NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL

THE BERKELEY GROUP HOLDINGS PLC
REPOSITIONING OF STRATEGY, PLACING OF APPROXIMATELY 6 MILLION UNITS AND INTERIM MANAGEMENT STATEMENT FOR THE PERIOD FROM 1ST NOVEMBER 2008

26 FEBRUARY 2009

The Berkeley Group Holdings plc ("Berkeley" or "the Company") today announces the repositioning of its strategy and a capital structure which enables the group to take advantage of current market conditions by investing in land and returning to a more traditional dividend policy, rather than committing to return £3 per share by 2014.

Highlights

- Berkeley's balance sheet and financial position remain very strong
- Net cash of £236.1 million at 31st January 2009 (31st October 2008: £138.2 million)
- No land write-downs at 31st October 2008 or forecast at 30th April 2009 year-end
- Trading continues to reflect macro-economic environment with sales reservations 55% below the historic average
- Underwritten placing of approximately 6 million Units expected to raise around £50 million
- After the placing, and allowing for future operating cash flow, Berkeley expects to have in excess of £300 million available to invest in new land, while remaining ungeared
- As a result, Berkeley intends to return to a more traditional dividend policy, rather than committing to return £3 per share by 2014
- Remuneration policy to be aligned with re-positioned strategy

Introduction

The Board of Berkeley announces today that it has decided to raise additional equity capital through an institutional placing (the "Placing") of 6,041,030 Units. The Placing is being conducted through an accelerated bookbuild which will be launched immediately following this announcement. UBS Limited ("UBS" or "UBS Investment Bank") has been appointed sole bookrunner and underwriter in respect of the Placing.

The proceeds from the Placing, which are expected to be around £50 million, will be used to reinforce Berkeley's balance sheet strength in line with current market conditions so that it can take advantage of more opportunities to invest in new land.

Current trading and financial position

Berkeley is in a uniquely strong position and reported in excess of 30,000 plots in its land bank at 31st October 2008, together with net assets of approximately £6 per share and £138.2 million of cash. As at 31st January 2009, net cash has increased by £97.9 million in the period to £236.1 million. The cash generation is a result of Berkeley's working capital management and the continued benefit of its strong opening forward sales position. In addition, Berkeley has been very selective on new land acquisitions and in the period since 1st May 2008 has committed only £20.9 million to new land purchases.

At the time of the Interim Results announcement on 5th December 2008, Berkeley reported that sales reservations were 55% below the historic average and this remains the position, with the lack of mortgage availability and the spectre of unemployment continuing to place pressure on transaction volumes and pricing. Berkeley has been able to maintain its gross margin through re-planning and adding value to its land holdings, and overheads have been reduced to maintain operating margins at their historical level of between 17.0% and 19.5% at this activity level.

These are the market conditions that Berkeley's strategy, which recognises the cyclical nature of property development, planned for and this is reflected in the Group's performance and financial position. As a result, Berkeley is not anticipating any land write-downs.

Re-positioning of strategy and rationale for Placing

The current market weakness presents exceptional value creation opportunities for strong businesses with a clear strategy and experienced management teams with a track record of delivery. For Berkeley, this means acquiring land opportunities at the right prices and using its added value developer expertise to optimise these sites and so enhance value for shareholders.

In June of last year, Berkeley agreed with shareholders to defer the final £3 per Unit payable under the Scheme of Arrangement until 2014 so that it could invest in land. Since then, the significant worsening of the global banking crisis in September 2008 has had an inevitable direct impact on the feel-good factor and mortgage availability. The consequence of this for Berkeley is reduced visibility of future cash flow and profit. For businesses more generally, it has resulted in a fundamental reassessment of gearing and capital structures.

In light of these factors, it is no longer appropriate for Berkeley to both acquire new land and commit to return £3 per Unit to shareholders by January 2014. Berkeley therefore intends to acquire new land and return to a more traditional dividend policy, with the commitment to return £3 per Unit by January 2014 no longer forming part of its strategy. The Board believes that this re-positioning of Berkeley's strategy will enhance value for shareholders and the Placing will ensure that Berkeley has the right capital structure in place.

Berkeley accordingly announces that it intends to raise approximately £50 million through a placing of 6,041,030 Units (5% of its existing issued ordinary share capital). In addition, Berkeley will satisfy the 12 million Units that vest unconditionally to management over the next 12 months from the Scheme of Arrangement, in new Units rather than from market purchases. After the placing, and allowing for future operating cash flow, Berkeley expects to have in excess of £300 million available to invest in new land, without utilising bank facilities for this purpose.

This re-positioning of Berkeley's strategy away from returning cash to shareholders to investing cash in the business and the re-introduction of a more traditional dividend policy, necessitates a review of the Company's remuneration policy which is currently aligned to returning £3 per Unit to shareholders by 2014.

In summary, it is proposed to change the structure of the final part of the 2004(b) LTIP scheme. 5.3 million shares were due to be issued to management (at no cost to management) once the £3 per Unit was returned to shareholders. These are now proposed to be issued as options with an exercise price of £3 per Unit. It is proposed that these options vest in 2014, which is the year by which Berkeley would otherwise have returned £3 per Unit to shareholders.

It is further proposed that the 2007 LTIP scheme, which is currently scheduled to come into force once the 2004(b) LTIP has been completed, is converted into an option scheme with the option price set at the higher of the price of the Placing and the share price at the date of grant. It is proposed that these options, which would be over 7.1 million shares, would vest in equal instalments in 2015 and 2016.

These amendments to the Company's remuneration policy will be put to a general meeting of the Company proposed to be held, following consultation with major shareholders, in April.

Details of the Placing

Since the existing issued ordinary shares of Berkeley are each stapled to a 2010 B Share (together being a “Unit”), each new ordinary share will be issued with a corresponding 2010 B Share (together being the "Placing Units").

The price at which the Placing Units are to be placed will be determined at the close of the bookbuild and announced shortly thereafter.

Under the terms of the Placing, Berkeley intends to issue 6,041,030 Placing Units, representing approximately 5% of the current issued ordinary share capital of the Company. The Company’s largest shareholder, Saad Investments Company Limited (together with certain affiliates), has committed to acquire approximately 1.8 million Placing Units at the Placing price; this being its proportionate allocation of the total number of Placing Units being issued under the Placing.

The Placing Units will, when issued, be fully paid and will rank pari passu in all respects with the existing Units of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of the issue. Application will be made for the Placing Units to be admitted to the Official List of the Financial Services Authority ("FSA"), and to be admitted to trading by the London Stock Exchange on its main market for listed securities (together "Admission"). The Placing is conditional on Admission becoming effective.

By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Units investors will be deemed to have read and understood this announcement in its entirety (including the Appendix) and to be making such offer on the terms and conditions contained herein and to be providing the representations, warranties and acknowledgements contained in the Appendix to this announcement.

The Appendix to this announcement (which forms part of the announcement) sets out the terms and conditions of the Placing.

END

For further information please contact:

The Berkeley Group Holdings plc	Cardew Group
A W Pidgley	Tim Robertson
R C Perrins	Sofia Rehman
T: 01932 868555	T: 0207 930 0777

This announcement, including the Appendix (together the “Announcement”), is not for release, publication or distribution, directly or indirectly, in or into the United States, Canada, Australia or Japan or any jurisdiction into which the same would be unlawful. This Announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in the United States, Canada, Australia or Japan or any jurisdiction in which such an offer or solicitation is unlawful. The Placing Units have not been and will not be registered under the US Securities Act of 1933, as amended (“Securities Act”) and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Placing Units are being offered and sold outside the United States in accordance with

Regulation S under the Securities Act. No money, securities or other consideration is being solicited and, if sent in response to the information herein, will not be accepted.

This Announcement is for information only and shall not constitute an offer to buy, sell, issue or acquire or the solicitation of an offer to buy, sell or issue, or acquire any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This Announcement has been issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by UBS or by any of its affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

UBS is acting for the Company in connection with the Placing and no-one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of UBS nor to providing advice in relation to the Placing or any other matter referred to in this Announcement.

Certain statements in this Announcement are forward-looking statements which are based on the Company's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that re not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this announcement is subject to change without notice and neither the Company nor UBS assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

Any indication in this Announcement of the price at which Units have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company. Persons needing advice should consult an independent financial advisor.