PRESS RELEASE **22 JUNE 2022**

YEAR END RESULTS ANNOUNCEMENT

The Berkeley Group Holdings plc ("Berkeley") today announces its audited results for the year ended 30 April 2022.

Rob Perrins, Chief Executive, said:

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

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

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

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

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

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

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

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

THE BERKELEY GROUP HOLDINGS PLC

RESULTS FOR THE YEAR ENDED 30 APRIL 2022

SUMMARY OF EARNINGS, SHAREHOLDER RETURNS AND FINANCIAL POSITION

Earnings	30-Apr-22	30-Apr-21	Change %
Profit before tax	£551.5m	£518.1m	+6.4%
Earnings per share – basic	417.8p	339.4p	+23.1%
Pre-tax return on equity	17.5%	16.5%	-

Shareholder Returns	30-Apr-22	30-Apr-21
Share buy-backs undertaken	£63.7m	£188.6m
Capital Return	£451.5m	-
Dividends paid	-	£145.5m
Shareholder returns	£515.2m	£334.1m
Share buy-backs – volume	1.5m	4.4m
Share consolidation with capital return	9.3m	-

Financial Position	As at 30-Apr-22	As at 30-Apr-21	Change absolute
Net cash	£269m	£1,128m	-£859m
Net asset value per share	£28.18	£26.12	+£2.06
Cash due on forward sales [1]	£2,171m	£1,712m	+£459m
Land Holdings - future gross margin	£8,258m	£6,884m	+£1,374m

[1] Cash due on private exchanged forward sales completing within the next three years

TRADING PERFORMANCE

- Value of underlying reservations up 25% on last year and slightly ahead of pre-pandemic levels, with cost inflation absorbed by sales prices.
- Stable start to the current year with enquiries, visitor numbers and reservations in line with the end of 2021/22.
- Cash due on forward sales up to £2.2 billion (2021: 1.7 billion).

INCREASING INVESTMENT AND DELIVERY

- Berkeley now has £8.3 billion of estimated future gross margin in its unrivalled land holdings, meeting its £7.5 billion target three years early, following the St William transaction, and will now only acquire new land very selectively.
- £412.5 million acquisition of the remaining 50% share of St William saw Berkeley gain full control of 24 sites with the potential to deliver over 20,000 homes.
- Further investment in Berkeley's unique operating model:
    - Four new sites acquired covering around 6,000 homes, including the strategic land site at Milton Keynes on which Berkeley has recently obtained planning consent for the delivery of up to 4,600 new homes and 403,000 square metres of logistics space, as well as fantastic new local amenities, a 155-acre country park and new bridge over the M1.
    - Four major new planning consents obtained on long-term developments: Milton Keynes and St William's Bow Common (1,000 homes), Leyton (570 homes) and Bethnal Green (550 homes).
    - Seven sites, with the capacity to deliver over 5,000 homes, moved into production.
- Berkeley now has 26 of its 32 long-term complex regeneration developments in production.
- In addition, Berkeley has approximately 8,000 plots on six sites that constitute its pipeline.

THE BERKELEY GROUP HOLDINGS PLC

RESULTS FOR THE YEAR ENDED 30 APRIL 2022

DELIVERING FOR ALL STAKEHOLDERS

- 3,760 homes delivered, plus 872 in joint ventures (2021: 2,825, plus 429 in joint ventures); a 42% increase. Berkeley is delivering some 10% of London's new private and affordable homes – supporting approximately 27,000 UK jobs per annum directly and indirectly through its supply chain over the last five years.
- Over £555 million of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year; a similar level to the year's pre-tax profit.
- Industry leading Net Promoter Score (+77.2) and customer satisfaction ratings maintained.
- 15 embodied carbon assessments undertaken to create a roadmap which has already identified 16 specific actions to help Berkeley meet its ambitious science-based target in this area.
- Green Bond Framework put in place to support £400 million Green Bond issuance in August 2021.
- Berkeley has an industry leading "A-" CDP rating for its carbon climate action and transparency and has recently once again been AAA rated in the MSCI global ESG index.
- 46 developments now committed to net biodiversity gain strategies that will deliver over 500 acres of new or measurably improved natural habitat, not including the 155-acre country park planned for our Milton Keynes site.
- Annual Injury Incident Rate of 0.72 (industry average 2.72)
- More than 60 construction management apprentices and 30 graduates joined the business in the year, with 9% of Berkeley's workforce consisting of 'earn and learn' roles.

SHAREHOLDER RETURNS

- Berkeley anticipates delivering pre-tax earnings of approximately £600 million for the year ending 30 April 2023 and £625 million for the two years thereafter, following which the focus will shift to returning cash over and above the current annual scheduled payment to shareholders.
- Commitment to annual £282 million (£2.54 per share) ongoing Shareholder Returns up to 30 September 2025 re-affirmed, with next £141 million due for the six months ending 30 September 2022, of which £64 million has already been returned via share buy-backs.
- £451 million B-share return of capital made in September 2021, which was followed by a share consolidation.
- Return of previously identified £455 million Surplus Capital completed through the B-share return and acquisition of St William land interests.

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:

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CHIEF EXECUTIVE'S REVIEW

Purpose, Strategy and Capital Allocation

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

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

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

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

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

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

Shareholder Returns and Surplus Capital

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

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

The Company has committed to the next ongoing scheduled shareholder return which is the £141 million in respect of the six months ending 30 September 2022, against which £63.7 million has been spent on 1.5 million share buy-backs in the year. The amount that will be returned as dividend will be announced on 11 August 2022 taking account of any further share buy-backs in the intervening period.

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

Summary of Performance

Berkeley has delivered pre-tax profits of £551.5 million for the year. This is from the sale of 3,760 homes (2021: 2,825) at an average selling price of £603,000 (2021: £770,000), reflecting the mix of properties sold in the year:

Year ended 30 April	2022 £'m	2021 £'m	Change £'m	Change %
Revenue	2,348.0	2,202.2	+145.8	+6.6%
Gross profit	664.8	635.3	+29.5	+4.6%
Operating expenses	(156.9)	(133.0)	-23.9	+18.0%
Operating profit	507.9	502.3	+5.6	+1.1%
Net finance costs	(12.5)	(6.6)	-5.9	
Share of joint ventures	56.1	22.4	+33.7	
Profit before tax	551.5	518.1	+33.4	+6.4%
Pre-tax return on equity	17.5%	16.5%	+1.0%	
Earnings per share – basic	417.8p	339.4p	+78.4p	+23.1%
Shareholder Returns				
Dividends paid	-	145.5	-145.5	
Capital return	451.5	-	+451.5	
Share buy-backs	63.7	188.6	-124.9	
Shareholder return in the period	515.2	334.1	+181.1	

At the time of our interim results in December 2021 we raised our earnings guidance by 5% for the current year to approximately £545 million and then 5% per annum thereafter for the next three years which placed Berkeley on a path to delivering approximately £625 million pre-tax profit for the year ending 30 April 2025.

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

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Housing Market and Operating Environment

Sales

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

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

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

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

London and South East housing market fundamentals

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

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

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

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

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

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

Land and planning

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

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

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

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

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

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

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

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

Construction

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

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

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

Fire Safety

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

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

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

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

Berkeley Modular

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

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

Our Vision 2030: Transforming Tomorrow

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

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

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

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

Driving ambitious carbon action

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

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

Scopes 1 and 2

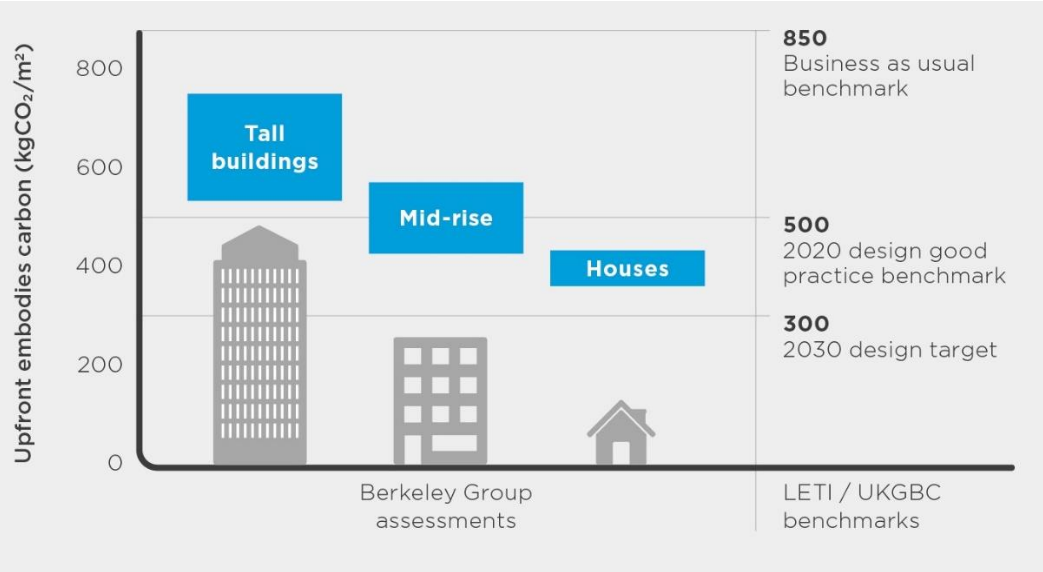
This financial year we have seen a 13% reduction in our absolute scope 1 and 2 emissions from last year. This has largely been driven by the increased use of low carbon biodiesel, which now accounts for over 50% of all fuel used in construction activity. Relative to our baseline 2019 year, we have reduced our absolute scope 1 and 2 emissions by more than 40%, well on track to meet our 50% SBT reduction target by 2030.

Scope 3

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

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

Our 15 assessments were across a range of building typologies, from houses to mid-rise apartments and tall buildings. The outcome of our assessments is illustrated in the graphic below:



Each of the 15 buildings assessed outperformed the business as usual industry benchmark of 850kgCO_2/m^2 set by LETI (originally London Energy Transformation Initiative) and UK Green Building Council, indicating that our teams are already considering and reducing embodied carbon beyond the norm, with some developments outperforming the LETI benchmark for 2020 of 500 kgCO_2/m^2.

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

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

Task Force on Climate-related Financial Disclosures ('TCFD')

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

Leading nature's recovery

We are proud to have pioneered nature recovery within our industry and played a proactive role in reversing biodiversity loss within the communities we serve, which is the other great environmental challenge of our time. We were the first homebuilder to commit to delivering a measurable net biodiversity gain on every new site back in 2017 and have since built up a pipeline of 46 developments, which together will create over 500 acres of new or improved natural habitats, not including the 155-acre country park planned for our Milton Keynes site. These projects will create or measurably enhance approximately 100 acres of nature-rich grassland, 70 acres of woodland and 50 acres of living roofs.

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

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

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

Developing skills for the future

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

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

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

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

Championing safer homes and operations

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

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

Delivering for our customers

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

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

The Berkeley Foundation

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

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

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

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

Outlook

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

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

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

Rob Perrins
Chief Executive

TRADING AND FINANCIAL REVIEW

Trading performance

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

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

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

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

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

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

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

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

Financial Position

St William

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

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

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

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

Summarised balance sheet

Reflecting the B-share capital return in September 2021, the Group's net assets reduced by £39 million during the year to £3,136 million at 30 April 2022:

Summarised balance sheet as at	**30-Apr-22**	**30-Apr-21**	**Variance £'m**		
	£'m	**£'m**	**Total**	St William	Underlying
Non-current assets	375	388	-14	-174	+160
Inventory - land not under development	738	331	+407	+33	+374
Inventory - WIP and completed stock	4,396	3,321	+1,075	+1,113	-38
Inventory - total	*5,134*	*3,653*	*+1,482*	*+1,146*	*+336*
Debtors	150	83	+67	+10	+57
Customer deposits	(931)	(791)	-141	-133	-8
Land creditors	(801)	(388)	-413	-205	-208
Provisions	(161)	(128)	-33	-8	-25
Trade creditors	(899)	(770)	-129	-95	-33
Capital employed	2,867	2,047	+820	+541	+279
Net cash	269	1,128	-859	-541	-318
Net assets	**3,136**	**3,175**	**-39**	**-**	**-39**
Shares, net of Treasury and EBT	111.3m	121.6m	-10.3m		
Net asset value per share	2,818p	2,612p	+206p		

The impact of the St William acquisition on the Group's balance sheet at 15 March 2022 is summarised in the table above, with comments thereon below.

Inventory

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

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

Creditors

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

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

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

Net cash

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

Abridged Cash Flow for year ended	**30-Apr-22 £'m**	**30-Apr-21 £'m**
Profit before taxation	551.5	518.1
Taxation paid	(142.6)	(90.1)
Net increase in working capital	(132.6)	(77.2)
Net investment in joint ventures	(82.8)	(19.9)
Other movements	3.0	(7.5)
Shareholder returns	(515.2)	(334.1)
Acquisition of St William	(540.6)	-
Decrease in net cash	(859.3)	(10.7)
Opening net cash	1,128.2	1,138.9
Closing net cash	268.9	1,128.2

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

Net assets and NAVPS

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

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

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

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

<u>Funding</u>

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

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

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

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

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

Joint Ventures

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

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

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

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

Land Holdings

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

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

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

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

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

Excluding St William, the estimated gross margin in the land holdings has increased by £1.1 billion, before taking account of the gross margin delivered in the year. Around two thirds of the increase relates to the new sites added to the land holdings and the remainder to the net impact of site-reappraisals and market movements.

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

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

- 60 sites (plots: 46,559) have an implementable planning consent and are in production;
- 13 sites (plots: 9,053) have a consent which is not yet implementable, due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision; and
- 13 sites (plots: 7,386) do not have a planning consent. These include a number of the St William sites that were conditionally contracted prior to the transaction.

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

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

- End -

Principal risks and uncertainties

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

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

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

Financial risk

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 £269 million of net cash on the balance sheet and debt facilities that were refinanced in the year. This in turn has mitigated its current exposure to interest rate risk.
- Headroom provided by bank facilities - the Group now has £800 million of committed credit facilities maturing in February 2027, with optional extensions to February 2029. This comprises a term loan of £260 million and the revolving credit facility of £540 million. In addition, in August 2021, the Group issued listed debt in the form of Green Bonds to the value of £400 million maturing in August 2031. Berkeley has a strong working partnership with the six banks that provide the facilities and this is key to Berkeley's approach to mitigating liquidity risk.
- Forward sales - Berkeley's approach to forward selling new homes to customers provides good visibility over future cash flows, as expressed in cash due on forward sales which stands at £2.17 billion at 30 April 2022. It also helps mitigate market credit risk by virtue of customers' deposits held from the point of unconditional exchange of contracts with customers.

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

- 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
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, in the UK and overseas, may impact Berkeley's business through, for example, supply chain disruption or the reluctance of customers to make purchase decisions due to political uncertainty and, subsequently, policies and regulation may be introduced that directly impact our business model.	Whilst we cannot directly influence political events, the risks are taken into account when setting our business strategy and operating model. In addition, we actively engage in the debate on policy decisions.
Regulation	
Adverse changes to Government policy on areas such as taxation, design requirements and the environment could restrict the ability of the Group to deliver its strategy. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	Berkeley is primarily focused geographically on London, Birmingham and the South-East of England, which limits our risk when understanding and determining the impact of new regulation across multiple locations and jurisdictions. The effects of changes to Government policies at all levels are closely monitored by operating businesses and the Board, and representations made to policy-setters where appropriate. Berkeley's experienced teams are well placed to interpret and implement new regulations at the appropriate time through direct lines of communication across the Group, with support from internal and external legal advisors. Detailed policies and procedures are in place where appropriate to the prevailing regulations and these are communicated to all staff.

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 and, consequently, land acquisition is primarily focused on Berkeley's core markets of London, Birmingham and the South-East of England, markets in which it believes the demand fundamentals are strong. Berkeley has experienced land teams with strong market knowledge in their areas of focus, which gives us the confidence to buy land without an implementable planning consent and, with an understanding of local stakeholders' needs, positions Berkeley with the best chance of securing a viable planning consent. Berkeley acquires land, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise. Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the greatest chance of securing targeted land. Berkeley's land holdings mean that it has the land in place for its immediate business plan requirements and can therefore always acquire land at the right time in the cycle.
Planning Process	
Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings. This could have a direct impact on the Group's ability to deliver its product and on its profitability.	The Group's strategic geographical focus and expertise place it in the best position to conceive and deliver the right consents for the land acquired. Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally. The planning status of all sites is reviewed at both monthly divisional Board meetings and Main Board meetings. The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.
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.
Liquidity	
Reduced availability of the external financing required by the Group to pursue its activities and meet its liabilities. Failure to manage working capital may constrain the growth of the business and ability to execute the business plan.	The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally as a Group function. The treasury policy is intended to maintain an appropriate capital structure to manage the Group's financial risks and provide the right platform for the business to manage its operating risks. Cash flow management is central to the continued success of Berkeley. There is a culture which prioritises an understanding of the impact of all decisions on the Group's spending commitments and hence its balance sheet, alongside weekly and monthly reviews of cash flow forecasts at operating company, divisional and Group levels.
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 impact Berkeley in different ways, from risks and opportunities relating to the transition to a lower-carbon economy to those relating to the physical impacts of climate change. Aggressive climate mitigation could lead to the implementation of carbon tax regimes, and an increase in the demand for renewable energy and cost of emissions offset. The cost of raw materials could increase if suppliers pass through the impact of carbon pricing for carbon intensive building materials. For example, steel, concrete, cement and glass all have energy intensive production which could require increased energy input costs. There is an inherent risk that as energy prices increase, property buyers will favour lower carbon homes and expect greater operational energy efficiency. Conversely, strong environmental related credentials evidenced through a proven delivery track record should improve the prospects of higher demand for Berkeley's homes. Chronic physical risks such as heat stress, drought stress and subsidence may increasingly impact Berkeley's developments, as the climate changes. There are also potential impacts from acute risks. For example, windstorms and floods may result in physical damage to completed property and construction assets.	Climate action is a strategic priority within our business strategy, Our Vision 2030, and we have set ambitious 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. Our sites, offices and sales suites are identifying and investing in energy efficiency measures to take action under our Scope 1 and 2 carbon emissions reduction target. We also look to reduce the impact of our homes and places when in use and are taking action to contribute to a zero carbon built environment. Our Scope 3 SBT commits us to building more efficient homes and working with our supply chain to reduce the embodied carbon within the materials and services we procure. To build resilience into our homes and developments, we consider climate change risks and incorporate measures to reduce these. We have minimum Sustainability Standards in place for all developments to assess overheating risk and incorporate measures to reduce this risk. Standards also cover minimum water efficiency measures, rainwater harvesting and sustainable drainage systems. Our developments, and particularly foundation design, are engineered to ensure the risk of subsidence is mitigated. In respect of medium to high rise buildings, wind engineering includes dynamic or physical modelling, analysis and testing at pre-planning stage and mitigation measures incorporated into the design such as mechanical fixings and screening and planting. Flood risk assessments have been a standard part of our development planning and design for many years if the developments fall within a flood zone. The flood risk assessments vary in extent based on the potential risk and include allowances for the effects of climate change.
Sustainability	
Berkeley is aware of the environmental and social impact of the homes and places that it builds, both throughout the development process and during occupation and use by customers and the wider community. Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demands for sustainable homes and communities, with access to green spaces and nature.	The strategic direction for sustainability is set at a Group level within a dedicated Sustainability Strategy and three areas have been identified as being of strategic importance and integrated within our business strategy, Our Vision 2030; communities; climate action and nature. We have specific commitments to enhance environmental and social value in the operation of our business and the delivery of our homes and places. Dedicated sustainability teams are in place within the business and at Group level, providing advice, monitoring performance and driving improvement. Operational procedures and processes are regularly reviewed to ensure that high standards and legal compliance are maintained. Site sustainability assessments are completed at least every quarter. We also have minimum standards and processes in place for offices and sales suites.

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 that high standards are maintained and comprehensive accident investigation procedures are in place. Insurance is held to cover the risks inherent in large scale construction projects. The Group continues to implement initiatives to improve health and safety standards on site.
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	**2022 £m**	2021 £m
Revenue		**2,348.0**	2,202.2
Cost of sales		**(1,683.2)**	(1,566.9)
Gross profit		**664.8**	635.3
Net operating expenses		**(156.9)**	(133.0)
Operating profit		**507.9**	502.3
Finance income	3	**2.5**	3.0
Finance costs	3	**(15.0)**	(9.6)
Share of results of joint ventures using the equity method		**56.1**	22.4
Profit before taxation for the year		**551.5**	518.1
Income tax expense	4	**(69.1)**	(95.4)
Profit after taxation for the year		**482.4**	422.7
Earnings per share (pence):			
Basic	5	**417.8**	339.4
Diluted	5	**411.4**	332.5

Condensed Consolidated Statement of Comprehensive Income

	2022 £m	2021 £m
Profit after taxation for the year	**482.4**	422.7
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss		
Actuarial (loss)/gain recognised in the pension scheme	**(1.6)**	2.7
Total items that will not be reclassified to profit or loss	**(1.6)**	2.7
Other comprehensive (expense)/income for the year	**(1.6)**	2.7
Total comprehensive income for the year	**480.8**	425.4

Condensed Consolidated Statement of Financial Position

As at 30 April	Notes	**2022 £m**	2021 £m
Assets			
Non-current assets			
Intangible assets		**17.2**	17.2
Property, plant and equipment		**40.5**	46.0
Right-of-use assets		**5.8**	3.2
Investments accounted for using the equity method		**190.4**	281.7
Deferred tax assets		**120.7**	40.1
		374.6	388.2
Current assets			
Inventories	6	**5,134.0**	3,652.5
Trade and other receivables		**145.7**	75.4
Current tax assets		**4.5**	7.9
Cash and cash equivalents	7	**928.9**	1,428.2
		6,213.1	5,164.0
Total assets		**6,587.7**	5,552.2
Liabilities			
Non-current liabilities			
Borrowings	7	**(660.0)**	(300.0)
Trade and other payables		**(719.8)**	(330.8)
Lease liability		**(3.8)**	(1.7)
Provisions for other liabilities and charges		**(98.5)**	(62.3)
		(1,482.1)	(694.8)
Current liabilities			
Trade and other payables		**(1,904.9)**	(1,614.7)
Lease liability		**(2.1)**	(1.5)
Provisions for other liabilities and charges		**(62.5)**	(65.8)
		(1,969.5)	(1,682.0)
Total liabilities		**(3,451.6)**	(2,376.8)
Total net assets		**3,136.1**	3,175.4
Equity			
Shareholders' equity			
Share capital		**6.5**	6.6
Share premium		**49.8**	49.8
Capital redemption reserve		**25.0**	24.9
Other reserve		**(961.3)**	(961.3)
Retained earnings		**4,016.1**	4,055.4
Total equity		**3,136.1**	3,175.4

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 2021	**6.6**	**49.8**	**24.9**	**(961.3)**	**4,055.4**	**3,175.4**
Profit after taxation for the year	**-**	**-**	**-**	**-**	**482.4**	**482.4**
Other comprehensive expense for the year	**-**	**-**	**-**	**-**	**(1.6)**	**(1.6)**
Purchase of own shares	**(0.1)**	**-**	**0.1**	**-**	**(63.7)**	**(63.7)**
Transactions with shareholders:						
- Charge in respect of employee share schemes	**-**	**-**	**-**	**-**	**(8.7)**	**(8.7)**
- Deferred tax in respect of employee share schemes	**-**	**-**	**-**	**-**	**3.8**	**3.8**
- Capital Return to equity holders of the Company	**-**	**-**	**-**	**-**	**(451.5)**	**(451.5)**
At 30 April 2022	**6.5**	**49.8**	**25.0**	**(961.3)**	**4,016.1**	**3,136.1**
At 1 May 2020	6.8	49.8	24.7	(961.3)	3,981.6	3,101.6
Profit after taxation for the year	-	-	-	-	422.7	422.7
Other comprehensive income for the year	-	-	-	-	2.7	2.7
Purchase of own shares	(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

Condensed Consolidated Cash Flow Statement

For the year ended 30 April	Notes	**2022** **£m**	2021 £m
Cash flows from operating activities			
Cash generated from operations	7	**372.4**	419.4
Consideration paid for 50% share of St William assets		**(355.6)**	-
Interest received		**1.9**	3.0
Interest paid		**(5.6)**	(8.1)
Income tax paid		**(142.6)**	(90.1)
Net cash flow from operating activities		**(129.5)**	324.2
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1.3)**	(2.4)
Proceeds on disposal of property, plant and equipment		**0.3**	0.8
Dividends from joint ventures		**-**	7.5
Increase in loans with joint ventures		**(26.7)**	(5.0)
Net cash flow from investing activities		**(27.7)**	0.9
Cash flows from financing activities			
Lease capital repayments		**(1.9)**	(1.8)
Proceeds associated with settlement of share options		**-**	0.1
Purchase of own shares		**(63.7)**	(188.6)
Dividends paid to Company's shareholders		**-**	(145.5)
Capital Return paid to Company's shareholders		**(451.5)**	-
Drawdown of bank borrowings		**260.0**	-
Increase in listed debt borrowings		**400.0**	-
Repayment of bank borrowings		**(300.0)**	(200.0)
Repayment of St William bank borrowings		**(185.0)**	-
Net cash flow from financing activities		**(342.1)**	(535.8)
Net decrease in cash and cash equivalents		**(499.3)**	(210.7)
Cash and cash equivalents at the start of the financial year		**1,428.2**	1,638.9
Cash and cash equivalents at the end of the financial year		**928.9**	1,428.2

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 2022 but are derived from those accounts. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 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 the requirements of the Companies Act 2006 and with UK-adopted International Accounting Standards. 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 2021.

2.2 Going concern

The Directors have assessed the business plan and funding requirements of the Group over the medium-term and compared these with the level of committed debt facilities and existing cash resources. As at 30 April 2022, the Group had net cash of £268.9 million and total liquidity of £1,468.9 million when this net cash is combined with banking facilities of £800 million (which are committed to February 2027) and £400 million listed bonds (which mature in August 2031). Furthermore, the Group has cash due on forward sales of £2,170.6 million, a significant proportion of which covers delivery for the next 18 months.

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

Notes to the Condensed Consolidated Financial Information (continued)

3 Net finance costs

For the year ended 30 April	**2022 £m**	2021 £m
Finance income	**2.5**	3.0
Finance costs		
Interest payable on borrowings and non-utilisation fees	**(12.1)**	(7.7)
Amortisation of fees incurred on borrowings	**(1.8)**	(0.9)
Other finance costs	**(1.1)**	(1.0)
	(15.0)	(9.6)
Net finance costs	**(12.5)**	(6.6)

Finance income predominantly represents interest earned on cash deposits.

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

4 Income tax expense

For the year ended 30 April	**2022 £m**	2021 £m
Current tax including RPDT		
UK current tax payable	**(148.2)**	(93.1)
Adjustments in respect of previous years	**2.3**	1.9
	(145.9)	(91.2)
Deferred tax including RPDT		
Deferred tax movements	**73.0**	(5.4)
Adjustments in respect of previous years	**3.8**	1.2
	76.8	(4.2)
	(69.1)	(95.4)

The effective tax rate for the period is 12.5% (2021: 18.4%) and includes a £32.1m credit arising from the re-measurement, in part, of the Group's UK deferred tax assets at 29% following the changes to both the corporation tax rate, substantially enacted in May 2021, and the introduction of Residential Property Developer Tax (RPDT) at a rate of 4% on 1 April 2022.

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	**2022**	2021
Profit attributable to shareholders (£m)	**482.4**	422.7
Weighted average no. of shares (m)	**115.5**	124.6
Basic earnings per share (p)	**417.8**	339.4

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

At 30 April 2022, the Group had one (2021: two) category of potentially dilutive ordinary shares: 1.6 million (2021: 2.3 million) share options under the 2011 LTIP and nil (2021: 30,912) share options under the 2015 Bonus Banking plan.

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	**2022**	2021
Profit used to determine diluted EPS (£m)	**482.4**	422.7
Weighted average no. of shares (m)	**115.5**	124.6
Adjustments for:		
Share options - 2011 LTIP	**1.8**	2.5
Shares used to determine diluted EPS (m)	**117.3**	127.1
Diluted earnings per share (p)	**411.4**	332.5

6 Inventories

Year ended 30 April	**2022** **£m**	2021 £m
Land not under development	**738.1**	331.4
Work in progress: Land cost	**1,952.5**	1,134.7
Total land	**2,690.6**	1,466.1
Work in progress: Build cost	**2,302.6**	2,081.0
Completed units	**140.8**	105.4
Total inventories	**5,134.0**	3,652.5

7 Notes to the Condensed Consolidated Cash Flow Statement

For the year ended 30 April	**2022 £m**	2021 £m
Net cash flows from operating activities		
Profit for the financial year	**482.4**	422.7
Adjustments for:		
Taxation	**69.1**	95.4
Depreciation	**5.6**	5.9
Loss on sale of PPE	**0.1**	-
Finance income	**(2.5)**	(3.0)
Finance costs	**15.0**	9.6
Share of results of joint ventures after tax	**(56.1)**	(22.4)
Non-cash charge in respect of pension deficit	**-**	0.7
Non-cash charge in respect of share awards	**(8.6)**	(12.3)
Changes in working capital:		
Increase in inventories	**(332.5)**	(97.6)
Increase in trade and other receivables	**(61.0)**	(5.1)
Increase in trade and other payables	**260.9**	25.5
Cash generated from operations	**372.4**	419.4

Reconciliation of net cash flow to net cash		
Net decrease in net cash and cash equivalents, including bank overdraft	**(499.3)**	(210.7)
(Increase)/decrease in borrowings	**(360.0)**	200.0
Movement in net cash in the financial year	**(859.3)**	(10.7)
Opening net cash	**1,128.2**	1,138.9
Closing net cash	**268.9**	1,128.2
Net cash		
Cash and cash equivalents	**928.9**	1,428.2
Non-current borrowings	**(660.0)**	(300.0)
Net cash	**268.9**	1,128.2

8 Alternative performance measures

Berkeley uses a number of alternative performance measures (APMs) which are not defined by IFRS. The Directors consider these measures useful to assess the underlying performance of the Group alongside the relevant IFRS financial information. They are referred to as Financial KPIs throughout the interim results. The information below provides a definition of APMs and reconciliation to the relevant IFRS information, where required:

Net cash

Net cash is defined as cash and cash equivalents, less total borrowings. This is reconciled in note 7.

8 Alternative performance measures (continued)

Net assets per share attributable to shareholders (NAVPS)

This is defined as net assets attributable to shareholders divided by the number of shares in issue, excluding shares held in treasury and shares held by the employee benefit trust.

As at 30 April	**2022**	2021
Net assets (£m)	**3,136.1**	3,175.4
Total shares in issue (million)	**120.6**	132.2
Less:		
Treasury shares held (million)	**(9.2)**	(10.5)
Employee benefit trust shares held (million)	**(0.1)**	(0.1)
Net shares used to determine NAVPS (million)	**111.3**	121.6
Net asset per share attributable to shareholders (pence)	**2,818.2**	2,612.1

Return on equity (ROE) before tax

This measures the efficiency of returns generated from shareholder equity before taxation and is calculated as profit before taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

As at 30 April	**2022**	2021
Opening shareholders equity	**3,175.4**	3,101.6
Closing shareholders equity	**3,136.1**	3,175.4
Average shareholders' equity	**3,155.8**	3,138.5
Return on equity before tax:		
Profit before tax	**551.5**	518.1
Return on equity before tax (%)	**17.5%**	16.5%

Cash due on forward sales

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

Future gross margin in land holdings

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