparency: We have also considered the adequacy of the group's disclosures in note 2.11 to the financial statements regarding the degree of judgement, estimation uncertainty, and sensitivity to key assumptions involved in arriving at the forecast site margins, resultant profit, and carrying value of inventory. <p>Our results</p> <ul style="list-style-type: none"> – We found the resulting estimates in determining the carrying value of inventories and profit recognition to be acceptable (2018: acceptable).

	The risk	Our response
Post completion development provisions (£74.2 million; 2018: £74.2 million)	<p>Subjective estimate: The Group holds post completion development provisions in respect of claims and construction related liabilities that have arisen, or that prior claims experience indicates may arise, in respect of remediation of defects subsequent to the completion of certain developments. The identification and estimate of amounts for post completion development provisions is judgemental by its nature and there is a risk that the estimate is incorrect and the provision is materially misstated.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that post completion development provisions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Personnel interviews: We enquired of Group and divisional Directors and inspected board minutes to identify potential claims arising; – Test of detail: When a provision has been made for significant known issues and claims, we inspected the Group's calculation of the provision held and considered internal cost assessments and third party evidence, where available; – Benchmarking assumptions: Where past events indicated an obligation may arise, we evaluated risk assessments performed in respect of known issues and or settled issues and considered any differences in the development portfolio over time, in assessing the calculation of the provision; – Enquiry of lawyers: In respect of open matters of litigation, we held discussions with the Group's legal counsel and reviewed relevant correspondence to assess the post completion development provisions recorded; and – Assessing transparency: We have also considered the adequacy of the group's disclosures in note 2.15 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.
Carrying value of Parent Company investments (£1,421.7 million; 2018: £1,417.6 million)	<p>Low risk, high value: The carrying amount of the parent company's investments in subsidiaries represents 85.2% (2018: 95.4%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.</p>	<p>Our results</p> <ul style="list-style-type: none"> – We found the resulting estimates in determining post completion development provisions to be acceptable (2018: acceptable). <p>Our procedures included:</p> <ul style="list-style-type: none"> – Test of detail: Compared the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessed whether those subsidiaries have historically been profit-making. <p>Our results</p> <ul style="list-style-type: none"> – We found the Group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2018: acceptable).

Independent Auditors' Report continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £27.0 million (2018: £35.0 million), determined with reference to a benchmark of group profit before tax of £775.2 million (2018: Group profit before tax of £934.9 million as previously stated), of which it represents 3.5% (2018: 3.7%).

Materiality for the parent company financial statements as a whole was set at £24.3 million (2018: £31.5 million), determined with reference to a benchmark of company total assets of £1,667.9 million (2018: £1,485.7 million), of which it represents 1.5% (2018: 2.2%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.35 million (2018: £1.75 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 18 (2018: 18) reporting components, we subjected 10 (2018: 11) to full scope audits for group purposes and 8 (2018: 7) to specified risk-focused procedures, all performed by the group team. The latter components were not individually financially significant enough to require a full scope audit for group purposes but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite.

There are no residual components in 2019 (2018: no residual components).

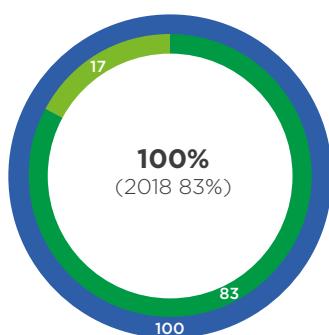
Profit before taxation

£775.2m (2018: £934.9m as previously stated)

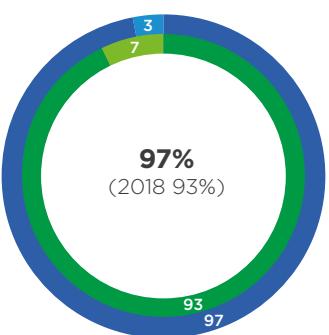


- Profit before taxation
- Group materiality

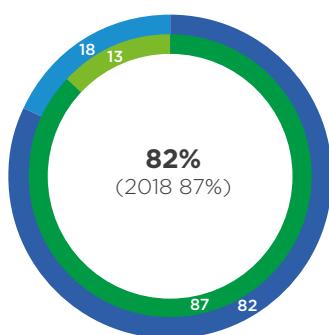
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2019
- Specified risk-focused audit procedures 2019
- Full scope for group audit purposes 2018
- Specified risk-focused audit procedures 2018

Group materiality

£27.0m (2018: £35.0m)



£27.0m

Whole financial statements materiality
(2018: £35.0m)

£21.0m

Range of materiality at 10 components (£1.0m - £21.0m)
(2018: £1.2m to £21.9m)

£1.35m

Misstatements reported to the audit committee
(2018: £1.75m)

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Increases in build costs and/or delays in build programmes;
- Changes in government regulation and policy regarding stamp duty and land tax and foreign investors in the UK property market;
- Uncertainty in macro political and economic factors including the impact of Brexit.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 117 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditors' Report continued

5. We have nothing to report on the other information in the Annual Report continued

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 59 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
 - we have not identified material misstatements therein; and
 - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 117, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, anti-money laundering and sanctions checking. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

MICHAEL HARPER

(SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF KPMG LLP,
STATUTORY AUDITOR

Chartered Accountants
15 Canada Square
London
E14 5GL

19 June 2019

Consolidated Income Statement

	Notes	2019 £m	2018 (Restated*) £m
For the year ended 30 April			
Revenue		2,957.4	2,840.9
Cost of sales		(2,031.2)	(1,857.4)
Gross profit		926.2	983.5
Net operating expenses		(157.8)	(166.5)
Operating profit		768.4	817.0
Finance income	2.3	10.7	6.6
Finance costs	2.3	(12.7)	(9.3)
Share of results of joint ventures using the equity method	2.10	8.8	162.7
Profit before taxation for the year		775.2	977.0
Income tax expense	2.6	(147.8)	(181.5)
Profit after taxation for the year		627.4	795.5
Earnings per share (pence):			
Basic	2.7	481.1	587.4
Diluted	2.7	469.9	574.3

* Results for the year ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 2.25.

Consolidated Statement of Comprehensive Income

		2019 £m	2018 (Restated*) £m
For the year ended 30 April			
Profit after taxation for the year		627.4	795.5
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) recognised in the pension scheme	2.5	1.6	(0.6)
Deferred tax on actuarial loss recognised in the pension scheme		—	0.1
Total items that will not be reclassified to profit or loss		1.6	(0.5)
Other comprehensive income/(expense) for the year		1.6	(0.5)
Total comprehensive income for the year		629.0	795.0

* Results for the year ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 2.25.

Consolidated Statement of Financial Position

As at 30 April

	Notes	2019 £m	2018 (Restated*) £m	2017 (Restated*) £m
ASSETS				
Non-current assets				
Intangible assets				
Intangible assets	2.8	17.2	17.2	17.2
Property, plant and equipment	2.9	42.5	25.9	22.8
Investments in joint ventures	2.10	374.7	311.9	127.2
Deferred tax assets	2.16	45.8	65.7	74.9
		480.2	420.7	242.1
Current assets				
Inventories				
Inventories	2.11	3,114.7	3,296.6	3,639.9
Trade and other receivables	2.12	65.5	43.1	3.1
Current tax assets		2.5	—	—
Cash and cash equivalents	2.13	1,275.0	987.3	585.5
		4,457.7	4,327.0	4,228.5
Total assets		4,937.9	4,747.7	4,470.6
LIABILITIES				
Non-current liabilities				
Borrowings				
Borrowings	2.23	(300.0)	(300.0)	(300.0)
Trade and other payables	2.14	(40.5)	(62.6)	(69.2)
Provisions for other liabilities and charges	2.15	(59.1)	(68.0)	(73.0)
		(399.6)	(430.6)	(442.2)
Current liabilities				
Trade and other payables				
Trade and other payables	2.14	(1,555.0)	(1,664.8)	(1,809.2)
Current tax liabilities		—	(47.3)	(117.6)
Provisions for other liabilities and charges	2.15	(20.0)	(13.8)	(26.9)
		(1,575.0)	(1,725.9)	(1,953.7)
Total liabilities		(1,974.6)	(2,156.5)	(2,395.9)
Total net assets		2,963.3	2,591.2	2,074.7
EQUITY				
Shareholders' equity				
Share capital				
Share capital	2.17	7.0	7.0	7.0
Share premium	2.17	49.8	49.8	49.8
Capital redemption reserve	2.18	24.5	24.5	24.5
Other reserve	2.18	(961.3)	(961.3)	(961.3)
Retained earnings	2.18	3,843.3	3,471.2	2,954.7
Total equity		2,963.3	2,591.2	2,074.7

* Results for the year ended 30 April 2018 and 30 April 2017 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 2.25.

The financial statements on pages 128 to 164 were approved by the Board of Directors on 19 June 2019 and were signed on its behalf by:

R J STEARN
FINANCE DIRECTOR

Consolidated Statement of Changes in Equity

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total equity £m
At 1 May 2018 – originally reported		7.0	49.8	24.5	(961.3)	3,500.0	2,620.0
Impact of IFRS 15	2.25	—	—	—	—	(28.8)	(28.8)
At 1 May 2018 – restated*		7.0	49.8	24.5	(961.3)	3,471.2	2,591.2
Profit after taxation for the year		—	—	—	—	627.4	627.4
Other comprehensive income for the year	2.5	—	—	—	—	1.6	1.6
Purchase of own shares	2.17	—	—	—	—	(198.9)	(198.9)
Transactions with shareholders:							
— Charge in respect of employee share schemes	2.5	—	—	—	—	(3.9)	(3.9)
— Deferred tax in respect of employee share schemes	2.16	—	—	—	—	(1.1)	(1.1)
— Dividends to equity holders of the Company	2.19	—	—	—	—	(53.0)	(53.0)
At 30 April 2019		7.0	49.8	24.5	(961.3)	3,843.3	2,963.3
At 1 May 2017 – originally reported		7.0	49.8	24.5	(961.3)	3,016.9	2,136.9
Impact of IFRS 15	2.25	—	—	—	—	(62.2)	(62.2)
At 1 May 2017 – restated*		7.0	49.8	24.5	(961.3)	2,954.7	2,074.7
Profit after taxation for the year – restated*		—	—	—	—	795.5	795.5
Other comprehensive expense for the year		—	—	—	—	(0.5)	(0.5)
Purchase of own shares	2.17	—	—	—	—	(140.4)	(140.4)
Transactions with shareholders:							
— Credit in respect of employee share schemes	2.5	—	—	—	—	4.2	4.2
— Deferred tax in respect of employee share schemes	2.16	—	—	—	—	4.4	4.4
— Dividends to equity holders of the Company	2.19	—	—	—	—	(146.7)	(146.7)
At 30 April 2018 – restated*		7.0	49.8	24.5	(961.3)	3,471.2	2,591.2

* Results for the year ended 30 April 2018 and 30 April 2017 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 2.25.

Consolidated Cash Flow Statement

For the year ended 30 April

	Notes	2019 £m	2018 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	2.22	789.2	957.2
Interest received		10.7	4.9
Interest paid		(8.8)	(7.5)
Income tax paid		(178.8)	(238.0)
Net cash flow from operating activities		612.3	716.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2.09	(19.5)	(6.1)
Proceeds on disposal of property, plant and equipment		0.3	0.4
Movements in loans with joint ventures	2.10	(54.0)	(22.0)
Net cash flow from investing activities		(73.2)	(27.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds associated with settlement of share options		0.5	—
Purchase of own shares	2.17	(198.9)	(140.4)
Dividends paid to Company's shareholders	2.19	(53.0)	(146.7)
Net cash flow from financing activities		(251.4)	(287.1)
Net increase in cash and cash equivalents		287.7	401.8
Cash and cash equivalents at the start of the financial year		987.3	585.5
Cash and cash equivalents at the end of the financial year	2.22	1,275.0	987.3

Notes to the Consolidated Financial Statements

1 Basis of preparation

1.1 Introduction

These Consolidated Financial Statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRSs), the IFRS Interpretations Committee (IFRICs) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.



Critical accounting judgements and key sources of uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed within the relevant notes on pages 133 to 148.



Group accounting policies

The significant Group accounting policies are included within the relevant notes to the Consolidated Financial Statements on pages 133 to 164.

1.2 Going concern

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to the uncertainty inherent in future financial forecasts and where applicable, reasonable sensitivities have been applied to the key factors affecting the financial performance of the Group. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future period, and not less than 12 months from the date of these financial statements. For this reason it continues to adopt the going concern basis of accounting in preparing its Consolidated Financial Statements.

1.3 Basis of consolidation

(a) Subsidiaries

The Consolidated Financial Statements comprise the financial statements of the parent company and all its subsidiary undertakings. The accounting date for subsidiary undertakings is 30 April, unless otherwise stated in note 2.26.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration substantive rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Acquisition related costs are expensed as incurred.

(b) Joint ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1.4 Adoption of new and revised standards

The following new standards, amendments to standards and interpretations are applicable to the Group and are mandatory for the first time for the financial year beginning 1 May 2018:

IFRS 15 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts', setting out new revenue recognition criteria particularly with regard to performance obligations and assessment of when control of goods or services passes to the customer. The standard is effective for periods beginning on or after 1 January 2018 and has been implemented by the Group from 1 May 2018. See note 2.25 for details of the restatement.

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' and is effective from 1 January 2018. The Group does not presently hold any complex financial instruments. This standard has not had a significant impact on the results of the Group for the year.

Amendment to IFRS 2 'Share-based Payment', Amendment to IFRS 4 'Insurance Contracts' regarding the implementation of IFRS 9 'Financial Instruments', and Annual Improvements 2014-2016, all effective from 1 January 2018, have not had a significant impact on the results of the Group for the year.

1.5 Impact of standards and interpretations in issue but not yet effective

The Group has considered the impact of IFRS 16 'Leases', Annual Improvements 2015-2017, Amendment to IAS 28 'Investments in Associates and Joint Ventures', IFRIC 23 'Uncertainty over Income Tax Treatments', and Amendments to IAS 19, 'Employee Benefits' on plan amendment, curtailment or settlement' which will be applicable to the Group for the financial year beginning 1 May 2019. These standards are not expected to have a significant impact on the results of the Group.

2 Results for the year

2.1 Revenue

The Group's revenue derives principally from the sale of residential homes and commercial properties across mixed use developments.



Revenue represents the amounts receivable from the sale of properties, and ground rent assets during the year and other income directly associated with property development. Properties are treated as sold and profits are recognised at the point control of the unit is passed to the customer, which has been determined as the point of legal completion. Ground rent assets are treated as sold when contracts are exchanged, all material conditions precedent to the sale have been satisfied and control of the ground rent assets have passed to the customer.

2.2 Segmental disclosure



Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group determines its reportable segments having regard to permitted aggregation criteria with the principal condition being that the operating segments should have similar economic characteristics.

The Group is predominantly engaged in residential-led, mixed use property development, comprising residential revenue, revenue from land sales and commercial revenue.

For the purposes of determining its operating segments, the chief operating decision maker has been identified as the Executive Committee of the Board. This Committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined that its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed use development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

For the purpose of monitoring segment performance and allocating resources between segments, all assets are considered to be attributable to residential-led mixed use property development.

2.3 Net finance costs

	2019 £m	2018 £m
Finance income	10.7	6.6
Finance costs		
Interest payable on bank loans and non-utilisation fees	(8.6)	(7.5)
Amortisation of facility fees	(1.8)	(1.8)
Other finance costs	(2.3)	—
	(12.7)	(9.3)
Net finance costs	(2.0)	(2.7)

Finance income predominantly represents interest earned on cash deposits.

Other finance costs represent imputed interest on taxation and on land purchased on deferred settlement terms.

Notes to the Consolidated Financial Statements continued

2.4 Profit before taxation



Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale. The amount of cost related to each property includes its share of the overall site costs including, where relevant, its share of forecast costs to complete. Net operating expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. See inventories note 2.11 for further disclosures on the key estimates and judgements around cost recognition.

Profit before taxation is stated after charging the following amounts:

	2019 £m	2018 £m
Staff costs (note 2.5)	267.3	279.3
Depreciation on property, plant and equipment (note 2.9)	2.4	2.7
Loss on sale of property, plant and equipment	0.2	—
Operating lease costs	3.8	3.4
Fees paid and payable to the Company's current auditor for the audit of the parent company	0.6	0.5
Fees paid and payable to the Company's current auditor for other services:		
— Audit of the Company's subsidiaries	0.1	0.1
— Audit related assurance services	0.1	0.1

The value of inventories expensed and included in the cost of sales is £1,836.0 million (2018 restated: £1,703.0 million).

Fees paid in the year to the Group's current auditor for audit related assurance services relate to the interim review.

In addition to the above services, the Group's current auditor has acted as auditor to the Berkeley Final Salary Plan. The appointment of auditors to the Group's pension scheme and the fees paid in respect of the audit are agreed by the Trustees of the scheme, who act independently of the management of the Group. The fees paid to the Group's auditor for audit services to the pension scheme during the year were £8,500 (2018: £8,500).

2.5 Directors and employees

Profit before taxation is stated after charging the following amounts:

	2019 £m	2018 £m
Staff costs:		
Wages and salaries	213.7	208.1
Social security costs	29.0	31.3
Share based payments – Equity settled	7.4	15.6
Share based payments – Cash settled	8.9	17.3
Pension costs	8.3	7.0
	267.3	279.3

The average monthly number of persons employed by the Group during the year was 2,673 (2018: 2,617).

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:

	2019 £m	2018 £m
Directors' remuneration	2.8	2.4
Amount charged under long-term incentive schemes	13.2	19.4
Company contributions to the defined contribution pension schemes	0.1	0.1
	16.1	21.9

The Directors' Remuneration Report includes disclosure of the gains made by Directors on the exercise of share options during the year, which was £23.6 million (2018: £21.3 million) in aggregate.

Equity settled share based payments



Where the Company operates equity settled share based compensation plans, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, taking into account only service and non-market conditions.

At each Balance Sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The Group operates one (2018: one) equity settled share based payment scheme. The charge to the Income Statement in respect of share based payments in the year relating to grants of share options awarded under the 2011 Long Term Incentive Plan (LTIP) was £7.4 million (2018: £14.8 million). The charge to the Income Statement attributable to key management is £7.6 million (2018: £13.1 million).

The charge to the reserves during the year in respect of employee share schemes was £3.9 million (2018: £4.2 million credit), resulting from the non-cash IFRS 2 charge for the year as reflected in the cash flow statement.

There were nil exercisable share options at the end of the year (2018: 44,319). During the year 2,176,115 options vested under the 2011 LTIP (2018: 2,042,825).

2011 Long Term Incentive Plan

As part of a strategic review of the business, the Company announced in June 2011, a long-term plan to return approximately £1.7 billion to shareholders over the next 10 years. In December 2015, a revision to the plan was proposed to return an additional £0.5 billion to shareholders.

A long-term remuneration plan was proposed to support this strategy, the 2011 LTIP which was approved by shareholders at the Annual General Meeting on 5 September 2011 followed by amendments at the Annual General Meeting on 16 February 2016 and the Extraordinary General Meeting on 23 February 2017. The key features of the 2011 LTIP are:

- if the Company returns £2.3 billion to shareholders over a 10 year period via a series of dividend payments and share buy-backs (£16.34 per share) by the milestone dates referred to below, participants will be entitled to exercise options and receive a number of ordinary shares in the capital of the Company at the end of each period;
- the maximum number of shares capable of being earned by all participants was 19,616,503 shares, being 13% of the fully diluted share capital of the Company at the date of approval of the plan. In the prior year, the introduction of individual participant caps was approved by shareholders; and
- the exercise price of options granted under the 2011 LTIP will be £16.34 per share less an amount equal to the value of all dividends, paid between the date of approval of the 2011 LTIP and the vesting dates, beginning in September 2016 with five annual vestings thereafter, provided the exercise price cannot be less than zero.

Notes to the Consolidated Financial Statements continued

2.5 Directors and employees continued

The cumulative distributions required by the plan on or before the relative milestone dates are set out below:

	Cumulative distributions
30 September 2016	£6.34 per share
30 September 2017	£8.34 per share
30 September 2018	£10.34 per share
30 September 2019	£12.34 per share
30 September 2020	£14.34 per share
30 September 2021	£16.34 per share

The fair value of the options granted in 2011, determined using the current market pricing model, was £3.17 for options which then vest on 30 September 2021. The inputs into the current market option pricing model were:

	Inputs
Grant date	5 September 2011
Vesting date	30 September 2021
Share price at grant date (pence)	1,236
Exercise price (pence)	nil
Discount rate	6.3%

As a result of modifications in 2017, which introduced individual participant caps and extended the service period by a further two years, there was a decrease in the fair value cost of the options. This has been considered a non-beneficial modification for accounting purposes, and accordingly there has been no impact on the accounting treatment applied.

The discount rate was determined by calculating the Group's expected cost of capital over the vesting period at the grant date.

During the year no new additional options were granted (2018: 533,000) and 100,500 options lapsed (2018: none). As at 30 April 2019 there were 6,401,340 options outstanding (2018: 8,677,955).

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 Balance Sheet. The liability is remeasured at fair value at each Balance Sheet date until settlement with changes in fair value recognised in the Income Statement.

Bonus Banking Plan

Under the Bonus Banking Plan, detailed in the Directors' Remuneration Report on page 99, 50% of the balance on the plan account at the end of the financial year is deferred in notional shares in the Company. The notional shares will be settled in cash each year, excluding the year ending 30 April 2021 when the scheme will fully vest, at which point 50% of the remaining balance at that date will be settled in equity and 50% in cash. Accordingly the plan is accounted for as cash settled, with only the proportion expected to vest in shares at the end of the plan accounted for as equity settled. This amount is not of significant quantum to warrant individual disclosure.

The liability has been accrued over the vesting period. The Income Statement is charged with an estimate for the vesting of notional shares awarded subject to service and non-market performance conditions. The charge for 2019 was £5.6 million (2018: £6.3 million), all of which related to key management.

The total carrying amount of liabilities for the Bonus Banking Plan at the end of the year was £6.1 million (2018: £7.0 million), recorded in accruals and deferred income.

Senior management share appreciation rights

Certain key members of senior management have been awarded cash bonuses deferred in notional shares in the Company. The notional shares have a contractual life of five years after the bonus is allocated, and are settled in cash subject to continued employment by the Company and individual and divisional performance criteria.

The liability is accrued over the vesting period. The Income Statement is charged with an estimate for the vesting of notional shares awarded subject to service and non-market performance conditions. The charge for 2019 was £3.3 million (2018: £11.9 million).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £22.8 million (2018: £38.8 million), recorded in accruals and deferred income.

Pensions



The Group accounts for pensions under IAS 19 'Employee Benefits'. The Group has both defined benefit and defined contribution plans. The defined benefit plan was closed to future accrual with effect from 1 April 2007.

For the defined benefit scheme, the obligations are measured using the projected unit method. The calculation of the net obligation is performed by a qualified actuary. The operating and financing costs of these plans are recognised separately in the Income Statement; service costs are set annually on the basis of actuarial valuations of the scheme and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

Pension contributions under defined contribution schemes are charged to the Income Statement as they fall due.

Defined contribution plan

Contributions amounting to £7.0 million (2018: £5.8 million) were paid into the defined contribution schemes during the year.

Defined benefit plan

As at 30 April 2019 the Group operated one defined benefit pension scheme which was closed to future accrual with effect from 1 April 2007. This is a separate trustee administered fund holding the pension plan assets to meet long-term pension liabilities for some 312 past employees. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recently finalised valuation was carried out as at 1 May 2016 and finalised in July 2017. The method adopted in the 2016 valuation was the projected unit credit method, which assumed a return on investment both prior to and after retirement of 4.10% per annum and pension increases of 3.25% per annum. The market value of the Berkeley Final Salary Plan assets as at 1 May 2016 was £18.4 million and covered 96% of the scheme's liabilities. Following the finalisation of the 2016 valuation, the Group agreed with the Trustees of the scheme to make additional contributions to the scheme of £0.8 million over a 15 month period (1 May 2016 to 31 July 2017) to address the scheme's deficit after which required contributions were reduced to zero. Notwithstanding this the Group made additional voluntary contributions of £0.6 million during the year (2018: £0.6 million).

A High Court judgement handed down in October 2018, relating to defined benefit pension schemes, held that the Guaranteed Minimum Pension (GMP) element of pension accrued by men and women should be comparable and any additional obligation required to equalise the members' benefits must be allowed for in the scheme liabilities. The additional obligation is considered a past service cost and recognised through the Income Statement in accordance with IAS 19. As at 30 April 2019 the Group has estimated that the additional obligation required to equalise benefits accrued under the Group's defined benefit pension scheme is £0.6 million. The impact of future changes in estimates and assumptions related to the equalisation of GMP will be accounted for as scheme experience and recognised in other comprehensive income.

For the purpose of IAS 19, the 2016 valuation was updated for 30 April 2019.

The most significant risks to which the plan exposes the Group are:

- Inflation risk: A rise in inflation rates will lead to higher plan liabilities as a large proportion of the defined benefit obligation is indexed in line with price inflation. This effect will be limited due to caps on inflationary increases to protect the plan against extreme inflation;
- Interest rate risk: A decrease in corporate bond yields would result in an increase to plan liabilities although this effect would be partially offset by an increase in the value of the plan's bond holdings; and
- Mortality risk: An increase in life expectancy would result in an increase to plan liabilities as a significant proportion of the pension schemes' obligations are to provide benefits for the life of the member.

Notes to the Consolidated Financial Statements continued

2.5 Directors and employees continued

The amounts recognised in the Statement of Financial Position are determined as follows:

	2019 £m	2018 £m
Present value of defined benefit obligations	(20.9)	(19.4)
Fair value of plan assets	22.5	21.5
Net surplus in the plan	1.6	2.1
Effect of the asset ceiling	—	(2.1)
Net amount recognised in the Statement of Financial Position	1.6	—

	Defined benefit obligations		Fair value plan assets		Net defined benefit asset	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Balance at 1 May	(19.4)	(20.5)	21.5	21.0	2.1	0.5
Included in Income Statement						
Past service costs	(0.6)	—	—	—	(0.6)	—
Net interest	(0.5)	(0.5)	0.6	0.5	0.1	—
Included in other comprehensive income						
Re-measurements:						
Actuarial (loss)/gain arising from:						
— Demographic assumptions	—	0.3	—	—	—	0.3
— Financial assumptions	(1.0)	0.5	—	—	(1.0)	0.5
Return on plan assets	—	—	0.4	0.2	0.4	0.2
Other						
Contributions by the employer	—	—	0.6	0.6	0.6	0.6
Benefits paid out	0.6	0.8	(0.6)	(0.8)	—	—
Balance at 30 April	(20.9)	(19.4)	22.5	21.5	1.6	2.1

Cumulative actuarial gains and losses recognised in equity:

	2019 £m	2018 £m
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 1 May	(7.3)	(6.7)
Net actuarial gains recognised in the year	(0.6)	1.0
Change in the effect of the asset ceiling	2.1	(1.6)
Cumulative amounts of losses recognised in the Statement of Comprehensive Income at 30 April	(5.8)	(7.3)

The fair value of the assets was as follows:

	30 April 2019 Long-term value £m	30 April 2018 Long-term value £m
UK Equities	1.1	1.0
Global Equities	5.3	4.8
Emerging Market Equities	1.9	1.8
High Yield Bonds	1.7	2.0
Diversified Growth Fund	7.2	5.0
Government Bonds (over 15 years)	1.2	1.1
Government Bonds (5 to 15 years)	—	1.9
Index Linked Gilts (over 5 years)	2.4	2.3
Corporate Bonds	1.5	1.5
Cash	0.2	0.1
Fair value of plan assets	22.5	21.5

All equity securities and Government Bonds have quoted prices in active markets. All Government Bonds are issued by European governments and are AAA- or AA- rated. All other plan assets are not quoted in an active market.

History of asset values

	30 April 2019 £m	30 April 2018 £m	30 April 2017 £m	30 April 2016 £m	30 April 2015 £m
Fair value of plan assets	22.5	21.5	21.0	18.1	18.1
Present value of defined benefit obligations	(20.9)	(19.4)	(20.5)	(15.9)	(16.6)
Net surplus in the plan	1.6	2.1	0.5	2.2	1.5

Actuarial assumptions

The major assumptions used by the actuary for the 30 April 2019 valuation were:

Valuation at:	30 April 2019 %	30 April 2018 %
Discount rate	2.40	2.60
Inflation assumption (RPI)	3.60	3.40
Inflation assumption (CPI)	2.70	2.50
Rate of increase in pensions in payment post 1997 (Pre 1997 receive 3% p.a. increases)	3.60	3.40

The mortality assumptions are the standard S2PA CMI_2017_X [1.0%] (2018: S2PA CMI_2017_X [1.0%]) base table for males and females, both adjusted for each individual's year of birth to allow for future improvements in mortality rates. The life expectancy of male and female pensioners (now aged 65) retiring at age 65 on the Balance Sheet date is 21.8 years and 23.7 years respectively (2018: 21.8 and 23.7 years respectively). The life expectancy of male and female deferred pensioners (now aged 45) retiring at age 65 after the balance sheet date is 22.9 years and 25.0 years respectively (2018: aged 45, 22.8 and 24.9 years respectively).

Notes to the Consolidated Financial Statements continued

2.5 Directors and employees continued

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased as a result of a change in the respective assumptions.

	Change in assumption	Change in defined benefit obligation
Discount rate	-0.25% p.a	+3.9%
Rate of inflation	+0.25% p.a	+2.7%
Rate of mortality	+1 year	+3.9%

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 2020, albeit it has no obligation to do so.

2.6 Taxation



The taxation expense represents the sum of the current tax payable and deferred tax. Current tax, including UK corporation tax, is provided at the amounts expected to be paid (or received) using the tax rules and laws that have been enacted, or substantively enacted, by the reporting date.

The tax charge for the year is as follows:

	2019 £m	2018 (Restated) £m
For the year ended 30 April		
Current tax		
UK corporation tax payable	(132.4)	(177.8)
Adjustments in respect of previous years	0.3	9.4
	(132.1)	(168.4)
Deferred tax		
Deferred tax movements	(15.0)	(10.5)
Adjustments in respect of previous years	(0.7)	(2.6)
	(15.7)	(13.1)
	(147.8)	(181.5)

Tax on items recognised directly in other comprehensive income is as follows:

	2019 £m	2018 £m
Deferred tax on re-measurements of the net defined benefit asset/liability (note 2.16)	—	0.1

Tax on items recognised directly in equity is as follows:

	2019 £m	2018 £m
Deferred tax in respect of employee share schemes (note 2.16)	(1.1)	4.4
Current tax in respect of employee share schemes (note 2.16)	(3.1)	(0.6)
	(4.2)	3.8

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 19.0% (2018: 19.0%). The differences are explained below:

	2019 £m	2018 (Restated) £m
For the year ended 30 April		
Profit before tax	775.2	977.0
Tax on profit at standard UK corporation tax rate	147.3	185.6
Effects of:		
Expenses not deductible for tax purposes	0.8	0.6
Tax effect of share of results of joint ventures	0.3	(0.2)
Adjustments in respect of previous years	0.5	(6.8)
Effect of change in rate in tax (note 2.16)	(0.3)	1.2
Other	(0.8)	1.1
Tax charge	147.8	181.5

Corporation tax is calculated at 19.0% of the estimated assessable profit for the year.

The Group manages its tax affairs in an open and transparent manner with the tax authorities and observes all applicable rules and regulations in the countries in which it operates. Factors that may affect the Group's tax charge in future periods include changes in tax legislation and the closure of open tax matters in the ordinary course of events. The adjustments in respect of previous years reflect the agreement of a number of previously open issues and tax relief claims.

Changes to UK corporation tax rates were substantially enacted as part of the Finance (No 2) Act 2015 on 18 November 2015 and the Finance Act 2016 on 15 September 2016. These changes include reductions to the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted rates and are based on when the assets are expected to be realised.

2.7 Earnings per ordinary share

Basic earnings per share (EPS) are calculated as the profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

	2019	2018 (Restated)
For the year ended 30 April		
Profit attributable to shareholders (£m)	627.4	795.5
Weighted average no. of shares (millions)	130.4	135.4
Basic earnings per share (pence)	481.1	587.4

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares.

At 30 April 2019 the Group had two (2018: two) categories of potentially dilutive ordinary shares: 2.9 million (2018: 2.9 million) share options under the 2011 LTIP and 22,000 (2018: 9,000) share options under the 2015 Bonus Banking Plan.

A calculation is undertaken to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the Group which is the unamortised share based payments charge. The difference between the number of shares that could have been acquired at fair value and the total number of options is used in the diluted earnings per share calculation.

	2019	2018 (Restated)
For the year ended 30 April		
Profit used to determine diluted EPS (£m)	627.4	795.5
Weighted average no. of shares (millions)	130.4	135.4
Adjustments for:		
Share options – 2011 LTIP	3.1	3.1
Shares used to determine diluted EPS (millions)	133.5	138.5
Diluted earnings per share (pence)	469.9	574.3

Notes to the Consolidated Financial Statements continued

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 2018 and 30 April 2019	17.2
Accumulated impairment:	
At 1 May 2018 and 30 April 2019	—
Net book value:	
At 1 May 2018 and 30 April 2019	17.2
Cost:	
At 1 May 2017 and 30 April 2018	17.2
Accumulated impairment:	
At 1 May 2017 and 30 April 2018	—
Net book value:	
At 1 May 2017 and 30 April 2018	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:

- cash flows beyond a five year period are not extrapolated; and
- a pre-tax discount rate of 8.98% (2018: 7.91%) 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 as follows:

Freehold buildings	25 – 50 years
Fixtures, fittings & 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 2018	21.5	12.6	3.4	37.5
Additions	10.9	8.1	0.5	19.5
Disposals	–	(1.9)	(1.1)	(3.0)
At 30 April 2019	32.4	18.8	2.8	54.0
Accumulated depreciation:				
At 1 May 2018	1.5	8.5	1.6	11.6
Charge for the year	0.3	1.7	0.4	2.4
Disposals	–	(1.8)	(0.7)	(2.5)
At 30 April 2019	1.8	8.4	1.3	11.5
Net book value:				
At 1 May 2018	20.0	4.1	1.8	25.9
At 30 April 2019	30.6	10.4	1.5	42.5
Cost:				
At 1 May 2017	17.4	12.1	3.7	33.2
Additions	4.1	1.4	0.6	6.1
Disposals	–	(0.9)	(0.9)	(1.8)
At 30 April 2018	21.5	12.6	3.4	37.5
Accumulated depreciation:				
At 1 May 2017	1.2	7.5	1.7	10.4
Charge for the year	0.3	1.9	0.5	2.7
Disposals	–	(0.9)	(0.6)	(1.5)
At 30 April 2018	1.5	8.5	1.6	11.6
Net book value:				
At 1 May 2017	16.2	4.6	2.0	22.8
At 30 April 2018	20.0	4.1	1.8	25.9

Notes to the Consolidated Financial Statements continued

2.10 Investments in joint ventures



Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

	2019 £m	2018 (Restated) £m
Unlisted shares at cost	11.0	11.0
Loans	146.3	92.3
Share of post-acquisition reserves	217.5	208.7
Elimination of profit on transfer of inventory to joint ventures	(0.1)	(0.1)
	374.7	311.9

Details of the joint ventures are provided in notes 2.24 and 2.26.

	2019 £m	2018 (Restated) £m
At 1 May	311.9	127.2
Profit after tax for the year	8.8	162.7
Net increase in loans to joint ventures	54.0	22.0
At 30 April	374.7	311.9

The Group's share of joint ventures' net assets, income and expenses is comprised as follows:

2019	St Edward £m	St William £m	Other £m	Total £m
Cash and cash equivalents	299.7	11.3	0.1	311.1
Other current assets	158.7	332.6	—	491.3
Current assets	458.4	343.9	0.1	802.4
Current liabilities	(89.2)	(118.6)	—	(207.8)
Non-current financial liabilities	(104.9)	(115.0)	—	(219.9)
	264.3	110.3	0.1	374.7
Revenue	62.0	5.2	—	67.2
Costs	(41.0)	(14.9)	—	(55.9)
Operating profit/(loss)	21.0	(9.7)	—	11.3
Interest charges	0.2	(2.5)	—	(2.3)
Profit/(loss) before tax	21.2	(12.2)	—	9.0
Tax charge	(0.2)	—	—	(0.2)
Share of post tax profit/(loss) of joint ventures	21.0	(12.2)	—	8.8

2018	St Edward £m	St William £m	Other £m	Total (Restated) £m
Cash and cash equivalents	285.1	8.1	0.1	293.3
Other current assets	87.7	151.0	—	238.7
Current assets	372.8	159.1	0.1	532.0
Current liabilities	(79.6)	(66.5)	—	(146.1)
Non-current financial liabilities	(49.5)	(24.5)	—	(74.0)
	243.7	68.1	0.1	311.9
Revenue	321.2	—	—	321.2
Costs	(145.2)	(12.6)	—	(157.8)
Operating profit/(loss)	176.0	(12.6)	—	163.4
Interest charges	1.5	(1.9)	—	(0.4)
Profit/(loss) before tax	177.5	(14.5)	—	163.0
Tax charge	(0.3)	—	—	(0.3)
Share of post tax profit/(loss) of joint ventures	177.2	(14.5)	—	162.7

Notes to the Consolidated Financial Statements continued

2.11 Inventories



Property in the course of development and completed units are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads. Provision is made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

Land purchased for development, including land in the course of development, is initially recorded at cost. Where such land is purchased on deferred settlement terms, and the cost differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the Income Statement over the period to settlement.



The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore, due to the nature of the Group's activity and in particular, the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty; in particular due to the need to take account of future direct input costs, sales prices and the need to allocate site-wide costs on an appropriate basis to reflect the overall level of development risk, including planning risk. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made. These assessments and allocations evolve over the life of the development in line with the risk profile, and accordingly the margin recognised reflects these evolving estimates. Similarly, these estimates impact the carrying value of inventory at each reporting date as this is a function of costs incurred in the year and the allocation of inventory to costs of sales on each property sold.

In addition, the Group has consistently applied its approach to margin recognition in relation to the Group's particularly complex, long-term regeneration developments where certain whole-site costs are accelerated to the early stages of the development to reflect the greater uncertainty and the evolution of risk over the life of such developments. These developments, where the development life-cycle is typically greater than 10 years, are considered to be particularly susceptible to potential downward shifts in profitability due to the cyclical nature of the property market and its impact on both revenue and costs. As such, the inherent estimation uncertainty is increased.

A fundamental principle of the Group's accounting policy is to reduce the possibility of recognising margin in the early stages of a development that could subsequently reverse. As such, for these long-term sites with greatest estimation uncertainty, a greater proportion of whole-site costs are recognised during the earlier stages of the development up to a point of inflection when such developments are deemed to be sufficiently de-risked. Subsequent to this inflection point, and should the uncertainties have not materialised, margin would increase as the visibility over projected revenue and costs across the development improves.

As at 30 April 2019 the greater proportion of whole-site costs recognised in either the current or previous financial years during the earlier stages of the development for the Group's particularly complex, long-term sites amounted to 9% (2018: 7%) 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.

	2019 £m	2018 (Restated) £m
Land not under development	395.2	337.7
Work in progress: Land cost	806.7	737.2
Total land	1,201.9	1,074.9
Work in progress: Build cost	1,778.0	2,099.3
Completed units	134.8	122.4
Total inventories	3,114.7	3,296.6

2.12 Trade and other receivables



Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted on an approximation of the original effective interest rate. 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.

	2019 £m	2018 (Restated) £m
Trade receivables	38.3	18.7
Other receivables	18.4	13.3
Prepayments and accrued income	8.8	11.1
	65.5	43.1

Further disclosures relating to trade receivables are set out in note 2.23.

2.13 Cash and cash equivalents



Cash and cash equivalents comprises cash balances in hand and at the bank, including bank overdrafts repayable on demand which form part of the Group's cash management, for which offset arrangements across Group businesses have been applied where appropriate.

	2019 £m	2018 £m
Cash and cash equivalents	1,275.0	987.3

2.14 Trade and other payables



New property deposits and on account contract receipts are held within current trade and other payables.



Trade and other payables on normal terms are not interest bearing and are stated at their nominal value which is considered to be their fair value. Trade payables on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

	2019 £m	2018 £m
Current		
Trade payables	(620.7)	(589.3)
Deposits and on account contract receipts	(686.1)	(895.0)
Other taxes and social security	(31.5)	(48.6)
Accruals and deferred income	(216.7)	(131.9)
	(1,555.0)	(1,664.8)
Non-current		
Trade payables	(40.5)	(62.6)
Total trade and other payables	(1,595.5)	(1,727.4)

All amounts included above are unsecured. The total of £31.5 million (2018: £48.6 million) for other taxes and social security includes £12.7 million (2018: £14.7 million) for Employer's National Insurance provision in respect of share based payments. Further disclosures relating to current trade and non-current trade payables are set out in note 2.23.

Notes to the Consolidated Financial Statements continued

2.15 Provisions for liabilities and charges



Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle that obligation and the amount has been reliably estimated.



The Group makes assumptions to determine the timing and its best estimate of the quantum of its construction and other liabilities for which provisions are held.

The Group continually reviews the identified risks that they are aware of for the Group's portfolio of developments to ensure the amount of the provision remains appropriate.

	Post completion development provisions	Other provisions	Total £m
At 1 May 2018	(74.2)	(7.6)	(81.8)
Utilised	7.3	0.2	7.5
Released	23.5	3.0	26.5
Charged to the Income Statement	(30.8)	(0.5)	(31.3)
At 30 April 2019	(74.2)	(4.9)	(79.1)

	Post completion development provisions	Other provisions	Total £m
At 1 May 2017	(80.1)	(19.8)	(99.9)
Utilised	11.6	9.6	21.2
Released	26.1	3.7	29.8
Charged to the Income Statement	(31.8)	(1.1)	(32.9)
At 30 April 2018	(74.2)	(7.6)	(81.8)

Analysis of total provisions:

	2019 £m	2018 £m
Non-current	(59.1)	(68.0)
Current	(20.0)	(13.8)
Total	(79.1)	(81.8)

Provisions for other liabilities and charges primarily relate to provisions for a best estimate of certain post-completion development obligations in respect of the construction of the Group's portfolio of complex mixed-use property developments which are expected to be incurred in the ordinary course of business, based on historical experience of the Group's sites and current site-specific risks, but which are uncertain in terms of timing and quantum. The Group continually reviews its utilisation of this provision and, in recognition that the risk of post-completion development obligations reduces over time, releases any unutilised provision to the Income Statement on a systematic basis across the five years following completion.

2.16 Deferred tax



Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or from differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date. The carrying value of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred taxation is charged or credited to the Income Statement, except when it relates to items charged or credited directly to reserves, in which case the deferred taxation is also dealt with in reserves.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement on the deferred tax account is as follows:

	Accelerated capital allowances £m	Retirement benefit obligations £m	Short-term timing differences £m	Total £m
At 1 May 2018 (restated)	0.7	0.1	64.9	65.7
Adjustments in respect of previous years	—	—	(0.7)	(0.7)
Charged to the Income Statement in year	(0.1)	(0.1)	(15.1)	(15.3)
Adjustment in respect of change of tax rate from 19% to 17% (note 2.6)	—	—	0.3	0.3
Charged to Income Statement in the year	(0.1)	(0.1)	(14.8)	(15.0)
Credited to equity at 19%/17%	—	—	(1.1)	(1.1)
Realisation of deferred tax asset on vesting of employee share scheme	—	—	(3.1)	(3.1)
Credited to equity in year (note 2.6)	—	—	(4.2)	(4.2)
At 30 April 2019	0.6	—	45.2	45.8
	Accelerated capital allowances £m	Retirement benefit obligations £m	Short-term timing differences £m	Total £m
At 1 May 2017 (restated)	0.8	0.1	74.0	74.9
Adjustments in respect of previous years	—	—	(2.6)	(2.6)
Charged to the Income Statement in year	—	(0.1)	(9.2)	(9.3)
Adjustment in respect of change of tax rate from 20% to 19%/17% (note 2.6)	(0.1)	—	(1.1)	(1.2)
Charged to Income Statement in the year	(0.1)	(0.1)	(10.3)	(10.5)
Credited to equity at 19%/17%	—	0.1	4.4	4.5
Realisation of deferred tax asset on vesting of employee share scheme	—	—	(0.6)	(0.6)
Credited to equity in year (note 2.6)	—	0.1	3.8	3.9
At 30 April 2018 (restated)	0.7	0.1	64.9	65.7

Notes to the Consolidated Financial Statements continued

2.16 Deferred tax continued

Short-term timing differences primarily relates to deferred tax assets held in relation to long-term incentive schemes and bonuses.

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of 19/17% as appropriate (2018: 19/17%). There is no unprovided deferred tax (2018: £nil) at the Balance Sheet date.

All deferred tax assets are available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2019 is £45.8 million (2018: £65.7 million).

Deferred tax assets of £32.6 million (2018: £45.6 million) are expected to be recovered after more than one year.

The deferred tax credited to equity during the year was as follows:

	2019 £m	2018 £m
Deferred tax on remeasurement of the net defined benefit asset/liability (note 2.6)	—	0.1
Deferred tax in respect of employee share schemes (note 2.6)	(4.2)	3.8
Movement in the year	(4.2)	3.9
Cumulative deferred tax credited to equity at 1 May	24.9	21.0
Cumulative deferred tax credited to equity at 30 April	20.7	24.9

2.17 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	
	2019 No '000	2018 No '000	2019 £m	2018 £m	2019 £m	2018 £m
Issued						
At start of year	140,157	140,157	7.0	7.0	49.8	49.8
Issued in year	—	—	—	—	—	—
At end of year	140,157	140,157	7.0	7.0	49.8	49.8

Each ordinary share of 5 pence is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

On 28 September 2018, 0.5 million ordinary shares (2018: 0.4 million) were allotted and issued to the Employee Benefit Trust (EBT).

On 1 October 2018, 0.5 million ordinary shares (2018: 0.4 million) were transferred from the EBT to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2019 there were 0.4 million shares held in trust (2018: 0.4 million) by the EBT the market value of these shares at 30 April 2019 was £16.4 million (2018: £18.0 million).

During the 2019 financial year, shares were repurchased for a total consideration of £198.9 million, excluding transaction costs (2018: £140.4 million). These shares have not been cancelled.

At 30 April 2019 there were 11.1 million (2018: 6.0 million) treasury shares held by the Group. The market value of the shares at 30 April 2019 was £417.0 million (2018: £244.3 million).

2.18 Reserves

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 130.

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.

Other reserve

The other reserve of negative £961.3 million (2018: 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 2018, the Company issued and transferred to the Company's EBT 0.5 million ordinary shares (2018: 0.4 million ordinary shares). On 1 October 2018, 0.5 million ordinary shares were transferred from the EBT to Executive Directors to satisfy the exercise of options under the 2011 LTIP (2018: 0.4 million ordinary shares).

2.19 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.

	2019		2018	
	Dividend per share p	£m	Dividend per share p	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2017	—	—	51.76	70.4
March 2018	—	—	56.75	76.3
September 2018	33.30	43.8	—	—
January 2019	7.12	9.2	—	—
Total dividends		53.0		146.7

2.20 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 £20.5 million which are guaranteed by third parties (2018: £16.9 million). The Group considers that the likelihood of an outflow of cash under these agreements is low and that no provision is required.

2.21 Operating leases – minimum lease payments



Payments and receipts under operating lease agreements are charged or credited against profit on a straight line basis over the life of the lease.

The total future aggregate minimum lease payments of the Group under non-cancellable operating leases are set out below:

	2019 £m	2018 £m
Amounts due:		
Within one year	3.8	2.7
Between one and five years	5.0	5.0
After five years	2.4	1.2
	11.2	8.9

Notes to the Consolidated Financial Statements continued

2.22 Notes to the consolidated cash flow statement

Reconciliation of profit after taxation for the year to cash generated from operations:

	2019 £m	2018 (Restated) £m
Profit for the financial year	627.4	795.5
Adjustments for:		
– Taxation	147.8	181.5
– Depreciation	2.4	2.7
– Loss on sale of PPE	0.2	–
– Finance income	(10.7)	(6.6)
– Finance costs	12.7	9.3
– Share of results of joint ventures after tax	(8.8)	(162.7)
– Non-cash charge in respect of pension deficit	0.6	–
– Non-cash charge in respect of share awards	(4.4)	8.6
Changes in working capital:		
– Decrease in inventories	181.9	343.3
– Increase in trade and other receivables	(20.9)	(40.2)
– Decrease in trade and other payables	(138.4)	(173.6)
– Decrease in employee benefit obligations	(0.6)	(0.6)
Cash generated from operations	789.2	957.2
Reconciliation of net cash flow to net cash:		
Net increase in cash and cash equivalents, including bank overdraft	287.7	401.8
Increase in borrowings	–	–
Movement in net cash in the financial year	287.7	401.8
Opening net cash	687.3	285.5
Closing net cash	975.0	687.3
Net cash as at 30 April:		
Cash and cash equivalents	1,275.0	987.3
Borrowings	(300.0)	(300.0)
Net cash	975.0	687.3

2.23 Capital management, financial instruments and financial risk management

The Group finances its operations by a combination of shareholders' funds, working capital and, where appropriate, borrowings. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. This allows the Group to take advantage of prevailing market conditions by investing in land opportunistically and work in progress at the right point in the cycle, and deliver returns to shareholders through dividends or share buy-backs. In 2012, the Group put in place a long-term strategic plan to see £13.00 per share returned to shareholders over the following 10 years. This plan was revised in December 2015 and the return to shareholders increased to £16.34 per share. This plan, reported in more detail in the Strategic Report on page 19, ensures that there is sufficient working capital retained in the business to continue investing selectively in new land opportunities as they arise.

The Group monitors capital levels principally by monitoring net cash/debt levels, cash flow forecasts and return on average capital employed. The Group considers capital employed to be net assets adjusted for net cash/debt. Capital employed at 30 April 2019 was £1,988.3 million (2018 restated: £1,903.9 million). The increase in capital employed in the year of £84.4 million reflects an increase in net assets during the year (2018 restated: £114.7 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 receipts, loans from joint ventures and accruals. Cash and cash equivalents and borrowings are the principal financial instruments used to finance the business. The other financial instruments highlighted arise in the ordinary course of business.

2.23 Capital management, financial instruments and financial risk management continued

As all of the operations carried out by the Group are in sterling there is no direct currency risk, and therefore the Group's main financial risks are primarily:

- liquidity risk: the risk that suitable funding for the Group's activities may not be available;
- market interest rate risk: the risk that Group financing activities are adversely affected by fluctuation in market interest rates; and
- credit risk: the risk that a counter-party will default on their contractual obligations resulting in a loss to the Group.

Financial instruments: financial assets

The Group's financial assets can be summarised as follows:

	2019 £m	2018 (Restated) £m
Current:		
Trade receivables	38.3	18.7
Cash and cash equivalents	1,275.0	987.3
Total financial assets	1,313.3	1,006.0

Trade receivables are non-interest bearing. Of the current trade receivables balance of £38.3 million (30 April 2018: £18.7 million) none of the balance was overdue by more than 30 days.

Cash and cash equivalents are short term deposits held at either floating rates linked to LIBOR or fixed rates. There are currently no Group's assets that are measured at fair value.

Financial instruments: financial liabilities

The Group's financial liabilities can be summarised as follows:

	2019 £m	2018 £m
Current		
Trade payables	(620.7)	(589.3)
Accruals and deferred income	(216.7)	(131.9)
	(837.4)	(721.2)
Non-current		
Trade payables	(40.5)	(62.6)
Borrowings	(300.0)	(300.0)
	(340.5)	(362.6)
Total trade and other payables	(1,177.9)	(1,083.8)

All amounts included above are unsecured.

Current bank loans have term expiry dates within 12 months of the Balance Sheet date and are held at floating interest rates linked to LIBOR. Trade payables and other current liabilities are non-interest bearing.

The maturity profile of the Group's non-current financial liabilities, all of which are held at amortised cost, is as follows:

	2019 £m	2018 £m
Amounts due:		
In more than one year but not more than two years	(25.7)	(15.2)
In more than two years but not more than five years	(314.8)	(322.9)
In more than five years	—	(24.5)
	(340.5)	(362.6)

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair value.

Notes to the Consolidated Financial Statements continued

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 nominal, risk-free pre-tax rate at the Balance Sheet date, applied to the maturity profile of the individual land creditors within the total. Non-current loans approximate to fair value as they are held at variable market interest rates linked to LIBOR.

Liquidity risk

This is the risk that suitable funding for the Group's activities may not be available. Group management addresses this risk through review of rolling cash flow forecasts throughout the year to assess and monitor the current and forecast availability of funding, and to ensure sufficient headroom against facility limits and compliance with banking covenants. The committed borrowing facilities are set out below.

The contractual undiscounted maturity profile of the Group's financial liabilities, included at their carrying value in the preceding tables, is as follows:

	2019 £m	2018 £m
Amounts due:		
In less than one year	(837.5)	(721.3)
In more than one year but not more than two years	(26.0)	(15.4)
In more than two years but not more than five years	(315.2)	(323.5)
In more than five years	—	(26.5)
	(1,178.7)	(1,086.7)

Market interest rate risk

The Group's cash and cash equivalents and bank loans expose the Group to cash flow interest rate risk.

The Group's rolling cash flow forecasts incorporate appropriate interest assumptions, and management carefully assesses expected activity levels and associated funding requirements in the prevailing and forecast interest rate environment to ensure that this risk is managed.

If interest rates on the Group's cash/debt balances had been 50 basis points higher throughout the year ended 30 April 2019, profit after tax for the year would have been £2.4 million higher (2018: £1.2 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 2019.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade receivables and cash and cash equivalents.

Trade receivables are spread across a wide number of customers, with no significant concentration of credit risk in one area. There has been no impairment of trade receivables during the year (2018: £nil), nor are there any material provisions held against trade receivables (2018: £nil), and £nil million trade receivables are past their due date (2018: £nil).

The credit risk on cash and cash equivalents is limited because counter-parties 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:

	2019				2018			
	Available £m	Drawn £m	Undrawn £m	Termination £m	Available £m	Drawn £m	Undrawn £m	Termination £m
Issued								
Term loan	300	(300)	—	Nov-23	300	(300)	—	Nov-22
Revolving credit facility	450	—	450	Nov-23	450	—	450	Nov-22
	750	(300)	450		750	(300)	450	

The Group's committed banking facilities currently total £750 million and expire in November 2023, after the Group exercised the final option to extend the facilities by a further year.

At 30 April 2019 the total drawn down balance of the facility was £300.0 million (2018: £300.0 million). In addition, at 30 April 2019 there were bank bonds in issue of £5.0 million (2018: £5.0 million).

The committed facilities are secured by debentures provided by certain Group holding companies over their assets. The facility agreement contains financial covenants, which is normal for such agreements, all of which the Group is in compliance.

2.24 Related party transactions

The Group has entered into the following related party transactions:

Transactions with Directors

During the year Mr A W Pidgley paid £225,188 (2018: £73,317) and Mr R C Perrins paid £90,981 (2018: £14,577), Mr S Ellis paid £107,039 (2018: £nil) and Mr P Vallone paid £490,576 (2018: £nil) to the Group in connection with works carried out at their respective homes at commercial rates in accordance with the relevant policies of the Group. There were no balances outstanding at the year end.

Director property purchases previously disclosed, which have all received shareholder approval, are:

- Mr K Whiteman: purchase of an apartment at Royal Arsenal Riverside for £650,000 in 2016. During the year Mr Whiteman legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group.

Berkeley Homes plc has an agreement with Langham Homes, a company controlled by Mr T K Pidgley who is the son of the Group's Chairman, under which Langham Homes will be paid a fee for a land introduction on an arm's length basis. No payments have been made under this agreement in the year (2018: £nil) and there were no outstanding balances at the year end (2018: £nil). Langham Homes has not introduced any new land to the Group in the year. In the event that any further land purchases are agreed, further fees may be payable to Langham Homes in future years.

Transactions with joint ventures

During the financial year there were no transactions with joint ventures other than movements in loans. The outstanding loan balances with joint ventures at 30 April 2019 total £156.7 million (30 April 2018: £102.7 million).

Notes to the Consolidated Financial Statements continued

2.25 Prior year restatement from the impact of IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts', setting out new revenue recognition criteria particularly with regard to performance obligations and assessment of when control of goods or services passes to the customer. The standard is effective for periods beginning on or after 1 January 2018 and has been implemented by the Group from 1 May 2018.

Under IFRS 15, revenue and profit on the sale of units is recognised at the point control of the unit is passed to the customer which, based on the indicators in the standard as well as industry practices and interpretations, has been determined as the point of legal completion. The impact of this change is limited only to those contracts which had not legally completed at the financial year end.

The comparative results have been restated using the full retrospective transition method. The impact on the Group's primary financial statements is as follows:

	Year ended 30 April 2018 as previously stated £m	Adjustment £m	Year ended 30 April 2018 as restated £m
Impact on Consolidated Income Statement			
Revenue	2,703.7	137.2	2,840.9
Cost of sales	(1,757.6)	(99.8)	(1,857.4)
Gross profit	946.1	37.4	983.5
Net operating expenses	(166.5)	—	(166.5)
Operating profit	779.6	37.4	817.0
Finance income	6.6	—	6.6
Finance costs	(9.3)	—	(9.3)
Share of results of joint ventures using the equity method	158.0	4.7	162.7
Profit before taxation for the year	934.9	42.1	977.0
Income tax expense	(172.8)	(8.7)	(181.5)
Profit after taxation for the year	762.1	33.4	795.5
 Earnings per share (pence):			
Basic	562.7	24.7	587.4
Diluted	550.2	24.1	574.3
 Impact on Consolidated Statement of Changes in Equity			
Profit after taxation for the year	762.1	33.4	795.5
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit asset/liability	(0.6)	—	(0.6)
Deferred tax on remeasurement of the net defined benefit asset/liability	0.1	—	0.1
Total items that will not be reclassified to profit or loss	(0.5)	—	(0.5)
Other comprehensive expense for the year	(0.5)	—	(0.5)
Total comprehensive income for the year	761.6	33.4	795.0

Impact on Consolidated Balance Sheet	Year ended 30 April 2018 as previously stated £m	Adjustment £m	Year ended 30 April 2018 as restated £m
ASSETS			
Non-current assets			
Intangible assets	17.2	—	17.2
Property, plant and equipment	25.9	—	25.9
Investments accounted for using the equity method	315.0	(3.1)	311.9
Deferred tax assets	58.9	6.8	65.7
	417.0	3.7	420.7
Current assets			
Inventories	3,239.9	56.7	3,296.6
Trade and other receivables	132.3	(89.2)	43.1
Cash and cash equivalents	987.3	—	987.3
	4,359.5	(32.5)	4,327.0
Total assets	4,776.5	(28.8)	4,747.7
LIABILITIES			
Non-current liabilities			
Borrowings	(300.0)	—	(300.0)
Trade and other payables	(62.6)	—	(62.6)
Provisions for other liabilities	(68.0)	—	(68.0)
	(430.6)	—	(430.6)
Current liabilities			
Trade and other payables	(1,664.8)	—	(1,664.8)
Current tax liabilities	(47.3)	—	(47.3)
Provisions for other liabilities	(13.8)	—	(13.8)
	(1,725.9)	—	(1,725.9)
Total liabilities	(2,156.5)	—	(2,156.5)
Total net assets	2,620.0	(28.8)	2,591.2
EQUITY			
Shareholders' equity			
Share capital	7.0	—	7.0
Share premium	49.8	—	49.8
Capital redemption reserve	24.5	—	24.5
Other reserve	(961.3)	—	(961.3)
Retained profit	3,500.0	(28.8)	3,471.2
Total equity	2,620.0	(28.8)	2,591.2

Notes to the Consolidated Financial Statements continued

2.25 Prior year restatement from the impact of IFRS 15 'Revenue from Contracts with Customers' continued

	Year ended 30 April 2017 as previously stated £m	Adjustment £m	Year ended 30 April 2017 as restated £m
Impact on Consolidated Balance Sheet			
ASSETS			
Non-current assets			
Intangible assets	17.2	—	17.2
Property, plant and equipment	22.8	—	22.8
Investments accounted for using the equity method	135.0	(7.8)	127.2
Deferred tax assets	59.4	15.5	74.9
	234.4	7.7	242.1
Current assets			
Inventories	3,483.4	156.5	3,639.9
Trade and other receivables	229.5	(226.4)	3.1
Cash and cash equivalents	585.5	—	585.5
	4,298.4	(69.9)	4,228.5
Total assets	4,532.8	(62.2)	4,470.6
LIABILITIES			
Non-current liabilities			
Borrowings	(300.0)	—	(300.0)
Trade and other payables	(69.2)	—	(69.2)
Provisions for other liabilities	(73.0)	—	(73.0)
	(442.2)	—	(442.2)
Current liabilities			
Trade and other payables	(1,809.2)	—	(1,809.2)
Current tax liabilities	(117.6)	—	(117.6)
Provisions for other liabilities	(26.9)	—	(26.9)
	(1,953.7)	—	(1,953.7)
Total liabilities	(2,395.9)	—	(2,395.9)
Total net assets	2,136.9	(62.2)	2,074.7
EQUITY			
Shareholders' equity			
Share capital	7.0	—	7.0
Share premium	49.8	—	49.8
Capital redemption reserve	24.5	—	24.5
Other reserve	(961.3)	—	(961.3)
Retained profit	3,016.9	(62.2)	2,954.7
Total equity	2,136.9	(62.2)	2,074.7

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 2019 is disclosed below. The Berkeley Group plc is the only direct subsidiary of The Berkeley Group Holdings plc and is an intermediate holding company. All wholly-owned and partly owned subsidiaries are included in the consolidation and all associated undertakings are included in the Group's financial statements.

All of the companies listed below are incorporated in England and Wales have their registered office address at Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG and the principle activity is residential led mixed-use development and ancillary activities. All of the companies are wholly owned by the Group and unless otherwise indicated, all of the companies have ordinary share capital.

Agents of Berkeley Commercial Developments Limited	Berkeley Homes (North East London) Limited	Thirlstone Homes Limited
Ely Business Park Limited	Berkeley Homes (Oxford & Chiltern) Limited	Agents of St George Central London Limited
Agents of Berkeley (Central London) Limited	Berkeley Homes (South East London) Limited	Castle Court Putney Wharf Limited
Chelsea Bridge Wharf (Block A) Limited	Berkeley Homes (South London) Limited	Imperial Wharf (Block C) Limited
Chelsea Bridge Wharf (Block B) Limited	Berkeley Homes (Southern) Limited	Imperial Wharf (Block J) Limited
Chelsea Bridge Wharf (Block P) Limited	Berkeley Homes (Surrey) Limited	Imperial Wharf (Riverside Tower) Residential Limited
Chelsea Bridge Wharf (C North) Limited	Berkeley Homes (Thames Gateway) Limited	Agents of St George plc
Chelsea Bridge Wharf (C South) Limited	Berkeley Homes (Thames Valley) Limited	St George Central London Limited
Agents of Berkeley Homes (Hampshire) Limited	Berkeley Homes (Three Valleys) Limited	St George City Limited
Berkeley Homes (South Western House No. 1) Limited	Berkeley Homes (Urban Developments) Limited	St George Developments Limited
Agents of Berkeley Homes plc	Berkeley Homes (Urban Living) Limited	St George Kings Cross Limited
Berkeley (Canalside) Limited	Berkeley Homes (Urban Renaissance) Limited	St George North London Limited
Berkeley Build Limited	Berkeley Homes (West London) Limited	St George South and Central London Limited
Berkeley Forty-Five Limited ⁽ⁱ⁾	Berkeley Homes (Western) Limited	St George South London Limited
Berkeley Forty-Four plc	Berkeley Homes (West Thames) Limited	St. George West London Limited
Berkeley Gateway Limited	Berkeley Ninety-One Limited	Agents of St George South London Limited
Berkeley Homes (Barn Elms) Limited	Berkeley Partnership Homes Limited	Battersea Reach Estate Company Limited
Berkeley Homes (Capital) plc	Berkeley Seven Limited	Kensington Westside No. 2 Limited
Berkeley Homes (Central & West London) plc	Berkeley STE Limited	Putney Wharf Estate Limited
Berkeley Homes (Central London) Limited	Berkeley SW Management Limited	Riverside West (Block C) Commercial Limited
Berkeley Homes (Chiltern) Limited	Berkeley Urban Renaissance Limited	Riverside West (Block C) Residential Limited
Berkeley Homes (East Anglia) Limited	Clare Homes Limited	Riverside West (Block D) Commercial Limited
Berkeley Homes (East Kent) Limited	Lisa Estates (St Albans) Limited	Riverside West (Block D) Residential Limited
Berkeley Homes (East Thames) Limited	PEL Investments Limited	Riverside West Car Park Limited
Berkeley Homes (Eastern Counties) Limited	St John Homes Limited	St George Wharf (Block B) Limited
Berkeley Homes (Eastern) Limited	St Joseph Homes Limited	St George Wharf (Block C) Limited
Berkeley Homes (Festival Waterfront Company) Limited	Stanmore Relocations Limited	St George Wharf (Block D) Commercial Limited
Berkeley Homes (Hampshire) Limited	Tabard Square (Building C) Limited	
Berkeley Homes (Home Counties) plc	Agents of Berkeley Twenty Limited	
	Thirlstone Homes (Western) Limited	

Notes to the Consolidated Financial Statements continued

2.26 Subsidiaries and joint ventures continued

(a) Subsidiaries continued

St George Wharf Car Park Limited	Berkeley First Limited	Berkeley Ninety-Eight Limited
Agents of St John Homes Limited	Berkeley Five Limited	Berkeley Ninety-Five Limited
Berkeley Sixty-Six Limited	Berkeley Forty Limited	Berkeley Ninety-Nine Limited
Non-Agency Companies^(v)	Berkeley Forty-Eight Limited	Berkeley Ninety-Seven Limited
Ancestral Homes Limited	Berkeley Forty-Nine Limited	Berkeley Ninety-Six Limited
Berkeley (Inner-City Partnerships) Limited	Berkeley Forty-Seven Limited	Berkeley Number Four Limited
Berkeley (SQP) Limited	Berkeley Forty-Six Limited	Berkeley Number Seven Limited
Berkeley (Virginia Water) Limited ^(vi)	Berkeley Forty-Three Limited	Berkeley Number Six Limited
Berkeley Affordable Homes Limited	Berkeley Forty-Two Limited	Berkeley One Hundred and Eight Limited
Berkeley Asset MSA Limited	Berkeley Fourteen Limited	Berkeley One Hundred and Eighteen Limited
Berkeley College Homes Limited	Berkeley Group Pension Trustees Limited	Berkeley One Hundred and Eighty-Eight Limited
Berkeley Commercial Developments Limited	Berkeley Group Services Limited	Berkeley One Hundred and Eighty-Five Limited
Berkeley Commercial Investments Limited	Berkeley Group SIP Trustee Limited	Berkeley One Hundred and Eighty Limited
Berkeley Commercial Limited	Berkeley Guarantee One Limited	Berkeley One Hundred and Eighty-Nine Limited
Berkeley Community Villages Limited	Berkeley Homes (Carmelite) Limited	Berkeley One Hundred and Eighty-One Limited
Berkeley Construction Limited	Berkeley Homes (City & East London) Limited	Berkeley One Hundred and Eighty-Seven Limited
Berkeley Developments Limited ^(vii)	Berkeley Homes (City) Limited	Berkeley One Hundred and Eighty-Two Limited
Berkeley Eighteen Limited	Berkeley Homes (Dorset) Limited	Berkeley One Hundred and Fifteen Limited
Berkeley Eighty Limited	Berkeley Homes (East London) Limited	Berkeley One Hundred and Fifty-Eight Limited
Berkeley Eighty-One Limited	Berkeley Homes (Essex) Limited	Berkeley One Hundred and Fifty-Five Limited
Berkeley Eighty-Three Limited	Berkeley Homes (Fleet) Limited ^(viii)	Berkeley One Hundred and Fifty-Four Limited
Berkeley Eighty-Two Limited	Berkeley Homes (Greater London) Limited	Berkeley One Hundred and Fifty Limited
Berkeley Enterprises Limited	Berkeley Homes Group Limited	Berkeley One Hundred and Fifty-Nine Limited
Berkeley Festival Development Limited	Berkeley Homes (Hertfordshire & Cambridgeshire) Limited	Berkeley One Hundred and Fifty-One Limited
Berkeley Festival Hotels Limited	Berkeley Homes (Kent) Limited	Berkeley One Hundred and Fifty-Seven Limited
Berkeley Festival Investments Limited	Berkeley Homes (North Western) Limited ^(vii)	Berkeley One Hundred and Fifty-Four Limited
Berkeley Festival Limited	Berkeley Homes (PCL) Limited	Berkeley One Hundred and Fifty-One Limited
Berkeley Fifty Limited	Berkeley Homes plc ^(ix)	Berkeley One Hundred and Fifty-Nine Limited
Berkeley Fifty-Eight Limited	Berkeley Homes (South) Limited	Berkeley One Hundred and Fifty-One Limited
Berkeley Fifty-Five Limited	Berkeley Homes (Southall) Limited	Berkeley One Hundred and Fifty-Seven Limited
Berkeley Fifty-Four Limited	Berkeley Homes (Stanmore) Limited	Berkeley One Hundred and Fifty-Six Limited
Berkeley Fifty-Nine Limited	Berkeley London Residential Limited	
Berkeley Fifty-One Limited	Berkeley Manhattan Limited	
Berkeley Fifty-Seven Limited	Berkeley Modular Limited	
Berkeley Fifty-Three Limited		
Berkeley Fifty-Two Limited		

Berkeley One Hundred and Fifty-Three Limited	Berkeley One Hundred and Seventy-Five Limited	Berkeley One Hundred and Thirty-Two Limited
Berkeley One Hundred and Fifty-Two Limited	Berkeley One Hundred and Seventy-Four Limited	Berkeley One Hundred and Three Limited
Berkeley One Hundred and Five Limited	Berkeley One Hundred and Seventy Limited	Berkeley One Hundred and Twenty-Eight Limited
Berkeley One Hundred and Forty-Eight Limited	Berkeley One Hundred and Seventy-Nine Limited	Berkeley One Hundred and Twenty-Five Limited
Berkeley One Hundred and Forty-Five Limited	Berkeley One Hundred and Seventy-One Limited	Berkeley One Hundred and Twenty-Four Limited
Berkeley One Hundred and Forty-Four Limited	Berkeley One Hundred and Seventy-Seven Limited	Berkeley One Hundred and Twenty Limited
Berkeley One Hundred and Forty Limited	Berkeley One Hundred and Seventy-Six Limited	Berkeley One Hundred and Twenty-Nine Limited
Berkeley One Hundred and Forty-Nine Limited	Berkeley One Hundred and Seventy-Three Limited	Berkeley One Hundred and Twenty-One Limited
Berkeley One Hundred and Forty-One Limited	Berkeley One Hundred and Seventy-Two Limited	Berkeley One Hundred and Twenty-Seven Limited
Berkeley One Hundred and Forty-Seven Limited	Berkeley One Hundred and Six Limited	Berkeley One Hundred and Twenty-Two Limited
Berkeley One Hundred and Forty-Six Limited	Berkeley One Hundred and Sixteen Limited	Berkeley One Hundred and Two Limited
Berkeley One Hundred and Four Limited	Berkeley One Hundred and Sixty-Five Limited	Berkeley Portsmouth Harbour Limited
Berkeley One Hundred and Nine Limited	Berkeley One Hundred and Sixty-Four Limited	Berkeley Portsmouth Waterfront Limited
Berkeley One Hundred and Ninety-Eight Limited	Berkeley One Hundred and Sixty-One Limited	Berkeley Properties Limited ⁽ⁱ⁾
Berkeley One Hundred and Ninety-Five Limited	Berkeley One Hundred and Sixty-Six Limited	Berkeley Residential Limited ⁽ⁱ⁾
Berkeley One Hundred and Ninety-Four Limited	Berkeley One Hundred and Sixty-Three Limited	Berkeley Ryewood Limited
Berkeley One Hundred and Ninety Limited	Berkeley One Hundred and Thirteen Limited	Berkeley Seventy Limited
Berkeley One Hundred and Ninety-Nine Limited	Berkeley One Hundred and Thirty-Eight Limited	Berkeley Seventy-Four Limited
Berkeley One Hundred and Ninety-Seven Limited	Berkeley One Hundred and Thirty-Five Limited	Berkeley Seventy-Nine Limited
Berkeley One Hundred and Ninety-Six Limited	Berkeley One Hundred and Thirty-Four Limited	Berkeley Seventy-One PLC ⁽ⁱⁱ⁾
Berkeley One Hundred and Ninety-Three Limited	Berkeley One Hundred and Thirty Limited	Berkeley Seventy-Seven Limited
Berkeley One Hundred and Ninety-Two Limited	Berkeley One Hundred and Thirty-Nine Limited	Berkeley Seventy-Six Limited
Berkeley One Hundred and One Limited	Berkeley One Hundred and Thirty-One Limited	Berkeley Seventy-Three Limited
Berkeley One Hundred and Seven Limited	Berkeley One Hundred and Thirty-Seven Limited	Berkeley Seventy-Two Limited
Berkeley One Hundred and Seventeen Limited	Berkeley One Hundred and Thirty-Six Limited	Berkeley Sixty Limited
Berkeley One Hundred and Seventy-Eight Limited	Berkeley One Hundred and Thirty-Three Limited	Berkeley Sixty-Eight Limited

Notes to the Consolidated Financial Statements continued

2.26 Subsidiaries and joint ventures continued

(a) Subsidiaries continued

Berkeley Sustainable Communities Limited	Berkeley Two Hundred and Twenty Limited	Fishguard Tunnel Limited
Berkeley Thirty-Eight Limited	Berkeley Two Hundred and Twenty-Eight Limited	Great Woodcote Park Management Limited
Berkeley Thirty-Nine Limited	Berkeley Two Hundred and Twenty-Five Limited	Hertfordshire Homes Limited
Berkeley Thirty-Three Limited	Berkeley Two Hundred and Twenty-Four Limited	Historic Homes Limited
Berkeley Three Limited	Berkeley Two Hundred and Twenty-Nine Limited	Kentdean Limited
Berkeley Twenty Limited	Berkeley Two Hundred and Twenty-One Limited	One Tower Bridge Limited
Berkeley Twenty-Eight Limited	Berkeley Two Hundred and Twenty-Seven Limited	One Tower Bridge Partnership (unregistered) ⁺
Berkeley Twenty-Four Limited	Berkeley Two Hundred and Twenty-Six Limited	Quod Erat Demonstrandum Properties Limited
Berkeley Twenty-Nine Limited	Berkeley Two Hundred and Twenty-Three Limited	Retirement Homes Limited
Berkeley Twenty-Seven Limited	Berkeley Two Hundred and Twenty-Two Limited	Royal Clarence Yard (Marina) Limited
Berkeley Twenty-Three Limited	Berkeley Two Hundred and Two Limited	Royal Clarence Yard (Phase A) Limited
Berkeley Twenty-Two Limited	Berkeley Two Hundred Limited	Royal Clarence Yard (Phase B) Limited
Berkeley Two Hundred and Eight Limited	Berkeley Ventures Limited	Royal Clarence Yard (Phase C) Limited
Berkeley Two Hundred and Eighteen Limited	BH (City Forum) Limited	Royal Clarence Yard (Phase E) Limited
Berkeley Two Hundred and Eleven Limited	Boardcable Limited	Royal Clarence Yard (Phase G) Management Company Limited
Berkeley Two Hundred and Five Limited	Bromyard House (Car Park) Limited	Royal Clarence Yard (Phase H) Limited
Berkeley Two Hundred and Fourteen Limited	Bromyard House (Freehold) Limited	Royal Clarence Yard (Phase I) Limited
Berkeley Two Hundred and Nine Limited	Bromyard House (North) Limited	Royal Clarence Yard (Phase K) Management Company Limited
Berkeley Two Hundred and Nineteen Limited	Bromyard House Limited	Royal Clarence Yard Estate Limited
Berkeley Two Hundred and One Limited ⁽ⁱ⁾	BWW Management Limited	Sandgates Developments Limited
Berkeley Two Hundred and Seven Limited	Charco 143 Limited ⁽ⁱⁱ⁾	Sitesecure Limited
Berkeley Two Hundred and Seventeen Limited	Chelsea Bridge Wharf (Management Company) Limited	SJC (Highgate) Limited
Berkeley Two Hundred and Six Limited	Chelsea Bridge Wharf Car Park Limited	South Quay Plaza Management Ltd (62.5%) ^(vi)
Berkeley Two Hundred and Sixteen Limited	Community Housing Action Limited	St Edward Limited
Berkeley Two Hundred and Ten Limited	Community Villages Limited	St George (Crawford Street) Limited
Berkeley Two Hundred and Thirteen Limited	CPWGCO 1 Limited	St George (Queenstown Place) Limited
Berkeley Two Hundred and Thirty Limited	Drummond Road (Number 1) Limited	St George Blackfriars Limited
Berkeley Two Hundred and Three Limited	Drummond Road (Number 2) Limited	St. George Commercial Limited
Berkeley Two Hundred and Twelve Limited	Exchange Place No 2 Limited	St George Ealing Limited
	Fishguard Bridge Limited	St. George Eastern Limited
		St. George Inner Cities Ltd
		St. George Investments Ltd
		St. George London Limited

St George Northfields Limited	Tabard Square (Building A) Limited	Thirlstone Commercial Limited
St. George Partnerships Limited	Tabard Square (Building B) Limited	Thirlstone plc
St George plc ^(iv)	Tabard Square (Car Park) Limited	Woodside Road Limited
St. George Project Management Limited	TBG (1) 2009 Limited	(i) A Ordinary and B Ordinary shares
St. George Properties Limited	TBG (3) 2009 Limited	(ii) Ordinary and Preference shares
St George Real Estate Limited	TBG (4) Limited	(iii) Ordinary and Deferred shares
St George Regeneration Limited	TBG (5) LLP ^(vii)	(iv) Ordinary, Deferred and Preference shares
St. George Southern Limited	The Berkeley Festival Waterfront Company Limited	(v) List contains companies that are a principal to agency agreements but are not agents themselves
St. George Western Limited	The Berkeley Group plc	(vi) Registered office is 83 The Avenue, Sunbury-On-Thames, Middlesex, TW16 5HZ
St George Wharf Hotel Limited	The Millennium Festival Leisure Company Limited	(vii) Partnership with no share capital
St. George's Hill Property Company Limited	The Oxford Gateway Development Company Limited	+ Dissolved 1 March 2019
St James Group Limited	The Tower, One St George Wharf Limited	
St James Homes (Grosvenor Dock) Limited	Thirlstone (JLP) Limited	
St James Homes Limited		

	Country of Incorporation	Registered office
Aragon Investments Limited ⁽ⁱⁱⁱ⁾	Jersey	28 Esplanade Jersey JE2 3QA
Berkeley (Carnwath Road) Limited	Isle of Man	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Berkeley (Hong Kong) Limited	Hong Kong	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Berkeley Homes Special Contracts plc ⁽ⁱ⁾	Scotland	Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN
Berkeley Investments (IOM) Limited	Isle of Man	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Berkeley Property Investments Limited	Jersey	28 Esplanade, Jersey, JE2 3QA
Berkeley Residential (Singapore) Limited	Singapore	3 Anson Road, #27-01 Springleaf Tower, Singapore, 079909
Berkeley Whitehart Investments Limited	Jersey	Kleinwort Benson House, Po Box 76, Wests Centre, St Helier, Jersey, JE4 8PQ
BRP Investments No. 1 Limited	Jersey	28 Esplanade, Jersey, JE2 3QA
BRP Investments No. 2 Limited	Jersey	28 Esplanade, Jersey, JE2 3QA
Comiston Properties Ltd	Bahamas	Shirlaw House, PO Box SS-19084, Shirley Street, Nassau, Bahamas
Real Star Investments Limited ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Jersey	28 Esplanade, Jersey, JE2 3QA
Silverdale One Limited ⁽ⁱⁱⁱ⁾	Jersey	28 Esplanade, Jersey, JE2 3QA
St George Battersea Reach Limited	Jersey	Po Box 5219, Burrard Street, St Helier, Jersey, JE4 5UE
TBG (Jersey) 2009 Limited	Jersey	44 Esplanade, St Helier, Jersey, JE4 9WG

- (i) Ordinary, A Deferred and B Deferred shares
 (ii) Agency company of St James Group Limited
 (iii) Non UK Nominee Company

Notes to the Consolidated Financial Statements continued

(b) Joint Ventures

At 30 April 2019 the Group had an interest in the following joint ventures which have been equity accounted to 30 April and have an accounting date of 30 April unless otherwise indicated. All of the companies listed below are incorporated in England and Wales have their registered office address at Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG and the 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 Breamore (Oceana) Limited ⁽ⁱⁱ⁾	St William Four Limited*
Berkeley Carlton Holdings Limited ⁽ⁱ⁾	St William Fourteen Limited*
Berkeley Sutton Limited ⁽ⁱⁱ⁾	St William Holdings Limited*
Community Housing Initiatives Limited ^{**}	St William Nine Limited*
Diniwe One Limited	St William Nineteen Limited*
Diniwe Two Limited	St William One Limited*
SEH Manager Limited	St William Seven Limited*
SEH Nominee Limited	St William Seventeen Limited*
SES Manager Limited ⁽ⁱⁱⁱ⁾	St William Six Limited*
SES Nominee Limited	St William Sixteen Limited*
St Edward Homes Limited ^(iv)	St William Ten Limited*
St Edward Homes Number Five Limited ^{***}	St William Thirteen Limited*
St Edward Homes Number Four Limited ^{***}	St William Three Limited*
St Edward Homes Number One Limited ^{***}	St William Twelve Limited*
St Edward Homes Number Three Limited ^{***}	St William Twenty Limited*
St Edward Homes Number Two Limited ^{***}	St William Twenty-Eight Limited*
St Edward Homes Partnership Freeholds Limited	St William Twenty-Five Limited*
St Edward Strand Partnership Freeholds Limited	St William Twenty-Four Limited*
St George Little Britain (No 1) Limited ⁽ⁱⁱ⁾	St William Twenty-One Limited*
St George Little Britain (No 2) Limited ⁽ⁱⁱ⁾	St William Twenty-Seven Limited*
St Katharine Homes LLP ^(v)	St William Twenty-Six Limited*
STKM Limited	St William Twenty-Three Limited*
Strand Property Unit Trust (unregistered)*	St William Twenty-Two Limited*
St William Homes LLP ^(v)	St William Two Limited*
St William Eight Limited*	The St Edward Homes Partnership (unregistered) ^(v)
St William Eighteen Limited*	The St Edward (Strand) Partnership (unregistered) ^(v)
St William Eleven Limited*	Thirlstone Centros Miller Limited ⁽ⁱⁱ⁾
St William Five Limited*	U B Developments Limited ⁽ⁱⁱ⁾
St William Fifteen Limited*	

(i) A Ordinary shares

(ii) B Ordinary shares

(iii) A Ordinary and B Ordinary shares

(iv) A Ordinary, C Preference and D Preference shares

(v) Partnerships with no share capital

* Accounting date of 31 March

** Accounting date of 31 December

*** 100% owned by St Edward Homes Limited

+ Principal place of business is 19 Portsmouth Road, Cobham, Surrey, KT11 1JG

Company Balance Sheet

	Notes	2019 £m	2018 £m
As at 30 April			
Fixed assets			
Investments	C2.4	1,421.7	1,417.6
		1,421.7	1,417.6
Current assets			
Debtors	C2.5	245.3	67.2
Cash at bank and in hand		0.9	0.9
		246.2	68.1
Current liabilities			
Creditors (amounts falling due within one year)	C2.6	(773.6)	(746.8)
Net current liabilities		(527.4)	(678.7)
Total assets less current liabilities and net assets		894.3	738.9
Capital and reserves			
Called-up share capital	C2.7	7.0	7.0
Share premium account	C2.7	49.8	49.8
Capital redemption reserve		24.5	24.5
Profit and loss account		813.0	657.6
Total shareholders' funds		894.3	738.9

The financial statements on pages 165 to 170 were approved by the Board of Directors on 19 June 2019 and were signed on its behalf by:

R J STEARN
FINANCE DIRECTOR

Company Statement of Changes in Equity

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 May 2018	7.0	49.8	24.5	657.6	738.9
Profit after taxation for the year	—	—	—	406.0	406.0
Purchase of ordinary shares	—	—	—	(198.9)	(198.9)
Credit in respect of employee share schemes	—	—	—	1.1	1.1
Deferred tax in respect of employee share schemes	—	—	—	0.2	0.2
Dividends to equity holders of the Company	—	—	—	(53.0)	(53.0)
At 30 April 2019	7.0	49.8	24.5	813.0	894.3
At 1 May 2017	7.0	49.8	24.5	635.1	716.4
Profit after taxation for the year	—	—	—	299.9	299.9
Purchase of ordinary shares	—	—	—	(140.4)	(140.4)
Credit in respect of employee share schemes	—	—	—	8.8	8.8
Deferred tax in respect of employee share schemes	—	—	—	0.9	0.9
Dividends to equity holders of the Company	—	—	—	(146.7)	(146.7)
At 30 April 2018	7.0	49.8	24.5	657.6	738.9

Notes to the Company Financial Statements

C1 Basis of preparation

C1.1 Introduction

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and, as set out below, where advantage of FRS 101 reduced disclosure exemptions has been taken.

The accounting policies adopted for the Parent Company, The Berkeley Group Holdings plc, are otherwise consistent with those used for the Group which are set out in the notes to the Consolidated Financial Statements on pages 132 to 164.

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
- disclosure in respect of the compensation of key management personnel.

The principal activity of The Berkeley Group Holdings plc ('the Company') is to act as a holding company.

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

C1.2 Going concern

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial Review on pages 70 to 73.

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

Based on the financial performance of the Group, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable period, not less than 12 months from the date of approval of these financial statements, notwithstanding its net current liability position of £527.4 million (2018: £678.7 million). For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

C2 Notes to the Company accounts

C2.1 Profit on ordinary activities before taxation



Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Profit on ordinary activities before taxation is stated after charging the following amounts:

	2019 £m	2018 £m
Auditor's remuneration	0.1	0.1

No disclosure of other non-audit services has been made as this is included within note 2.4 of the Consolidated Financial Statements.

Notes to the Company Financial Statements continued

C2.2 Directors and employees



The Company operates one equity settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

At each Balance Sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. Amounts recognised in respect of Executive Directors of the Company's subsidiaries are recognised as an addition to the cost of the investment.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.



Pension contributions under defined contribution schemes are charged to the profit and loss account as they fall due.

	2019 £m	2018 £m
Staff costs:		
Wages and salaries	3.0	2.5
Social security costs	1.9	3.3
Share based payments – Equity settled	3.4	9.8
Share based payments – Cash settled	2.8	3.6
	11.1	19.2

The average monthly number of persons employed by the Company during the year was 10, all of whom are Directors (2018: 10).

Directors

Details of Directors' emoluments are set out in the Remuneration Report on pages 92 to 113.

Pensions

During the year the Company participated in one of the Group's pension schemes, The Berkeley Group plc Group Personal Pension Plan. Further details on this scheme are set out in note 2.5 of the Consolidated Financial Statements. Contributions amounting to £nil (2018: £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 £3.4 million (2018: £9.8 million). The charge to the profit and loss account in respect of cash settled share based payments under the Bonus Banking Plan was £2.8 million (2018: £3.6 million). The credit to the reserves during the year in respect of employee share schemes was £1.1 million (2018: £8.8 million credit) which includes the corresponding entry to the cost of investment of £4.1 million (2018: £3.7 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 93 to 113 as well as note 2.5 to the Consolidated Financial Statements.

C2.3 The Berkeley Group Holdings plc profit and loss account

The profit for the year in the Company is £406.0 million (2018: £299.9 million).

C2.4 Investments



Investments in subsidiary undertakings are included in the Balance Sheet at cost less provision for any impairment.

	2019 £m	2018 £m
Investments at cost:		
Investments in shares of subsidiary undertaking at 1 May	1,417.6	1,413.9
Additions	4.1	3.7
Investment in shares of subsidiary undertaking at 1 April	1,421.7	1,417.6

Additions in the year relate to Company contributions to The Berkeley Group plc for employee services to be settled through the issue of shares on the vesting of the Berkeley Group Holdings plc 2011 LTIP awards for the benefit of Executive Directors of its subsidiaries.

The Directors believe that the carrying value of the investments is supported by their underlying net assets. Details of subsidiaries are given within note 2.26 of the Consolidated Financial Statements.

C2.5 Debtors



Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

	2019 £m	2018 £m
Current:		
Amounts owed from subsidiary undertakings	229.2	48.5
Deferred tax	16.1	18.7
	245.3	67.2

All amounts owed from subsidiary undertakings are unsecured, bear no interest and are repayable on demand.

The movements on the deferred tax asset are as follows:

	2019 £m	2018 £m
At 1 May	18.7	20.5
Deferred tax in respect of employee share schemes credited to reserves	(0.6)	(1.4)
Realisation of deferred tax asset on vesting of employee share scheme	(2.0)	(0.4)
At 30 April	16.1	18.7

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of 19/17% as appropriate (2018: 19/17%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2018: £nil) at the balance sheet date.

The deferred tax asset of £16.1 million relates to short term timing differences (2018: £18.7 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.

	2019 £m	2018 £m
Current		
Amounts owed to subsidiary undertakings	(760.4)	(731.1)
Other taxation and social security	(8.9)	(10.3)
Accruals and deferred income	(4.3)	(5.4)
	(773.6)	(746.8)

All amounts included above are unsecured. The interest rate on £760.4 million (2018: £731.1 million) of the balance owed to subsidiary undertakings is 4.0% (2018: 4.0%), with no fixed repayment date.

Notes to the Company Financial Statements continued

C2.7 Called-up share capital

Each ordinary share of 5 pence is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

The movements on allotted and fully paid share capital for the Company in the year were as follows:

	Ordinary shares		Share capital		Share premium	
	2019 No '000	2018 No '000	2019 £m	2018 £m	2019 £m	2018 £m
Issued						
At start of year	140,157	140,157	7.0	7.0	49.8	49.8
Issued in year	—	—	—	—	—	—
At end of year	140,157	140,157	7.0	7.0	49.8	49.8

On 28 September 2018, 0.5 million ordinary shares (2018: 0.4 million) were allotted and issued to the EBT.

On 1 October 2018, 0.5 million ordinary shares (2018: 0.4 million) were transferred from the EBT to Executive Directors to satisfy the exercise of options under the 2011 LTIP.

At 30 April 2019 there were 0.4 million shares held in trust (2018: 0.4 million) by the EBT. The market value of these shares at 30 April 2019 was £16.4 million (2018: £18.0 million).

During the 2019 financial year, shares were repurchased for a total consideration of £198.9 million, excluding transaction costs (2018: £140.4 million). These shares have not been cancelled.

At 30 April 2019 there were 11.1 million (2018: 6.0 million) treasury shares held by the Group. The market value of the shares at 30 April 2019 was £417.0 million (2018: £244.3 million).

The movements in the year are disclosed in notes 2.17 and 2.18 of the Consolidated Financial Statements.

C2.8 Dividends per share



Dividend distributions to shareholders are recognised as a liability in the period in which the dividends are appropriately authorised and approved for payout and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

	2019		2018	
	Dividend per share pence	£m	Dividend per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
September 2017	—	—	51.76	70.4
March 2018	—	—	56.75	76.3
September 2018	33.30	43.8	—	—
January 2019	7.12	9.2	—	—
Total dividends		53.0		146.7

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. Disclosure of transactions with wholly owned members of The Berkeley Group Holdings plc are exempt under FRS 101 with reduced disclosure.

Five Year Summary

	2019 £m	2018 (* Restated) £m	2017 (* Restated) £m	2016 £m	2015 £m
Consolidated Income Statement					
Revenue from operations	2,957.4	2,840.9	2,626.8	2,047.5	2,020.2
Operating profit	768.4	817.0	737.1	501.9	524.1
Share of results of joint ventures	8.8	162.7	63.0	36.5	28.3
Net finance costs	(2.0)	(2.7)	(7.6)	(7.5)	(12.7)
Profit before taxation	775.2	977.0	792.5	530.9	539.7
Taxation	(147.8)	(181.5)	(163.4)	(126.8)	(116.2)
Profit for the year	627.4	795.5	629.1	404.1	423.5
Basic earnings per share	481.1p	587.4p	456.2p	295.8p	313.0p
Consolidated Statement of Financial Position					
Capital employed	1,988.3	1,903.9	1,789.2	1,705.4	1,207.0
Net cash	975.0	687.3	285.5	107.4	430.9
Net assets	2,963.3	2,591.2	2,074.7	1,812.8	1,637.9
Net assets per share attributable to shareholders⁽¹⁾	2,305p	1,938p	1,511p	1,314p	1,199p
Ratios and statistics					
Return on capital employed ⁽²⁾	39.5%	44.2%	42.8%	34.5%	41.6%
Return on equity after tax ⁽³⁾	22.6%	34.1%	32.8%	23.4%	27.5%
Return on equity before tax ⁽⁴⁾	27.9%	41.9%	41.3%	30.8%	35.1%
Units sold ⁽⁵⁾	3,698	3,678	3,802	3,776	3,355
Cash due on forward sales ⁽⁶⁾	£1,831m	£2,193m	£2,743m	£3,259m	£2,959m
Gross margin on land holdings ⁽⁷⁾	£6,247m	£6,003m	£6,378m	£6,146m	£5,272m

*Figures amended to reflect the adoption of IFRS 15. See note 2.25.

- (1) Net assets attributable to shareholders divided by the number of shares in issue excluding shares held in treasury and shares held by the employee benefit trust.
- (2) Calculated as profit before interest and taxation (including joint venture profit before tax) divided by the average net assets adjusted for (debt)/cash.
- (3) Calculated as profit after taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.
- (4) Calculated as profit before taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.
- (5) The number of units completed and taken to sales in the year excluding joint ventures.
- (6) Cash due from customers during the next three financial years under unconditional contracts for sale.
- (7) The measure of expected value in the Group's land holdings in the event the Group successfully sells and delivers the developments planned for.

Financial Diary

Annual General Meeting and Trading Update	6 September 2019
Half year end	31 October 2019
Interim Results Announcement for the six months ending 31 October 2019	December 2019
Trading Update	March 2020
Year end	30 April 2020
Announcement of Results for the year ending 30 April 2020	June 2020
Publication of 2020 Annual Report	August 2020

Registered Office and Advisors

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Corporate broker and financial advisor

UBS Investment Bank

Share price information

The Company's share capital is listed on the London Stock Exchange. The latest share price is available via the Company's website at www.berkeleygroup.co.uk

Solicitors

Herbert Smith Freehills LLP

Bankers

Barclays Bank plc
HSBC UK Bank plc
Lloyds Bank plc
Santander UK plc
Svenska Handelsbanken AB (Publ)
National Westminster Bank plc

Auditors

KPMG LLP



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