

PERFORMANCE FOR THE YEAR

- £57.5 million of net cash generated before financing outflows
- £25.4 million of cash used to acquire 1.7 million shares and settle share scheme awards
- 17.3% operating margin (2009: 17.8%)
- £110.3 million of profit before tax (2009: £120.4 million)
- 60.0 pence of Earnings per Share (2009: 71.3 pence)

BALANCE SHEET

- Net Cash of £316.9 million (April 2009: £284.8 million)
- 636.7 pence of Net Asset Value per Share (April 2009: 615.4 pence)
- £648.1 million of cash due on forward sales (April 2009: £619.8 million)
- 28,099 land bank plots (April 2009: 30,044)
- £2.0 billion of land bank future gross margin (April 2009: £2.0 billion)

Commenting on the results, Managing Director, Rob Perrins, said:

“The results announced today reflect a period of trading which has been stronger than industry observers anticipated this time last year. Transaction levels stabilised over the year and are broadly 40% below what was the historic average. This is a level commensurate with the re-sizing of the business undertaken over the course of the previous 12 months. Pricing has been resilient for well located product that is right for the local market and built to a high quality and cancellation rates are back at normal levels. Demand from equity rich investors and those from overseas who are aided by the weakness of sterling has been strong, while the UK domestic market continues to be constrained by a combination of uncertainty (economic and political) and the more prudent lending criteria of banks and building societies.

Maintaining our operating margin above 17% is a result of Berkeley’s strategy where land buying is highly selective – driven by opportunity not volume – and where Berkeley has the time and expertise to add value to its land holdings. In this period we have agreed to acquire some 2,200 plots across 20 sites, all in excellent locations in our operating area of London and the South East where underlying demand is strong, including Belgravia, Battersea, Putney, Ascot and Wimbledon. We have also secured new or revised planning consents on 38 of our sites. This further strengthens the quality of our owned land bank and underpins supply for the next three years.

With its strong balance sheet, Berkeley is in a great position to react quickly to the opportunities in the market as visibility improves once the impact of the change in Government is assessed by companies and individuals. Essentially, Berkeley has three investment choices. These are: acquiring new land; investing in work in progress; and returning cash to shareholders through dividends or share buy-backs. In this financially constrained environment, we are confident that we will find the right balance to maximise shareholder returns over the long-term.

Moving into its new financial year, Berkeley will continue to focus on its customers and the homes and places we create. I am delighted, therefore, to announce Berkeley’s “Vision 2020” strategy. Vision 2020 sets ambitious objectives for the next decade across all areas of the business for the benefit of our customers, the environment and our people. The strategy includes the significant industry-leading commitment to meet the Building for Life “Silver Standard” on all new developments submitted for planning permission. Berkeley’s vision for 2020 is designed to move the business and the industry forward over the next 10 years. We are in a fantastic position, with the right people in place, to realise this vision.”

Results

Berkeley is pleased to announce a pre-tax profit of £110.3 million for the year ended 30th April 2010. This compares to £120.4 million in the same period last year, a reduction of 8.4%.

The principal reason for the reduction in pre-tax profit is a fall in Group revenue from £702.2 million to £615.3 million. While completions have increased since last year from 1,501 to 2,201, the mix of properties completed is, as anticipated, very different. This change in mix, as opposed to changes in underlying sales prices, has resulted in the average sales prices falling from £395,000 to £263,000 and this has driven the reduction in revenue.

The operating margin for the year is 17.3%, compared to 17.8% for the previous year. Net finance income was £4.4 million compared to net finance costs of £3.5 million last year due largely to the increase in average net cash balances. Joint venture costs, after tax, have fallen to £0.3 million from £0.9 million.

Basic earnings per share are 60.0 pence compared to 71.3 pence last year, a reduction of 15.8%. Of this reduction, 7.7% is due to the fall in earnings (profit after tax) with the remaining 8.1% reduction due to an increase in the weighted average number of shares in issue to 132,824,000 (2009: 120,752,000). There are two reasons for this increase. First, Berkeley issued 6.0 million new shares in a placing in March 2009 and, secondly, Berkeley has issued 8.0 million new shares over the last 18 months in settling two of the four tranches of the 2004(b) LTIP which has now fully vested. The other two tranches were settled from shares acquired by the Company's Employee Benefit Trust.

Total equity attributable to shareholders increased by £57.3 million to £858.6 million (2009: £801.3 million) in the year with net assets per share of 636.7 pence at 30 April 2010 (2009: 615.4 pence), there being 134.9 million shares in issue at the year-end (April 2009: 130.2 million).

Return on capital employed for the year was 20.1% compared to 20.6% last time.

Housing Market

The value of Berkeley's underlying sales reservations has been broadly consistent across the year with the second half marginally ahead of the first. This demonstrates that the market in London and the South East has stabilised following a period which, in 2007, saw the market peak and, since 2008, has seen the impact of the global financial crisis. In this new environment sales reservations are approximately 40% lower than what previously might have been considered a normal market.

Sales prices achieved in the year have been marginally ahead of the business plan forecasts set this time last year with cancellation rates at normal levels. This shows that, where customers have sufficient equity, they are seeing value and acquiring the well located properties, developed to a high standard of quality and specification, for which Berkeley is renowned.

While the UK private domestic market remains constrained by economic and political uncertainty and the extent to which customers are able to obtain sufficient mortgage finance, demand from equity rich investors and those from overseas who are aided by the weakness of sterling has been strong, particularly for Berkeley's Central London schemes. This has resulted in customers acquiring properties as an investment continuing to account for over 50% of underlying sales reservations.

Berkeley has always benefited from its diversity of product and customer and this year has worked closely with the Homes & Communities Agency to secure a wide mix of affordable homes, including extra care for the elderly. In addition, demand remains strong for quality income generating assets, such as student accommodation which is a feature of a number of the Group's developments.

In terms of inputs, build costs have also stabilised over the course of the year, having fallen broadly in line with the sales market prior to this. The main cost pressure continues to come from planning tariffs, be these in the form of S.106 contributions, affordable homes requirements, building regulations or other requirements. It is important that these are aligned with the prevailing market environment to ensure that the much needed provision of new homes can be brought forward.

Trading Analysis and Cash Flow

Revenue for the Group was £615.3 million (2009: £702.2 million). This comprised £595.7 million (2009: £625.6 million) of residential revenue, none of which was from land sales (2009: £46.1 million), along with £19.6 million (2009: £30.5 million) of commercial revenue.

During the year, the Group sold 2,201 residential units at an average selling price of £263,000. This compares with 1,501 units at an average selling price of £395,000 last year. Berkeley's average selling price always fluctuates due to sales mix. £263,000 is towards the lower end of the range, reflecting a higher proportion of lower value units this time. By contrast, sales in 2008/09 included a relatively high proportion of revenue from the Group's Central London sites.

At £19.6 million (2009: £30.5 million), the Group's revenue from commercial activities represents the disposal of commercial units on 19 mixed-use sites, 16 of which were in London. The most significant of these were the disposal of: 12,900 ft² of retail, office and restaurant space at Tabard Square; a 14,000 ft² gym at St George Wharf, a 5,000 ft² crèche at Battersea Reach; 5,000 ft² of retail and office space at Imperial Wharf; 4,400 ft² of retail and office space at Caspian Wharf; a 3,400 ft² art gallery at Kingsway Square, Battersea; and a motorcycle test centre in Gillingham.

Berkeley's operating margin of 17.3% compares to 17.8% for the year ended 30th April 2009. Maintaining margins at this level is a result of the decisive action during 2008/09 to reduce net operating costs, which were £60.1 million this year (2009: £75.0 million), to the right size for the underlying market. The other important factor which will always influence margins is sales mix. This year has seen a higher proportion of homes with lower capital values completed and a reduced contribution from our prime Central London developments, due to the timing of delivery on these schemes.

Berkeley has generated net cash of £57.5 million in the year, utilising £25.4 million of this to acquire shares and settle share schemes. This resulted in net cash of £316.9 million at 30th April 2010 (2009: £284.8 million). Overall, working capital was broadly neutral over the course of the year. Within this, deposits and on account receipts from customers increased by £126.8 million but this was more than offset by land expenditure in excess of the cost of land used in the income statement and other cash flows.

In addition, at the year-end, Berkeley had cash due on forward sales of £648.1 million, compared to £619.8 million at 30th April 2009.

Banking

In November 2009, Berkeley refinanced its bank facilities with its long-standing relationship banks, Barclays and Lloyds, putting in place a £300 million facility for the next four years, a level commensurate with the requirements and capital structure of the Group. This provides certainty of available finance until November 2013 to underpin Berkeley's investment in land and work in progress. In addition, Berkeley has £53.0 million of site specific bank facilities, of which £32.2 million was drawn at the year-end. This includes the financing of a 453 unit postgraduate student accommodation scheme at Clapham Junction which is being built for Imperial College and financed by Santander Bank.

Land Holdings

At 30th April 2010, the Group (including joint ventures) controlled some 28,099 plots with an estimated gross margin of £2,038 million. This compares with 30,044 plots and an estimated gross margin of £2,014 million at 30th April 2009. Of the total 28,099 plots, 27,094 plots (2009: 23,572) are owned and included on the balance sheet. In addition, 935 plots (2009: 6,407) are contracted and 70 plots (2009: 65) have terms agreed. In excess of 95% of our holdings are on brown-field or recycled land.

The movements in the land bank during the year reflect four specific factors. First, Berkeley has been successful in enhancing existing planning consents to create approximately 600 new plots. Secondly, Berkeley has agreed to acquire approximately 2,200 plots across some 20 new sites. Thirdly, 320 units across two sites previously included in the land bank are no longer expected to be progressed and have been excluded. Finally, the land bank has been restated to re-categorise certain sites to its long-term pipeline where the development outcome is uncertain due to planning policy, viability or issues surrounding vacant possession. This restatement, which covers some 2,250

contracted plots, includes the latter phases of Kidbrooke, which is being undertaken in partnership with the London Borough of Greenwich, and the St Edward Homes scheme at Green Park, Reading.

The 2,200 new plots agreed by Berkeley in the period are across 20 sites, ranging from prime London locations in Belgravia and on the river at Battersea, to sites suited to student accommodation and more traditional sites outside London. Really understanding the local market to identify the underlying demand and matching scheme design and product to this are more important than ever in these market conditions. The land market is competitive and Berkeley has been highly selective in assessing the numerous opportunities with which it has been presented. The common theme across all the sites acquired is that they are in excellent locations, underpinned by strong demand for new homes, and are sites where Berkeley has a vision to bring new vitality to the local community and to create added value through its development expertise.

In addition to the 28,099 plots in its land bank, Berkeley has significantly in excess of 10,000 plots in its long-term pipeline which includes the latter phases of Kidbrooke and Woodberry Down, strategic land and a number of sites being worked up within St Edward Homes, Berkeley's joint venture with Prudential. These plots are all of a more long-term nature; Berkeley hopes they will come through into the land bank but they currently have an uncertain outcome due to planning policy or vacant possession issues. Over the next 10 years, Berkeley envisages being able to add 10,000 plots to its land bank from a combination of plots coming through this pipeline and optimisation of sites already included in the land bank.

In terms of planning, Berkeley has been successful in obtaining new or revised planning consents on 38 of its sites during the year. New consents include the next phases of the large London regeneration schemes at Kidbrooke and Woodberry Down and the St Edward Homes scheme at Charles House in Kensington, moving these from the contracted land bank at the start of the year into the owned land bank at 30th April 2010. Other new consents include the Group's sites at Cambridge, Beaconsfield and Yarnton (Oxford); along with additional or revised consents at Royal Arsenal Riverside (Woolwich), Beaufort Park (Hendon), Worcester Park, Cirencester and Holborough Valley (Kent). Berkeley has also obtained planning consent for three student schemes during the year in Clapham Junction (for Imperial College), Acton and Oxford.

St Edward Homes accounts for some 1,500 plots in the land bank across three sites. These are: Stanmore Place, where the first sales were recorded during the year; Charles House; and 190 Strand, on which a planning application has recently been submitted. In addition, Berkeley continues to work with Prudential to identify further sites to which St Edward Homes can add value and three of these are in the long-term pipeline.

Sustainability

Berkeley has always adopted a holistic approach to sustainability. It is embedded within the Group's development process and regarded as a fundamental part of creating the quality homes and places that our customers seek and for which Berkeley is renowned. As a result, Berkeley has, for the third year running, been ranked first in the NextGeneration benchmark, the leading sustainability benchmark for the Top 25 UK home builders. It is also the reason that Berkeley holds a Queen's Award for Enterprise in the Sustainable Development Category.

It is from these credentials that Berkeley has formulated an ambitious, long-term strategy for its business to ensure that, by 2020, it continues to be viewed by its stakeholders as the leader in delivering sustainable homes and communities, as well as being one of the UK's most sustainable businesses. Called "Vision 2020", the strategy focuses on four key impact areas which encapsulate all aspects of Berkeley's business. These are: The Customer Experience; Delivering Sustainable Communities; Building Greener Homes; and Running a Sustainable Business. In each area Berkeley is making forward thinking, sector leading commitments that will continue to drive the sustainability agenda forward for the benefit of Berkeley's customers and other stakeholders.

As part of Vision 2020 Berkeley has become the country's first developer to adopt the Building for Life "Silver Standard" of design as a minimum commitment. All new developments for which Berkeley submits a planning application after 1st May 2010 will have a formal Building for Life assessment carried out with the objective of achieving a minimum score of 14 out of 20. Building

for Life is a national standard for well-designed homes and neighbourhoods. Its twenty assessment criteria embody functional, attractive, sustainable housing and cover issues that are integral to the creation of sustainable communities. Berkeley has previously received a total of 11 Building for Life Standards, most recently a Silver Standard at Imperial Wharf.

Awards

In its commitment to quality and creating places in which people aspire to live, Berkeley strives to provide its customers with the best possible customer experience. Berkeley is therefore delighted that, in addition to the recognition for its Sustainability achievements, it has been recognised as House-builder of the Year at the 2010 Building Awards, organised by Building Magazine, having been voted Residential Developer of the Year in the Property Week Property Awards in 2009 and House-builder of the Year, Best Large House-builder of the Year and Sustainable Developer of the Year at the 2009 What House Awards, which also saw Royal Arsenal Woolwich being recognised as the Best Brownfield Development, Imperial Wharf as the Best Landscape Design and Grosvenor Waterside as the Best Shared Ownership Development.

Alongside the focus on its customers, the safety of its people is of paramount importance to Berkeley. It is therefore extremely encouraging that the Group's people were awarded a number of prestigious awards at the inaugural Health and Safety Awards, organised by the NHBC. These included the National Award in the Large House-builder category for Site Safety and a Special Award for the Best Individual Health and Safety Leader. This performance is also reflected in Berkeley's incident rate which remains well below the industry average.

Our People and Board Changes

Berkeley has, for some time, recognised the need to put in place a long term succession plan for each of its businesses, following a philosophy which is built on the strength in depth and quality of our people and based on promoting from the talent within our management teams wherever possible. This process started with the changes that were announced this time last year and which have been enacted successfully during the year.

As a result, Berkeley is delighted to announce that Sean Ellis will join the Board following the AGM. Sean (42) has been with Berkeley since 2005 and has held a number of senior land positions and is currently the Managing Director of St James.

Following this change, the Board will comprise a Chairman, six Executive Directors and four Non-executive Directors. As a consequence Berkeley will look to appoint further Non-executive Directors to achieve the balance envisaged by the Combined Code.

Finally, producing such strong results once again in what remain challenging market conditions and receiving the external recognition set out above is tribute to the resilience, determination and skill of our people. On behalf of the Shareholders and Directors of Berkeley, I would like to take this opportunity to thank our people and recognise their exceptional efforts and achievements.

Outlook

After two years of correction, the housing sector has gone through a period of relative stability over the last year. There are still residual imbalances from the financial downturn which will continue to affect the wider economy and the sector.

Berkeley targets itself to be an added value urban regenerator and property developer in London and the South East, rather than a volume house-builder. Its natural size has allowed Berkeley to concentrate on ensuring its developments meet the demands of its customers. Concentrating on mixed-use inner city developments has allowed Berkeley to build up an unrivalled land bank on which the focus is to unlock the development value while using the Group's cash resources to selectively acquire further opportunities.

The Board is fully aware that its primary goal is to maximise long-term returns to shareholders as opposed to concentrating mainly on the income statement. Consequently, the objective is to grow

both earnings per share and the land bank by 10% over the next 12 months while ensuring Berkeley retains its financial strength. This will create a meaningful and sustainable business and will allow the skills of Berkeley's people to continue to add value throughout the whole development process.

The demanding nature of this challenge should not be under-estimated in these severely testing times but Berkeley is committed to ensuring the Group remains at the vanguard of the industry and is the homebuilder of choice for all of its stakeholders. Berkeley is well placed to achieve this.

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The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	2010 Unaudited £'000	2009 Audited £'000
Cash flows from operating activities			
Cash generated from operations	7	92,848	278,015
Dividends from joint ventures		108	–
Interest received		5,265	5,649
Interest paid		(2,132)	(1,079)
Income tax (paid) / received		(12,380)	8,736
Net cash flow from operating activities		83,709	291,321
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,939)	(291)
Sale of property, plant and equipment		133	281
Disposal of minority interest in subsidiary undertaking		3,869	–
Acquisition of subsidiary undertaking	8	(1,473)	–
Purchase of shares in joint ventures		(996)	(15,000)
Movements in loans with joint ventures		(4,534)	(6,809)
Net cash flow from investing activities		(9,940)	(21,819)
Cash flows from financing activities			
Purchase of own shares		(12,812)	(19,215)
Cash settlement of employee share scheme		(12,650)	(10,617)
Share placing proceeds		–	49,655
Repayment of loan stock		(18)	(19)
Proceeds from borrowings		15,988	–
Net cash flow from financing activities		(9,492)	19,804
Net increase in cash and cash equivalents		64,277	289,306
Cash and cash equivalents, including bank overdraft, at the start of the financial year		284,842	(4,464)
Cash and cash equivalents at the end of the financial year		349,119	284,842

The Berkeley Group Holdings plc

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.

The unaudited financial information for the year ended 30 April 2010 and the comparative audited information for the year ended 30 April 2009 does not constitute statutory accounts within the meaning of s434(3) and s435(3) of the Companies Act 2006. This information was approved by the Board on 25 June 2010, and has been extracted from the Group’s statutory accounts which have not yet been signed, nor have the auditors yet reported on them.

The statutory accounts for the year ended 30 April 2009 have been delivered to the Registrar of Companies. The report of the auditors on these financial statements was unqualified and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

2 Basis of preparation

This information, including the comparative information for the year ended 30 April 2009, has been prepared in accordance with EU endorsed International Financial Reporting Standards (“IFRSs”), International Financial Reporting Interpretations Committee (“IFRIC”) interpretations and in accordance with the listing rules of the Financial Services Authority and consistently in accordance with the accounting policies set out in the 2009 Annual Report.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year ended 30 April 2010, but have had no impact on the consolidated financial statements:

- IFRS 2 (Amendment) “Share-based payment”;
- IFRS 7 (Amendment) “Financial Instruments: Disclosures”;
- IAS 23 (Amendment) “Borrowing costs”;
- IFRIC12 “Service Concession Arrangements”;
- IFRIC13 “Customer loyalty programmes relating to IAS 18 Revenue”
- IFRIC14 “IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”;
- IFRIC15 “Agreements for the construction of real estate”;

The adoption of the following new standards has had an impact on the consolidated financial statements as follows:

- IAS 1 (Revised) “Presentation of financial statements”. The most significant change within IAS 1 (Revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. The Group has elected to present two separate statements comprising an income statement and a statement of comprehensive income. In addition, the statement of changes in equity is now presented as a primary statement whereas previously it was disclosed as a note to the financial statements.
- IFRS 8 “Operating segments”. This standard requires the disclosure of segment information on the same basis as the management information presented to the chief operating decision maker. Under the new standard, the Group has one reportable operating segment. Previously segmental information was reported for commercial units sold as part of mixed-use developments.

