PRESS RELEASE **23 JUNE 2021**

YEAR END RESULTS ANNOUNCEMENT

The Berkeley Group Holdings plc ("Berkeley") today announces its audited results for the year ended 30 April 2021.

Berkeley is the country's leading place-maker, operating principally in London, Birmingham and the South East. We are a proud UK business specialising in the creation of beautiful, successful and sustainable places where communities thrive and people of all ages and backgrounds enjoy a great quality of life.

Rob Perrins, Chief Executive, said:

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

Safety has been our first priority over the last year, and I want to register my appreciation and admiration for our highly skilled people and partners for their diligence, ingenuity and expertise in managing such complex changes and implementing best practice Covid-secure protocols across our construction, sales and office settings. This period has shown the Berkeley culture at its very best; helping ensure that throughout the pandemic we have met our commitments to our customers and local communities, without recourse to taxpayer support.

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

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

Looking to the future, we launched an ambitious new ten-year vision "Our Vision 2030: Transforming Tomorrow". This maintains Berkeley's leadership position in sustainability, providing a framework for the business that recognises both the complexity of what we do – transforming highly complex brownfield sites into flourishing, sustainable, connected and nature-rich communities – and the opportunity this presents to make a positive and lasting contribution to the economy, society and the natural world. This includes new science-based targets for climate change, which ensure Berkeley is aligned to the international effort to limit global warming to 1.5°C above pre-industrial levels. As part of our commitment to net biodiversity gain, we are now creating over 480 acres of natural habitats; an area the size of London's Hyde Park.

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

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

THE BERKELEY GROUP HOLDINGS PLC

RESULTS FOR THE YEAR ENDED 30 APRIL 2021

SUMMARY OF EARNINGS, SHAREHOLDER RETURNS AND FINANCIAL POSITION

Earnings	30-Apr-21	30-Apr-20	Change per cent
Profit before tax	£518.1m	£503.7m	+2.9%
Earnings per share – basic	339.4p	324.9p	+4.5%
Pre-tax return on equity	16.5%	16.6%	-0.1%

Shareholder Returns	30-Apr-21	30-Apr-20
Share buy-backs undertaken	£188.6m	£130.5m
Dividends paid	£145.5m	£149.8m
Shareholder returns	£334.1m	£280.3m
Share buy-backs – volume	4.4m	3.5m

Financial Position	As at 30-Apr-21	As at 30-Apr-20	Change absolute
Net cash	£1,128m	£1,139m	-£11m
Net asset value per share	£26.12	£24.72	+£1.40
Cash due on forward sales (1)	£1,712m	£1,858m	-£146m
Land Holdings - future gross margin	£6,884m	£6,417m	+£467m

(1) Cash due on private exchanged forward sales completing within the next three years

INCREASING INVESTMENT AND DELIVERY

- Investment in Berkeley's unique operating model, delivering large, complex regeneration sites that few others have the requisite resources, expertise and risk appetite to undertake at scale. In the year:
    - Ten new sites (four of which are in our St William JV) acquired covering over 6,650 homes; seven in London and three in the Home Counties.
    - Four major new planning consents obtained on long-term regeneration developments; Malt Street, Southwark (1,350 homes), Silk Park, Barnet (1,300 homes), St Albans Road, Watford (1,200 homes) and Plumstead (1,750 homes); along with two new consents outside London.
    - Six sites moved into production, including five long-term regeneration developments; TwelveTrees Park, West Ham (3,800 homes), St William's Poplar Riverside (2,800 homes), Silk Park, Hendon (1,300), Horlicks Quarter, Slough (1,300 homes) and Camden Goods Yard (700 homes).

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

- In addition, Berkeley has some 7,000 plots on sites it is currently advancing that it anticipates will come into the land holdings during the next two years, giving good visibility on achieving the long-term ambition of increasing the estimated future gross profit in the land holdings to £7.5 billion.

DELIVERING FOR ALL STAKEHOLDERS

- 2,825 homes delivered (plus 429 in joint ventures) – Berkeley is delivering some 10% of London's new private and affordable homes – supporting approximately 28,000 UK jobs per annum directly and indirectly through its supply chain over the last five years.

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

- Maintained industry leading Net Promoter Score (+77.9) and customer satisfaction ratings.
- Recipient of coveted Diamond Award at RoSPA's 2020 Health & Safety Awards.
- Having been carbon neutral in our direct operations since 2017, we have set science-based targets committing Berkeley to reducing emissions from our direct operations by 50% by 2030 and reducing the carbon intensity of our homes by 40% by 2030, against our 2018/19 baseline.
- Berkeley is the only UK homebuilder rated "A" by CDP for its carbon climate action and transparency, and is AAA rated in the MSCI global index.
- Over 40 developments now have net biodiversity gain strategies. Kidbrooke Village, our first development to put our approach into practice, recently won the prestigious Sir David Attenborough Award for Enhancing Biodiversity and the overall President's Award at the Landscape Institute Awards 2020.
- £660,000 made available to support the Berkeley Foundation charity partners during COVID-19, in addition to ongoing funding of over £2 million in the year.

SHAREHOLDER RETURNS

- On track to deliver a pre-tax ROE of at least 15% on a cumulative basis from 1 May 2019 to 30 April 2025, which broadly equates to annual pre-tax profits of £500 million.
- Commitment to £281 million per annum Shareholder Returns up to 30 September 2025 re-affirmed.
- Proposal to return £228 million of £455 million surplus capital, along with scheduled returns for 2021/22, as part of a £450 million B share scheme, followed by a share consolidation, in September 2021, subject to approval by shareholders at the September AGM.
- Remaining £227 million of surplus capital retained for allocation to incremental land investment over the period to 30 April 2023.

Investor and Analyst Presentation:

A pre-recorded presentation by the Directors of Berkeley on the results will be made available on the Company's website at 11:00 today - https://www.berkeleygroup.co.uk/about-us/investor-information/results-and-announcements.

For further information please contact:

The Berkeley Group Holdings plc
R J Stearn (01932 868555)

Novella Communications
Tim Robertson (020 3151 7008)

CHIEF EXECUTIVE'S REVIEW

Uniquely long-term operating model

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

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

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

Holistic placemaking to create sustainable communities

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

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

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

Our Vision 2030: Transforming Tomorrow

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

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

Driving ambitious carbon action

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

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

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

- reducing emissions from our sites, offices and sales venues by a further 50% between 2019 and 2030 on an absolute basis (on top of our standing reductions which already includes the procurement of renewable electricity for all UK consumption); and

- reducing embodied carbon within our supply chain and the in-use emissions from our homes by 40% between 2019 and 2030 on an intensity basis.

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

Leading nature's recovery

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

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

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

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

Modernising production

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

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

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

Championing safer homes and operations

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

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

Strategy and Shareholder Returns, including Surplus Capital

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Performance

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

Year ended 30 April	2021 £'m	2020 £'m	Change £'m	Change %
Revenue	**2,202.2**	1,920.4	+281.8	+14.7%
Gross profit	**635.3**	637.4	-2.1	-0.3%
Operating expenses	**(133.0)**	(167.7)	+34.7	-20.7%
Operating profit	**502.3**	469.7	+32.6	+6.9%
Net finance (costs)/income	**(6.6)**	0.7	-7.3	
Share of joint ventures	**22.4**	33.3	-10.9	
Profit before tax	**518.1**	503.7	+14.4	+2.8%
Pre-tax return on equity	**16.5%**	16.6%	-0.1%	
Earnings per share – basic	**339.4p**	324.9p	+14.5p	+4.4%
Shareholder Returns				
Dividends paid	**145.5**	149.8	-4.3	
Share buy-backs under the Returns Programme	**188.6**	130.5	+58.1	
Shareholder return in the period	**334.1**	280.3	+53.8	

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

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

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

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

Housing Market and Operating Environment

Sales

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

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

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

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

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

London and South East housing market fundamentals

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

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

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

Land and planning

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

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

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

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

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

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

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

Construction

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

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

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

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

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

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

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

The Berkeley Foundation

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

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

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

Outlook

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

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

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

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

Rob Perrins
Chief Executive

TRADING AND FINANCIAL REVIEW

Trading performance

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

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

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

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

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

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

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

Financial Position

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

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

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

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

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

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

Banking

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

Joint Ventures

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

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

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

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

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

In total, 13,056 plots (30 April 2020: 10,945 plots) in Berkeley's land holdings relate to 19 ongoing St William developments which are contracted in the joint venture. 11 of these sites are included in Berkeley's conditional land holdings, St William having contracted a further four new sites in the year. Berkeley continues to work closely with National Grid to identify further sites from across its portfolio to bring through into the joint venture.

Land

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

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

Of Berkeley's 80 owned sites, 64 sites (plots: 45,277) have an implementable planning consent and are in construction. A further ten sites (plots: 3,615) have a consent which is not yet implementable; due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. This means Berkeley has just six sites (plots: 3,188) which it owns unconditionally that do not have a planning consent and includes four sites acquired in the year at Borough Triangle, Paddington Green, Sutton and in Redhill.

Of the 16 contracted sites, two sites have a planning consent and a further five have achieved a resolution to grant consent but remain subject to section 106 agreements. Given the conditional nature of all of these sites, there is low financial risk on the Balance Sheets of the Group or its joint ventures.

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

- End -

Principal risks and uncertainties

The assessment of risk and embedding risk management throughout Berkeley are key elements of setting and delivering the Group's strategy.

Berkeley's approach allows management to focus on making the right long-term decisions to deliver long-term value, whilst retaining the flexibility to take advantage of opportunities which arise in the short and medium-term.

Through our strong financial position, we are able to take, under normal circumstances, increased operational risk to deliver robust risk-adjusted returns within the parameters of our business model.

A description of the principal risks and uncertainties faced by the Group, together with an assessment of their impact and Berkeley's approach to mitigating them, are set out on the following pages.

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

There are also areas of our existing principal risks that are evolving over time. We have been reporting Climate Change and Sustainability as two of Berkeley's key risks for a number of years, and these risks continue to evolve as the global focus and regulation over climate action increases.

Covid-19 has continued to impact all areas of our operations over the last year, from the way in which we work to the way our customers and communities live their lives and use their homes and the places that we create.

Financial risk

In light of these operating risks, Berkeley aims to keep financial risk low, and finances its operations through a combination of shareholders' funds, deposits and on-account receipts and borrowings, where appropriate. The financial risks to which Berkeley is exposed include:

- Liquidity risk - the risk that the funding required for the Group to pursue its activities may not be available.
- Market credit risk - the risk that counterparties (mainly customers) will default on their contractual obligations, resulting in a loss to the Group. The Group's exposure to credit risk is comprised of cash and cash equivalents and trade and other receivables.
- Market interest rate risk - the risk that Group financing activities are affected by fluctuations in market interest rates.
- Other financial risks - Berkeley contracts all of its sales and the vast majority of its purchases in sterling, and so has no significant exposure to currency risk, but does recognise that its credit risk includes receivables from customers in a range of jurisdictions who are themselves exposed to currency risk in contracting in sterling.

Management of financial risks

Berkeley adopts a prudent approach to managing these financial risks.

- Treasury policy and central overview - the Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally as a Group function. The treasury policy is intended to maintain an appropriate capital structure to manage the financial risks identified and provide the right platform for the business to manage its operating risks.
- Low gearing - the Group is currently financing its operations through shareholder equity, supported by £1,128 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. This comprises a term loan of £300 million and the revolving credit facility of £450 million. Berkeley has a strong working partnership with the six banks that provide the facilities and this is key to Berkeley's approach to mitigating liquidity risk.

- Forward sales - Berkeley's approach to forward selling new homes to customers provides good visibility over future cash flows, as expressed in cash due on forward sales which stands at £1.71 billion at 30 April 2021. It also helps mitigate market credit risk by virtue of customers' deposits held from the point of unconditional exchange of contracts with customers.

- 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.

Risk Description and Impact	Approach to Mitigating Risk
COVID-19	
Covid-19 has impacted all areas of our operations, including our employees, purchasers and supply chain. The extent of the impact has been influenced by factors including UK and international lockdowns, government interventions, the severity of economic effects and the speed and nature of the recovery.	The Covid-19 pandemic has been a focus for the Board over the last year. The extensive experience and skill set of the Board, senior management and teams, coupled with that of our subcontractor base and the resilience of our business model, has enabled us to weather the impact since its onset. The health and safety of our employees, contractors and customers remains of paramount importance, following Government and public health guidance at all our sites, offices and sales suites.
Economic Outlook	
As a property developer, Berkeley's business is sensitive to wider economic factors such as changes in interest rates, employment levels and general consumer confidence. Some customers are also sensitive to changes in the sterling exchange rate in terms of their buying decisions or ability to meet their obligations under contracts. Changes to economic conditions in the UK, Europe and worldwide may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.	Recognition that Berkeley operates in a cyclical market is central to our strategy and maintaining a strong financial position is fundamental to our business model and protects us against adverse changes in economic conditions. Land investment in all market conditions is carefully targeted and underpinned by demand fundamentals and a solid viability case, respecting the cyclical nature of the property industry. Levels of committed expenditure are carefully monitored against forward sales secured, cash levels and headroom against our available bank facilities, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets. Production programmes are continually assessed, depending upon market conditions. The business is committed to operating at an optimal size, with a strong balance sheet, through autonomous businesses to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.
Political Outlook	
Significant political events, may impact Berkeley's business through, for instance, the reluctance of buyers to make investment decisions due to political uncertainty and, subsequently, specific policies and regulation may be introduced that directly impact our business model.	Whilst we cannot directly influence political events, the risks are taken into account when setting our business strategy and operating model. In addition, we actively engage in the debate on policy decisions.
Regulation	
Adverse changes to Government policy on areas such as taxation, housing, building regulations and the environment could restrict the ability of the Group to deliver its strategy. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	Berkeley is primarily focused geographically on London, Birmingham and the South-East of England, which limits our risk when understanding and determining the impact of new regulation across multiple locations and jurisdictions. The effects of changes to Government policies at all levels are closely monitored by operating businesses and the Board, and representations made to policy-setters where appropriate. Berkeley's experienced teams are well placed to interpret and implement new regulations at the appropriate time through direct lines of communication across the Group, with support from internal and external legal advisors. Detailed policies and procedures are in place where appropriate to the prevailing regulations and these are communicated to all staff.

Risk Description and Impact	Approach to Mitigating Risk
Land Availability	
An inability to source suitable land to maintain the Group's land holdings at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.	Understanding the markets in which we operate is central to Berkeley's strategy. Consequently, land acquisition is primarily focused on Berkeley's core markets of London, Birmingham and the South-East of England, markets in which we believe the demand fundamentals are strong. Berkeley has experienced land teams with strong market knowledge in their areas of focus, which gives us the confidence to buy land without an implementable planning consent and, with an understanding of local stakeholders' needs, positions Berkeley with the best chance of securing a viable planning consent. Berkeley acquires land, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise. Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the greatest chance of securing targeted land. Berkeley's land holdings mean that it has the land in place for its immediate business plan requirements and can therefore always acquire land at the right time in the cycle.
Planning Process	
Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings. This could have a direct impact on the Group's ability to deliver its product and on its profitability.	The Group's strategic geographical focus and expertise places it in the best position to conceive and deliver the right consents for the land acquired. Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally. The planning status of all sites is reviewed at both monthly divisional Board meetings and Main Board meetings. The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.
Retaining People	
An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities. Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.	In February 2021, we launched two new commitments within Our Vision, Berkeley's long-term strategy, to help recruit and retain a high calibre work force. The first is 'Employee Experience' which places a specific focus on areas including employee experience and diversity and inclusion, and the second focuses on 'Future Skills' looking at how we can create tangible long-term change within the industry. Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel. Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive.

Risk Description and Impact	Approach to Mitigating Risk
Securing Sales	
An inability to match supply to demand in terms of product, location and price could result in missed sales targets and/or high levels of completed stock which in turn could impact on the Group's ability to deliver its corporate strategy.	The Group has experienced sales teams both in the UK and within our overseas sales offices, supplemented by market-leading agents. Detailed market demand assessments of each site are undertaken before acquisition and regularly during delivery of each scheme to ensure that supply is matched to demand in each location. Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location. The Group has a diverse range of developments with homes available across a broad range of property prices to appeal to a wide market. The Group's ability to forward sell reduces the risk of the development cycle where possible, thereby justifying and underpinning the financial investment in each of the Group's sites. Completed stock levels are reviewed regularly. The Group adapted its sales strategy to the Covid-19 pandemic, increasing the use of digital channels and virtual tours.
Liquidity	
Reduced availability of the external financing required by the Group to pursue its activities and meet its liabilities. Failure to manage working capital may constrain the growth of the business and ability to execute the business plan.	The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are coordinated centrally as a Group function. The treasury policy is intended to maintain an appropriate capital structure to manage the Group's financial risks and provide the right platform for the business to manage its operating risks. Cash flow management is central to the continued success of Berkeley, and is particularly important as a consequence of the COVID-19 crisis and remains a key focus for management. There is a culture which prioritises an understanding of the impact of all decisions on the Group's spending commitments and hence its balance sheet, alongside weekly and monthly reviews of cash flow forecasts at operating company, divisional and Group levels.
Mortgage Availability	
An inability of customers to secure sufficient mortgage finance now or in the future could have a direct impact on the Group's transaction levels.	Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio. The Group participates in the Government's Help to Buy scheme, which provides deposit assistance to first-time buyers, and has participated in other Government schemes historically. Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.

Risk Description and Impact	Approach to Mitigating Risk
Climate Change	
The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials. Initial scenario analysis indicates that homes and developments in London and the South-East of England could be adversely affected through overheating, water shortages and flooding. There is an increased level of interest in disclosures on climate change management and action. Failure to improve reporting and performance in line with evolving regulations, investor requests and societal expectations could expose Berkeley to penalties and reputational damage. Local authorities have declared climate emergencies and set roadmaps to be net zero carbon and customers are also placing an increasing emphasis on homes with reduced impact over their lifetime; failure to improve the efficiency and embodied impacts of the homes we build could reduce the potential for us to gain planning permission or sell the homes we build. Carbon pricing is affecting the supply of materials. There has been an increase in the international carbon price which has led to some suppliers which are high carbon producers, such as cement companies, to reduce production as the price for offsetting their impact is too high.	The Group Sustainability Team identifies strategic climate change risks and opportunities facing the business through the regular review of issues and trends, along with active collaboration with external experts. These are shared with the Chief Executive and Board Director Responsible for Sustainability (including climate change). Climate action is a key theme within our business strategy, Our Vision 2030, and we have set ambitious science-based targets (SBTs) to mitigate our impact, alongside continuing to incorporate adaptation measures within our developments to make them more resilient to the expected future impacts of climate change. By taking action under our Scope 1 and 2 carbon emissions reduction targets our sites, offices and sales suites are identifying and investing in energy efficiency measures. We also look to reduce the impact of our homes and places when in use and are taking action to contribute to a zero carbon built environment. Our Scope 3 SBT commits us to building more efficient homes and working with our supply chain to reduce the embodied carbon within the materials and services we procure. To build resilience into our homes and developments, we consider climate change risks and incorporate measures to reduce these. This includes undertaking an overheating risk assessment pre-planning and incorporating relevant measures to improve thermal comfort. We continue to enhance our disclosure in this area by publishing information on our impacts and increasing information in response to the Financial Stability Board's (FSB) Task Force on Climate related Financial Disclosures (TCFD) recommendations, ahead of mandatory disclosure from 2022. We are in regular talks with our supply chain to understand and monitor the changes with our key materials. We are undertaking work to understand how we can reduce demand of high carbon materials with our buildings.
Sustainability	
Berkeley is aware of the environmental and social impact of the homes and places that it builds, both throughout the development process and during occupation and use by customers and the wider community. Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demands for sustainable homes and communities, with access to green spaces and nature.	The strategic direction for sustainability is set at a Group level within a dedicated Sustainability Strategy. Three areas have been identified as being of strategic importance and integrated within our business strategy, Our Vision 2030; communities, climate action and nature. We have specific commitments to enhance environmental and social sustainability considerations in the operation of our business and the delivery of our homes and places. Operational procedures and processes are regularly reviewed to ensure that high standards and legal compliance are maintained. Dedicated sustainability teams are in place within the business and at Group level, providing advice, monitoring performance and driving improvement.

Risk Description and Impact	Approach to Mitigating Risk
Health and Safety	
Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public. A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site-related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.	Berkeley considers this to be an area of critical importance. Berkeley's health and safety strategy is set by the Board. Dedicated health and safety teams are in place in each division and at Head Office. Procedures, training and reporting are all regularly reviewed to ensure high standards are maintained and comprehensive accident investigation procedures are in place. Insurance is held to cover the risks inherent in large-scale construction projects. The Group continues to implement initiatives to improve health and safety standards on-site.
Product Quality and Customers	
Berkeley has a reputation for high standards of quality in its product. If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased cost.	Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that product quality is maintained. The Group has detailed quality assurance procedures in place surrounding both design and build to ensure the adequacy of build at each key stage of construction. Customer satisfaction surveys are undertaken on the handover of our homes, and feedback incorporated into the specification and design of subsequent schemes.
Build Cost and Programme	
Build costs are affected by the availability of skilled labour and the price and availability of materials, suppliers and contractors. Declines in the availability of a skilled workforce, and changes to these prices could impact on our build programmes and the profitability of our schemes.	A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition, whilst a further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction. Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month. The Group monitors its development obligations and recognises any associated liabilities which arise. Our new strategy includes ongoing commitments to training and support across both our employees and our indirect workforce.

Risk Description and Impact	Approach to Mitigating Risk
Cyber and Data Risk	
The Group acknowledges that it places significant reliance upon the availability, accuracy and confidentiality of all of its information systems, and the data contained therein. The Group could suffer significant financial and reputational damage because of the corruption, loss or theft of data, whether inadvertent or via a deliberate, targeted cyber attack.	Berkeley's systems and control procedures are designed to ensure that confidentiality, availability and integrity are not compromised. Our Information Security Programme focuses primarily on the detection and prevention of security incidents and potential data breaches. Ongoing monitoring and scanning is conducted to detect and respond to vulnerabilities and security events. We also work closely with recognised security service providers to implement and improve security best practices. An IT Security Committee meets monthly to address all cyber security matters. The Group has Cyber Essentials Plus certification and a Group-wide security awareness programme, which is refreshed on a regular basis to update employees on current cyber security trends. The Group operates multiple physical data centres supported by cloud based services thereby reducing centralised risk exposure. An IT disaster recovery plan is regularly assessed. The Group has cyber insurance in place to reduce the any potential financial impact.

Condensed Consolidated Income Statement

For the year ended 30 April	Notes	**2021 £m**	2020 £m
Revenue		**2,202.2**	1,920.4
Cost of sales		**(1,566.9)**	(1,283.0)
Gross profit		**635.3**	637.4
Net operating expenses		**(133.0)**	(167.7)
Operating profit		**502.3**	469.7
Finance income	3	**3.0**	12.4
Finance costs	3	**(9.6)**	(11.7)
Share of results of joint ventures using the equity method		**22.4**	33.3
Profit before taxation for the year		**518.1**	503.7
Income tax expense	4	**(95.4)**	(93.6)
Profit after taxation for the year		**422.7**	410.1
Earnings per share (pence):			
Basic	5	**339.4**	324.9
Diluted	5	**332.5**	313.4

Condensed Consolidated Statement of Comprehensive Income

	2021 £m	2020 £m
Profit after taxation for the year	**422.7**	410.1
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) recognised in the pension scheme	**2.7**	(1.7)
Total items that will not be reclassified to profit or loss	**2.7**	(1.7)
Other comprehensive income/(expense) for the year	**2.7**	(1.7)
Total comprehensive income for the year	**425.4**	408.4

Condensed Consolidated Statement of Financial Position

As at 30 April	Notes	**2021** **£m**	2020 £m
Assets			
Non-current assets			
Intangible assets		**17.2**	17.2
Property, plant and equipment		**46.0**	48.5
Right-of-use assets		**3.2**	2.5
Investments accounted for using the equity method		**281.7**	261.8
Deferred tax assets		**40.1**	53.6
		388.2	383.6
Current assets			
Inventories		**3,652.5**	3,554.9
Trade and other receivables		**75.4**	68.3
Current tax assets		**7.9**	5.1
Cash and cash equivalents	6	**1,428.2**	1,638.9
		5,164.0	5,267.2
Total assets		**5,552.2**	5,650.8
Liabilities			
Non-current liabilities			
Borrowings	6	**(300.0)**	(300.0)
Trade and other payables		**(330.8)**	(263.7)
Lease liability		**(1.7)**	(1.3)
Provisions for other liabilities and charges		**(62.3)**	(60.0)
		(694.8)	(625.0)
Current liabilities			
Borrowings	6	**-**	(200.0)
Trade and other payables		**(1,614.7)**	(1,668.1)
Lease liability		**(1.5)**	(1.2)
Provisions for other liabilities and charges		**(65.8)**	(54.9)
		(1,682.0)	(1,924.2)
Total liabilities		**(2,376.8)**	(2,549.2)
Total net assets		**3,175.4**	3,101.6
Equity			
Shareholders' equity			
Share capital		**6.6**	6.8
Share premium		**49.8**	49.8
Capital redemption reserve		**24.9**	24.7
Other reserve		**(961.3)**	(961.3)
Retained earnings		**4,055.4**	3,981.6
Total equity		**3,175.4**	3,101.6

Condensed Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total equity £m
Unaudited						
At 1 May 2020	6.8	49.8	24.7	(961.3)	3,981.6	3,101.6
Profit after taxation for the year	**-**	**-**	**-**	**-**	**422.7**	**422.7**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**2.7**	**2.7**
Purchase of own shares	**(0.2)**	**-**	**0.2**	**-**	**(188.6)**	**(188.6)**
Transactions with shareholders:						
- Charge in respect of employee share schemes	**-**	**-**	**-**	**-**	**(11.9)**	**(11.9)**
- Deferred tax in respect of employee share schemes	**-**	**-**	**-**	**-**	**(5.6)**	**(5.6)**
- Dividends to equity holders of the Company	**-**	**-**	**-**	**-**	**(145.5)**	**(145.5)**
At 30 April 2021	**6.6**	**49.8**	**24.9**	**(961.3)**	**4,055.4**	**3,175.4**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total equity £m
At 1 May 2019	7.0	49.8	24.5	(961.3)	3,843.3	2,963.3
IFRS 16 application adjustment at 1 May 2019	-	-	-	-	(0.2)	(0.2)
Profit after taxation for the year	-	-	-	-	410.1	410.1
Other comprehensive expense for year	-	-	-	-	(1.7)	(1.7)
Purchase of own shares	(0.2)	-	0.2	-	(130.5)	(130.5)
Transactions with shareholders:						
- Charge in respect of employee share schemes	-	-	-	-	(3.9)	(3.9)
- Deferred tax in respect of employee share schemes	-	-	-	-	14.3	14.3
- Dividends to equity holders of the Company	-	-	-	-	(149.8)	(149.8)
At 30 April 2020	6.8	49.8	24.7	(961.3)	3,981.6	3,101.6

Condensed Consolidated Cash Flow Statement

For the year ended 30 April	Notes	**2021 £m**	2020 £m
Cash flows from operating activities			
Cash generated from operations	6	**419.4**	395.4
Interest received		**3.0**	12.4
Interest paid		**(8.1)**	(9.1)
Income tax paid		**(90.1)**	(89.8)
Net cash flow from operating activities		**324.2**	308.9
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2.4)**	(9.7)
Proceeds on disposal of property, plant and equipment		**0.8**	0.6
Dividends from joint ventures		**7.5**	177.7
Movements in loans with joint ventures		**(5.0)**	(31.5)
Net cash flow from investing activities		**0.9**	137.1
Cash flows from financing activities			
Lease capital repayments		**(1.8)**	(2.0)
Proceeds associated with settlement of share options		**0.1**	0.2
Purchase of own shares		**(188.6)**	(130.5)
Net (decrease)/increase in borrowings		**(200.0)**	200.0
Dividends paid to Company's shareholders		**(145.5)**	(149.8)
Net cash flow from financing activities		**(535.8)**	(82.1)
Net (decrease)/increase in cash and cash equivalents		**(210.7)**	363.9
Cash and cash equivalents at the start of the financial year		**1,638.9**	1,275.0
Cash and cash equivalents at the end of the financial year		**1,428.2**	1,638.9

Notes to the Condensed Consolidated Financial Information

1 General information

The Berkeley Group Holdings plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG. The Company and its subsidiaries (together "the Group") are engaged in residential led, mixed-use property development.

2 Basis of preparation

2.1 Introduction

These results do not constitute the Group's statutory accounts for the year ended 30 April 2021 but are derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's Annual General Meeting. The external auditor has reported on those accounts; its report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under section 498 of the Companies Act 2006.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The statutory accounts have been prepared based on the accounting policies and method of computations consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 April 2020.

2.2 Going concern

The Directors have assessed the business plan and future funding requirements of the Group over the medium-term and compared these with the level of committed loan facilities and existing cash resources. As at 30 April 2021 the Group has net cash of £1,128.2 million and total liquidity of £1,878.2 million when this net cash is combined with banking facilities of £750 million, which are in place until November 2023. Furthermore, the Group has cash due on forward sales of £1.7 billion, a significant proportion of which covers delivery for the next 18 months.

In making this assessment, consideration has been given to the uncertainty inherent in future financial forecasts and where applicable, severe but plausible sensitivities have been applied to the key factors affecting the financial performance of the Group. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for not less than 12 months from the date of these Condensed Consolidated Financial Statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the Group's Condensed Consolidated Financial Statements.

Notes to the Condensed Consolidated Financial Information (continued)

3 Net finance (costs)/income

For the year ended 30 April	2021 £m	2020 £m
Finance income	**3.0**	12.4
Finance costs		
Interest payable on bank loans and non-utilisation fees	**(7.7)**	(9.1)
Amortisation of facility fees	**(0.9)**	(1.8)
Other finance costs	**(1.0)**	(0.8)
	(9.6)	(11.7)
Net finance (costs)/income	**(6.6)**	0.7

Finance income predominantly represents interest earned on cash deposits.

Other finance costs represent imputed interest on taxation, on land purchased on deferred settlement terms and lease interest.

4 Income tax expense

For the year ended 30 April	2021 £m	2020 £m
Current tax		
UK corporation tax payable	**(93.1)**	**(93.3)**
Adjustments in respect of previous years	**1.9**	**2.8**
	(91.2)	**(90.5)**
Deferred tax		
Deferred tax movements	**(5.4)**	**(0.9)**
Adjustments in respect of previous years	**1.2**	**(2.2)**
	(4.2)	**(3.1)**
	(95.4)	**(93.6)**

Notes to the Condensed Consolidated Financial Information (continued)

5 Earnings per share

Basic earnings per share are calculated as the profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

For the year ended 30 April	**2021**	2020
Profit attributable to shareholders (£m)	**422.7**	410.1
Weighted average no. of shares (m)	**124.6**	126.2
Basic earnings per share (p)	**339.4**	324.9

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares.

At 30 April 2021, the Group had two (2020: two) categories of potentially dilutive ordinary shares: 2.3 million (2020: 4.6 million) share options under the 2011 LTIP and 30,912 (2020: 30,788) share options under the 2015 Bonus Banking plan.

A calculation is undertaken to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the Group, which is the unamortised share-based payments charge. The difference between the number of shares that could have been acquired at fair value and the total number of options is used in the diluted earnings per share calculation.

For the year ended 30 April	**2021**	2020
Profit used to determine diluted EPS (£m)	**422.7**	**410.1**
Weighted average no. of shares (m)	**124.6**	**126.2**
Adjustments for:		
Share options - 2011 LTIP	**2.5**	**4.6**
Shares used to determine diluted EPS (m)	**127.1**	**130.8**
Diluted earnings per share (p)	**332.5**	**313.4**

6 Notes to the Condensed Consolidated Cash Flow Statement

For the year ended 30 April	**2021 £m**	2020 £m
Net cash flows from operating activities		
Profit for the financial year	**422.7**	410.1
Adjustments for:		
Taxation	**95.4**	93.6
Depreciation	**5.9**	4.7
Loss on sale of PPE	**-**	0.2
Finance income	**(3.0)**	(12.4)
Finance costs	**9.6**	11.7
Share of results of joint ventures after tax	**(22.4)**	(33.3)
Non-cash charge in respect of pension deficit	**0.7**	-
Non-cash charge in respect of share awards	**(12.3)**	(4.1)
Changes in working capital:		
Increase in inventories	**(97.6)**	(440.2)
Increase in trade and other receivables	**(5.1)**	(3.8)
Increase in trade and other payables	**25.5**	369.9
Net change in employee benefit obligations	**-**	(1.0)
Cash generated from operations	**419.4**	395.4

Reconciliation of net cash flow to net cash		
Net (decrease)/increase in net cash and cash equivalents, including bank overdraft	**(210.7)**	363.9
Decrease/(increase) in borrowings	**200.0**	(200.0)
Movement in net cash in the financial year	**(10.7)**	163.9
Opening net cash	**1,138.9**	975.0
Closing net cash	**1,128.2**	1,138.9

Net cash		
Cash and cash equivalents	**1,428.2**	1,638.9
Current borrowings	**-**	(200.0)
Non-current borrowings	**(300.0)**	(300.0)
Net cash	**1,128.2**	1,138.9