Berkeley annual report 2008

THE QUEEN'S AWARDS
FOR ENTERPRIS :
INABLE DEVELOPMENT
2008

THE BERKELEY DIFFERENCE CREATING A 'SENSE OF PLACE'

THE VISION

To be the leading urban regenerator in our chosen market of London and the South East, creating the inspiring sustainable communities that we, our customers and stakeholders demand

OUR UNIQUE OPERATING MODEL

- Innovative land acquisition
- London and South East focus
- Entrepreneurial but disciplined
- Added value developer expertise
- Passion for quality
- Experienced autonomous management teams
- Management of cyclical market risk
- Not scaleable – Natural size

THE RESULT

- Unrivalled land bank
- Financial strength
- Supply matched to demand
- Strong forward sales
- Reputation for quality and delivery
- Partner of choice
- Enhanced shareholder value
- Sustainable award-winning business
- A 'Sense of Place' created

YEAR HIGHLIGHTS OUTSTANDING BALANCE SHEET STRENGTH

KEY PERFORMANCE INDICATORS

- **£156.1 million cash generated** before £241.6 million 2008 B share redemption on 4 January 2008
- **£4.5 million net debt** down from £81.0 million net cash last year, leaving the Group with gearing below 1%
- **31,365 plots in the land bank** up from 30,128 at last year-end
- **£1,210.0 million forward sales** up from £936.3 million last year

- **Queen's Award for Enterprise** won in the Sustainable Development category
- **100% brownfield land** used on completed developments over the last 2 years
- **89.1% of our customers** would recommend Berkeley to a friend

SCHEME OF ARRANGEMENT

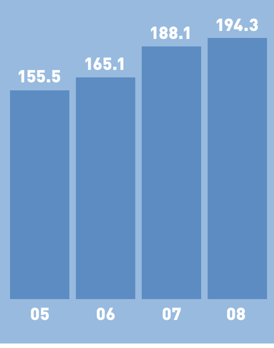
£9 out of £12 scheme of arrangement payments delivered one year ahead of schedule – on target to complete final payment to shareholders, with option to consider:

Innovative alternative proposal to take advantage of the current market conditions through increased land investment with the Scheme of Arrangement end date extended by up to 3 years and restructured to allow a phased return of the final £3 through a series of dividends and opportunistic share buy-backs

FINANCIAL HIGHLIGHTS BALANCED SUSTAINABLE RESULTS

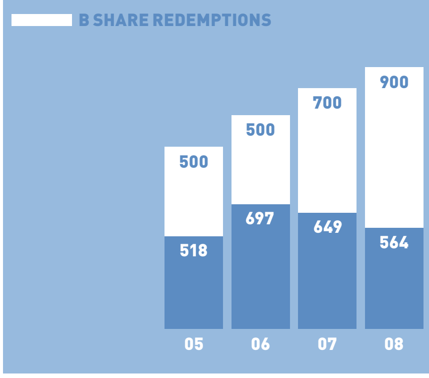
PROFIT BEFORE TAX

(£m)



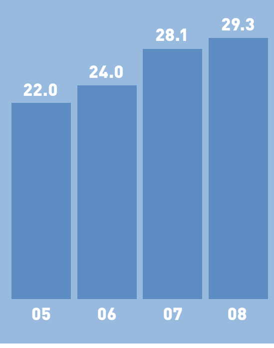
NET ASSETS PER SHARE

adding back B share redemptions (p)



RETURN ON AVERAGE CAPITAL EMPLOYED

ROCE (%)



PUTNEY WHARF, LONDON

OVERVIEW

BUSINESS REVIEW

GOVERNANCE

FINANCIALS

CHAIRMAN'S STATEMENT
A STRONG POSITION IN CHALLENGING MARKETS

"These results and the position of strength with which Berkeley ended its financial year are testament to the experience of its executive management team, the strategy they have put in place and the talented teams they have built within the Group. At present, the UK housing market, which was in any event returning to normality following a sustained period of favourable conditions, is overshadowed by constraints in liquidity. Whilst this period of uncertainty prevails, I do believe that there can be few developers as well placed as Berkeley to meet the challenges, or better able to take advantage of the opportunities, presented by this market. I am, therefore, delighted that, following consultation with our major shareholders, we have developed a proposal to refine the Scheme of Arrangement to do exactly this and capitalise on these opportunities to maximise shareholder value."

STRATEGY AND SCHEME OF ARRANGEMENT

With the Scheme of Arrangement in 2004, Berkeley put in place a strategy that allowed its entrepreneurial management team to concentrate on maximising returns to shareholders through its focus on optimising Berkeley's land holdings and cash generation, as opposed to focusing on traditional Income Statement measures. This strategy is founded on the Board's belief that the business has a natural size, and is not scaleable in the traditional sense due to the complexities of developing and delivering sustainable mixed-use urban regeneration schemes. This requires vision, passion and an attention to detail that cannot be achieved under a formulaic operating model.

As a result Berkeley has positioned itself as a specialist urban regenerator in London and the South East, as opposed to a volume house-builder. Beginning with selective and innovative land buying, this strategy creates the environment in which Berkeley can use its expertise to add value throughout the development process and so optimise its land holdings. This is followed by a disciplined approach to delivery that takes the risk out of the development cycle by selling forward and matching supply to demand. This strategy is ideally suited to a cyclical market as it gives the flexibility to adapt to prevailing market conditions with the balance sheet strength to take advantage of opportunities in uncertain and challenging market conditions.

The Scheme of Arrangement aligned Berkeley's corporate strategy with this operational strategy, committing to return £12 per share to shareholders by the end of January 2011. On 4 January 2008 Berkeley redeemed the 2008 B shares of £2 per share, twelve months ahead of schedule, at a cost of £242 million. This brought the total value of B shares redeemed to date to £1,088 million (£9 per share) in a little over three years and Berkeley is on track to deliver the final £3 per share. This has been achieved without compromising the strength of the Group's balance sheet which, at the year-end, had gearing below 1%.

In short, the Scheme of Arrangement has been a tremendous success with absolute shareholder return of 70% over the period – significantly outperforming our peers, whose shareholder returns over the same period have been negative.

Notwithstanding this, it is right to review the strategy for completing the Scheme of Arrangement in the context of the current market conditions to ensure that Berkeley fully capitalises on the opportunities created. This is a view shared by our major shareholders and, in consultation with them, we have developed an innovative proposal to revise the Scheme of Arrangement to achieve this.

The proposal is to refine the Scheme of Arrangement, extending it for three years with the final £3 to be paid no later than January 2014. This will allow Berkeley to take advantage of the market conditions using its expertise to acquire new sites from all sectors of the land market and to which it can then add value through the planning and development process. Furthermore, it is proposed that this final £3 payment is restructured so that it can be made primarily through a series of dividends but also through opportunistic share buy-backs, with the 2010 B share being cancelled. This will give Berkeley flexibility to create added value in the business by taking full advantage of the current market conditions and so maximise value for our shareholders. Any shares acquired will initially be used to satisfy awards made under employee share schemes.

It is proposed that changes are made to align Directors' remuneration to this revised strategy and amend the performance criteria of the 2004(b) LTIP. Under the revised proposals, which will be subject to shareholder approval at this year's Annual General Meeting, as 9/12 of the value of the Scheme of Arrangement payments has been made to shareholders, the Directors will become entitled to 9/12 of the 2004(b) LTIP shares. This is approximately 16 million shares and it is proposed that these vest in four equal instalments at six-monthly intervals, beginning in September 2008 after the AGM.

As the Directors are required to pay tax and national insurance on the awards when the shares vest unconditionally, they will need to sell 41% (assuming current rates of tax) of the shares to meet this obligation. The Board has the flexibility, at its absolute discretion, to issue the after tax amount of the award in shares and to settle the amount of the award represented by tax in cash. This is a neutral position for the Directors but would result in fewer shares being issued and is in accordance with the approval obtained at last year's Annual General Meeting. Any decision will be taken at the time of vesting and take account of a number of factors, including the financial position of the Group, the Company's share price and prevailing market conditions.

In addition, under the proposals, the holding period will be extended such that, of the shares vesting, the Directors can sell only 10% of their net entitlement per annum until the final £3 is returned. This will ensure that the interests of the Directors remain aligned with shareholders throughout the extended

SCHEME OF ARRANGEMENT
PROPOSED REVISION

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Scheme of Arrangement period. At this point, the remaining 3/12 of the 2004(b) LTIP shares would vest, assuming this occurs prior to the end of January 2014, with no remaining holding restrictions. For the avoidance of doubt, the introduction of the 2007 LTIP will be delayed until after the end of the extended Scheme of Arrangement.

The timetable for this proposal is that further discussions and consultation with key shareholders will be carried out in July in advance of the necessary resolutions to amend the performance conditions of the 2004(b) LTIP being tabled at the Company's Annual General Meeting on 28 August 2008.

RESULTS

Berkeley is delighted to announce a pre-tax profit of £194.3 million for the year ended 30 April 2008; £6.2 million more than the £188.1 million reported last year, an increase of 3.2%.

Basic earnings per share are 114.2 pence, an increase of 1.4% on the 112.6 pence reported for the same period last year. The 1.4% increase is lower than the 3.2% increase in profit before tax due to the inclusion of the post tax share of joint venture results in profit before tax.

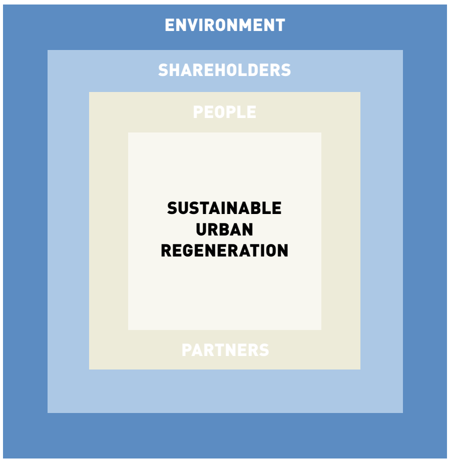
Over the year, total equity has reduced by £100.2 million to £681.4 million (April 2007 – £781.6 million) and net asset value per share by 85 pence (13.1%) from 649 pence to 564 pence. The 85 pence per share reduction is due to the £2 per share 2008 B share payment on 4 January 2008, offset by the 114.2 pence earnings per share for the year and other movements of 0.8 pence per share. If the cost of the 2008 B share payment is added back, net asset value per share would have increased by 115.0 pence (or 17.7%) to 764 pence per share.

At 30 April 2008, Berkeley had net debt of £4.5 million (April 2007 – net cash of £81.0 million) after generating £156.1 million of cash flow in the year before the £241.6 million 2008 B share payment in January 2008; a net reduction of £85.5 million.

RETURN OF CAPITAL TO SHAREHOLDERS

2004 B SHARE	**£5**	Single cash payment	paid on 3 December 2004
2006 B SHARE	**£2**	Single cash payment	paid on 8 January 2007
2008 B SHARE	**£2**	Single cash payment	paid on 4 January 2008
2010 B SHARE	**£3**	Single cash payment	to be paid by 31 January 2011
		INNOVATIVE PROPOSAL TO TAKE ADVANTAGE OF CURRENT MARKET CONDITIONS THROUGH INCREASED LAND INVESTMENT	
£3 to be returned through a series of dividends and by opportunistic share buy backs with 2010 B Share cancelled		Value to be returned throughout the period	by 31 January 2014
TOTAL RETURN	**£12**		

CHAIRMAN'S STATEMENT CONTINUED



Return on Capital Employed for the year was 29.3%, increased from 28.1% last time.

SUSTAINABILITY

Sustainability remains at the heart of Berkeley and an integral part of the business strategy. It is a fundamental part of the everyday management of our business and the developments we build – from the acquisition and recycling of brown-field land, through the careful planning and efficient use of that land, the use of modern environmental materials and construction methodologies to the creation of homes and communities that allow our customers to live the sustainable lives to which they now aspire.

As a consequence, Berkeley was honoured to be awarded a "Queen's Award for Enterprise" in the Sustainable Development category. The Awards, now in their 43rd year, are the UK's most prestigious award for business performance, recognising and rewarding outstanding achievement in trade, innovation and sustainable development.

The Award followed Berkeley launching its seven key commitments earlier in the year which included stretching targets for the reduction of carbon, water usage and landfill waste. These were the first commitments from a major house-builder to exceed current Government sustainability targets and were one of the factors that resulted in Berkeley achieving first place ranking in the NextGeneration Housing Benchmark and winning the Sustainable House-builder of the Year at the Sustainability Awards.

Whilst extremely gratifying to be recognised in this manner, sustainability is an ongoing challenge and we are continuously evolving our business model to ensure long-term success. In particular, we are mindful of the wider industry's ability to deliver on the myriad of sustainability targets set by national and local Government and other stakeholders without due regard for the economic cost.

BOARD CHANGES

The year saw the retirement of two Directors from the Board. Firstly, in July, Roger Lewis retired after 16 years with the Group, the last eight as Chairman. Then, at the AGM in September, Tony Palmer, a Non-executive Director for nine years and, at the point of his retirement, the Senior Independent Director, retired. The Board would like to reiterate its thanks to both Roger and Tony for their outstanding contributions to Berkeley over the years.

Victoria Mitchell, already a Non-executive Director of Berkeley, replaced Roger Lewis as Chairman on 1 August and David Howell, a Non-executive Director since February 2004, succeeded Tony Palmer as the Senior Independent Director.

On 1 October 2007 the Board was delighted to welcome John Armitt as a new Non-executive Director. John is currently Chairman of the Olympic Delivery Authority and Chairman of the Engineering and Physical Science Research Council. From 2001 to 2007 he was Chief Executive of Network Rail and its predecessor, Railtrack. A civil engineer by training, he was previously Chief Executive of Costain and Union Railways and has a wealth of experience and expertise which will be of significant benefit to Berkeley.

Since the year-end Mike Tanner has resigned from the Board after 2½ years as a Non-executive Director and we would like to thank Mike for his contribution over this time. Accordingly, the Main Board of Berkeley now comprises a Non-executive Chairman, four Executive Directors and three Non-executive Directors.

OUR PEOPLE

Delivering such strong results in these difficult market conditions is a real credit to the qualities of Berkeley's people. By empowering experienced, autonomous management teams, and setting a strategy that affords them the time and confidence to make the right operational decisions, Berkeley has created an environment in which our talented people can reach their full potential. Once again, they have more than risen to the challenge demonstrating resilience and determination which, when added to the passion and pride to deliver sustainable communities of the high quality that are its hallmark, make Berkeley the powerful force that it is in all market conditions.

On behalf of the Board and shareholders, we would again like to express our continued thanks and appreciation to all those at Berkeley for their outstanding contributions to the success of the business.

VICTORIA MITCHELL
Chairman

BATTERSEA REACH, LONDON

A DISTINCTIVE AND EXHILARATING PLACE TO LIVE, WORK AND PLAY

- Battersea Reach is a 13 acre mixed-use development positioned on the south side of the River Thames
- Formerly a contaminated brownfield site the land lay dormant for 10 years until St George acquired it with a view to creating a vibrant new sustainable community
- The development comprises 1,084 one, two and three bedroom apartments and penthouses, including a number of affordable homes for key workers and those on low incomes
- Once completed Battersea Reach will incorporate a mix of 390,000 ft^2 of commercial space

MANAGING DIRECTOR'S REVIEW BENEFITING FROM OUR CLEAR STRATEGY

ROYAL RECOGNITION

THE QUEEN'S AWARDS
FOR ENTERPRIS :
INABLE DEVELOPMENT
2008

The Berkeley Group is honoured to have received The Queen's Award for Enterprise in the category of Sustainable Development.

The Queen's Awards are the UK's most prestigious accolades for business performance. They recognise and reward outstanding achievement by UK companies. The Awards are made each year by The Queen, on the advice of the Prime Minister, who is assisted by an Advisory Committee that includes representatives of Government, industry and commerce, and the trade unions.

"The Berkeley Group receives the award for its continuous achievement in delivering substantial improvements in business performance and commercial success premised on sustainability. The Berkeley Group evidences a thorough and committed understanding of sustainability and has systematically striven to embed this throughout its operations, at both strategic and project level. The strong leadership of the company in pursuit of sustainability has earned Berkeley numerous accolades, a reflection of the company's strong ethos and best practice for its sector."

Queen's Awards Office

"I am delighted to report another set of excellent results. In a year which has seen a dramatic change in market conditions Berkeley generated £156.1 million of cash, before the return of £241.6 million (£2 per share) to shareholders in January 2008 which means we have now returned £9 per share of the £12 per share set out under the Scheme of Arrangement – a year ahead of schedule. Return on Capital Employed was 29.3% with profit before tax up to £194.3 million and, at the year-end, we held forward sales of £1.2 billion with gearing of less than 1%. This, along with Berkeley's enviable land bank which now has 31,365 plots and gross margin of £2.7 billion, provides a superb platform from which Berkeley can take full advantage of the current market conditions.

The strong position in which Berkeley finds itself is a result of the Scheme of Arrangement, which has been an outstanding success, and put in place a strategy that fully recognises the cyclical nature of residential development. It has given Berkeley a unique operating model that allows us to use our expertise to create added value through an entrepreneurial approach to land acquisition and development and to realise that value in a controlled and disciplined manner, taking account of prevailing market conditions. We focus on building a unique, quality product that is tailored to the aspirations of our customers and in tune with the communities we create, rather than delivering standard product types. Whilst in selling our product we share similarities with other house-builders, it is this focus on creating added value throughout the development process and the quality of our product, as opposed to relying on sales volume to drive value, that really differentiates Berkeley's model and maximises shareholder value.

Our financial strength, with forward sales equivalent to more than one year's revenue, the quality of our land bank and the management expertise that has been built up over many years give us real confidence that we can maintain our operating performance through 2008/09. From this position of strength we can adapt to these challenging market conditions where sales levels are down since November by some 25% compared to average historic levels – driven largely by the difficulties in obtaining credit, rather than a lack of underlying demand – and in which we are seeing a number of opportunities to acquire land and invest for the future.

Now is the time, therefore, to look to the future and ensure Berkeley fully capitalises on these opportunities. This is a view shared by our major shareholders and, in consultation with them, we have developed an innovative proposal to revise the Scheme of Arrangement to achieve this, also amending remuneration to ensure the interests of the Directors and shareholders remain fully aligned. In essence, the proposal is to extend the Scheme of Arrangement to allow for an anticipated increase in land investment with the final £3 to be deferred for up to three years (no later than January 2014). At the same time, it is proposed that this final payment is restructured so that it can be made primarily through a series of dividends but also through opportunistic share buy-backs.

This will give Berkeley flexibility to create added value in the business by exploiting current market conditions and so maximise value for our shareholders, without whose vision and support the success achieved under the Scheme of Arrangement would not have been possible.

Finally, I am honoured that Berkeley has been awarded the 'Queen's Award for Enterprise' in the Sustainable Development category. The Queen's Awards are the UK's most prestigious award for business performance, recognising and rewarding outstanding achievement in sustainable development. This is a credit to all at Berkeley who have embedded sustainability and quality in their everyday working practices."

THE BERKELEY VISION

To be the leading urban regenerator in our chosen market of London and the South East, creating the inspiring sustainable communities that we, our customers and stakeholders demand

THE BERKELEY DIFFERENCE

PASSION

A passion for detail, a passion for being the best, a passion for doing it right and a passion for empowering people to excel is the driver in everything we do.

FINANCIAL STRENGTH

Astute financial management combined with a confident and entrepreneurial business culture affords Berkeley the time and confidence to make decisions which create long-term value for shareholders.

INNOVATION

Berkeley continually innovates and adapts its approach in order to create the best design solutions which add value to both the communities and our shareholders.

LAND ADDING VALUE

We only buy land for which we have a vision and to which we can add value throughout the development and planning process, consequently we design schemes that will inspire our customers and enhance the community.

RISK MANAGEMENT

Berkeley manages its risk by selling property off-plan early in the development cycle and managing its capital effectively by matching production to demand.

CREATING A 'SENSE OF PLACE'

As an urban regenerator as opposed to a more traditional housebuilder, Berkeley's vision is always to create modern mixed-use communities where people can live, work and play.

MANAGEMENT

Berkeley operates at a 'natural size' which ensures that our experienced management teams are able to truly understand the needs and aspirations of the areas in which they operate. Aligned with a disciplined yet autonomous culture our management teams are at the heart of our operations.

CREATING PARTNERSHIPS

Working with Central Government, Local Councils and the Local Communities in which we operate and creating mutually rewarding partnerships affords Berkeley the opportunity to create the solutions for which we are renowned.

QUALITY PRODUCT

The quality and the differentiation of our product is key to our success and quality is inherent in everything we do. From the apartment interiors to the public open spaces that we create – every detail is designed with the aspirations of our customers in mind.

THE BERKELEY RESULT

Berkeley takes great pride in the creation of truly sustainable developments with a real 'sense of place' where people can live, work and play, whilst maximising value for shareholders

MANAGING DIRECTOR'S REVIEW CONTINUED

GUNWHARF QUAYS, PORTSMOUTH

A HARBOUR DEVELOPMENT FULL OF MARITIME HERITAGE

- Gunwharf Quays is the centrepiece of the renaissance of Portsmouth Harbour. It has received numerous awards recognising its landmark nature including the coveted British Urban Regeneration Association (BURA) Crystal Award for "Best of the Best" in 2005
- The Berkeley Group purchased the derelict site in 1997 and has since invested heavily to make Gunwharf Quays an exemplar of its skills as an urban regenerator
- The development comprises 875 new homes and has been acknowledged as significantly contributing to the social and economic regeneration of Portsmouth
- This mixed-use development contains a new shopping area, leisure facilities and a range of residential accommodation all set overlooking Portsmouth harbour
- Currently under construction is the iconic 29 storey tower – No 1 Gunwharf Quays

AUTONOMOUS MANAGEMENT TEAMS

Berkeley operates at a 'natural size' which ensures that our experienced management teams are able to truly understand the needs and aspirations of the areas in which they operate. Aligned with a disciplined yet autonomous culture our management teams are at the heart of our operations.

TRADING ANALYSIS

Revenue for the Group was £991.5 million (2007 – £918.4 million). This comprised £960.1 million (2007 – £867.9 million) of residential revenue, of which £13.1 million was from land sales (2007 – £44.0 million), along with £31.4 million (2007 – £50.5 million) of commercial revenue.

During the period, the Group sold 3,167 units at an average selling price of £295,000. This compares with 2,852 units at an average selling price of £285,000 in the same period last year. Last year's figures exclude the 441 units at an average selling price of £329,000 sold by St James in the first half of the year when it was still a joint venture.

At £31.4 million (2007 – £50.5 million), the Group's revenue from commercial activities represents the disposal of commercial units on 11 mixed-use sites. The most significant of these were the disposals of: a 220 bedroom four-star hotel at Chelsea Bridge Wharf in London; a 70 berth Marina at Royal Clarence Yard in Gosport; and the disposal of 9,400 ft^2 of bar, restaurant and café facilities at Gunwharf Quays in Portsmouth.

Excluding joint ventures and land sales, the house-building operating margin for the Group was 20.8% compared to 19.5% for the year ended 30 April 2007. This is above the long-term historic range of 17.5% to 19.5% (depending on mix) reported by the Group over recent reporting periods and reflects the favourable market conditions in London during the first half of 2007.

Net operating expenses have increased by £6.6 million from £91.8 million in 2006/07 to £98.4 million and this is principally due to the inclusion of St James in the results as a fully consolidated subsidiary this time.

The Group's share of post-tax results from joint ventures was a loss of £2.4 million and compares to a profit of £6.8 million last time which principally related to St James, our then joint venture with RWE Thames Water plc. With the acquisition of the 50% of St James

MANAGING DIRECTOR'S REVIEW CONTINUED

not already owned in November 2006, its results are now fully consolidated. Both St Edward Homes, Berkeley's joint venture with Prudential, and the Group's new joint ventures with Saad Investments Company Limited are in the start-up phase with sites in the planning pre-production stage and this is the reason for the £2.4 million loss in the year.

HOUSING MARKET

2007/08 has very much been a year of two halves. In the first half of the year the market outside London continued to temper following the five increases in interest rates, while the London market remained favourable. The change came in the second half of the year in November and was dramatic as the depth and severity of the problems in the global credit markets began to emerge and the consequential effect on liquidity and the availability of home loans became clear. The reality for the UK housing market is that, in spite of three interest rate cuts, confidence and the all important feel-good factor has been dented at a time when the market had in any event started to cool following the boom conditions of the recent years. Although there are signs of optimism with people wanting to buy, the market is unable to recover while there remains a lack of availability of credit. Consequently, since November sales levels have been approximately 25% below historic average levels. Berkeley's sales comprise various components including private and affordable housing, student accommodation, freeholds, commercial sales – which include retail, office and leisure – and land sales. Of these, the main contributor to this drop is private housing, where sales levels are down more than 50% in the last six months of the year. Notwithstanding this, taken as a whole, 2007/08 was a good year for Berkeley with the value of underlying sales reservations broadly in line with historic average levels.

Berkeley has always matched supply closely to demand and this considered approach, coupled with the quality and diversity of Berkeley's product, has resulted in forward sales of £1.2 billion at the year-end. This is up from £936.3 million last year and includes the disposal of the remaining 355 units at our Grosvenor Waterside development to an investor in the first half of the year.

Whilst the immediate future is undoubtedly extremely challenging, provided the wider economy can avoid recession and a degree of normality returns to the banking sector to ease the availability of mortgage funds, the long-term outlook need not be bleak. There remains under-supply of quality housing throughout the country and London retains its allure as a World City. This view is endorsed by the satisfactory level of demand we continue to see from customers unaffected by the current liquidity constraints who are able to take a longer term view.

Investors remain an important segment of Berkeley's customer profile and have accounted for approximately 50% of underlying sales reservations, which is the mid point of our normal range. This fluctuates due to market conditions, the mix of product and the phasing of launches on our sites. Investors remain attracted by the long-term fundamentals underpinning the housing market in London and the South East and the lack of alternative investment opportunities and are clearly as frustrated as homeowners by the current lack of availability of credit.

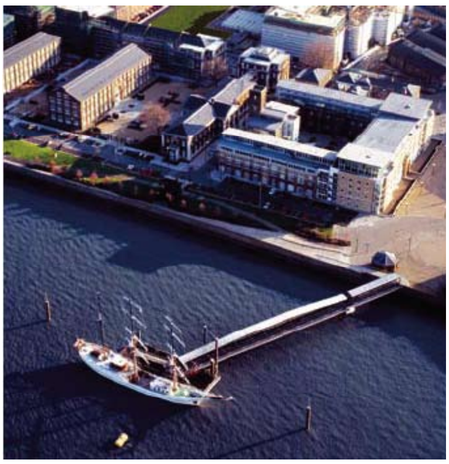
Sales prices achieved in the year were above our business plan forecasts and these continued to cover cost increases which come from increases in both material costs and the costs of meeting technical challenges presented by today's high standards of environmental and sustainable development practices. Material costs have come under particular pressure this year with the rise in oil prices adding to the ongoing imbalance of supply and demand with the price of steel and concrete increasing significantly over the course of the year. The increase in materials' costs has been partially offset towards the latter part of the year by a softening in the labour market, as the impact of the housing market downturn moves through the supply chain.

The current market conditions provide an exciting opportunity for Berkeley to use its expertise to acquire new land and this is the prime driver for the proposed revision to the Scheme of Arrangement set out earlier in this report. In addition to Berkeley's own facilities, the joint venture with Saad provides Berkeley with access to further funds of up to £1 billion to invest in suitable land opportunities which will inevitably arise in the current market. The joint venture with Saad will invest in development opportunities which are outside Berkeley's normal acquisition criteria due to the size of capital requirement and/or length of planning lead time, utilising financial leverage to reflect the capital intensive nature and risk profile of the sites, whilst limiting the shareholders' exposure. The land that we acquire in the current market will underpin the future for Berkeley and demonstrate the confidence of the Board and shareholders in Berkeley's business model and the likelihood of a return to normal market conditions in the medium term.

Berkeley continues to use its expertise to add value to its land holdings through the ongoing review of all its planning consents. The costs associated with obtaining planning permissions and developing the consented schemes have risen considerably over recent years. Not only have Section 106 (planning agreement) and affordable housing requirements increased significantly but so have the costs of meeting the increasingly stretching environmental standards being set for the industry.

In summary, Berkeley will continue to buy land innovatively where we can add value. The key risk we face is sales volumes. These will only return to normal levels once the availability of credit returns for customers. While over recent periods sales prices have been increasing, so have the taxes payable by developers, be this through Section 106 payments, other legislation, environmental requirements or affordable housing levels. In times of moderating sales prices, this burden will need to reduce to maintain the supply of housing and to ensure homes are

ROYAL ARSENAL, WOOLWICH



A SUSTAINABLE AND VIBRANT NEW COMMUNITY ENJOYING A RICH HISTORY

- A multi-phase scheme on a 76 acre site that exemplifies mixed-use urban development and forms part of an entire regeneration of an historic riverside location
- Many of the Royal Arsenal's buildings have been sensitively restored, including 18 listed buildings, among which is the Grade I Royal Brass Foundry
- Working in partnership with Greenwich Council, Berkeley has secured the Department for Transport's commitment to a Crossrail station at Woolwich
- Once complete the regeneration of this former derelict site will include over 3,750 homes

MANAGING DIRECTOR'S REVIEW CONTINUED

HOLBOROUGH VALLEY AND KNOWLE VILLAGE

01 HOLBOROUGH VALLEY, KENT
A striking development of 1,000 "New England" inspired homes in an environment of water, nature and tranquility.

02, 03 & 04 KNOWLE VILLAGE, HAMPSHIRE
A new village community of 670 homes created in the grounds, and including the conversion, of an old Victorian hospital, resulting in a place for families to live and grow.

UNRIVALLED LAND BANK

Berkeley's unique operating model allows us to use our expertise to create added value through an entrepreneurial approach to land acquisition and development.

02

03

04

	At 30 April 2008	Change	At 30 April 2007	Change	At 30 April 2006
Owned	**23,065**	1,856	**21,209**	1,349	**19,860**
Contracted	**8,014**	(834)	**8,848**	5,584	**3,264**
Agreed	**286**	215	**71**	(624)	**695**
Plots*	**31,365**	1,237	**30,128**	6,309	**23,819**
Sales value	**£9,221m**	£1,512m	**£7,709m**	£1,642m	**£6,067m**
Average selling price	**£294k**	£38k	**£256k**	£1k	**£255K**
Average plot cost	**£38k**	£5k	**£33k**	£2k	**£31k**
Land cost percentage	**13.1%**	-	**13.1%**	+0.8%	**12.3%**
Gross margin	**£2,728m**	£494m	**£2,234m**	£562m	**£1,672m**
Gross margin %	**29.6%**	+0.6%	**29.0%**	+1.4%	**27.6%**

*Includes 2,538 plots within joint ventures at 30 April 2008 (30 April 2007:2,530)

affordable. It is important that we create communities where people want to live, work and play and that this cost is fully recognised.

FORWARD SALES

Berkeley held forward sales of £1,210 million at 30 April 2008. This is an increase of 29% on the £936 million at 30 April 2007. It has always been Berkeley's strategy to sell homes at an early stage in the development cycle, often off-plan, to secure customers' commitment and ensure the quality and certainty of future revenue and cash flow. This level of forward sales is key to Berkeley's confidence that it can maintain its operating performance.

LAND HOLDINGS

At 30 April 2008, the Group (including joint ventures) controlled some 31,365 plots with an estimated gross margin of £2,728 million. This compares with 30,128 plots and an estimated gross margin of £2,234 million at 30 April 2007. Of these holdings, 23,065 plots (2007 – 21,209) are owned and included on the balance sheet. In addition, 8,014 plots (2007 – 8,848) are contracted and a further 286 plots (2007 – 71) have terms agreed and solicitors instructed. In excess of 95% of our holdings are on brown-field or recycled land.

Berkeley agreed 15 new sites in the period and continued to submit new planning applications on its development sites where appropriate to optimise its land holdings.

The new sites include a further site at the Royal Arsenal Woolwich where we now have in excess of 3,500 plots to develop in the second phase of the regeneration of Woolwich, having previously completed 1,200 in phase 1. With the commitment of a Crossrail station now secured for Woolwich, this is an excellent example of what can be achieved when developers, Local Authorities and Central Government work together to realise a shared vision for the revitalisation of our urban areas.

Also agreed this year was Dickens Yard in Ealing town centre where we propose to develop some 680 new homes and approximately 109,000 ft^2 of commercial space in partnership with the Local Authority. When added to Berkeley's other local authority sites at Woodberry Down in Hackney and Kidbrooke in Greenwich, these three sites account for some 5,500 of the contracted plots. Although significant energy has been expended on these sites in the year, due to their size and complexity, they will take time to come through into production.

A further 2,200 of the contracted plots are on the three sites we are developing in our St Edward joint venture with Prudential and we are delighted that a planning consent for 798 units at Stanmore in North London was received earlier in the year. We continue to work on a number of other exciting

MANAGING DIRECTOR'S REVIEW CONTINUED

opportunities with Prudential which we hope will come to fruition over the next 12 months.

During the year, Saad Berkeley Regeneration Limited, one of the three recently formed joint ventures with Saad, acquired its first two sites which are currently in commercial use and comprise approximately 150 units.

Whilst the Group's land holdings include approximately 1.5 million ft^2 of commercial space within our mixed-use schemes, no standalone commercial schemes are being undertaken.

OUTLOOK

Berkeley has performed well this year and returned £2 per share to shareholders one year ahead of schedule. This has been achieved whilst maintaining our balance sheet strength – gearing is less than 1% – so that we can take advantage of the prevailing market conditions. The sales market is undoubtedly challenging and we need to continue matching supply to demand and maximising returns from our well located developments. We do not simply build homes – we create inspiring communities where people want to live, work and play. This gives us great confidence for the future.

Berkeley has the strategy and qualities to continue to maximise shareholder value through its unique operating model, which is to acquire land innovatively and use its expertise to add value throughout the development cycle. As a result, Berkeley has great balance sheet strength, an unrivalled land bank, strong forward sales along with experienced and focused autonomous management teams dedicated to continual out-performance. This is a great position to be in, in today's uncertain market.

TONY PIDGLEY
Managing Director

BERKELEY PLACES – PUBLIC REALM

Berkeley creates a "sense of place" – places where people want to live, work and play

01 At Putney Wharf, London, a vibrant riverside community has been created
02 Innovative and iconic sculpture at Kew Riverside
03 A young girl enjoying the swings at Knowle Village, Hampshire
04 The Youngs pub at Imperial Wharf, London
05 Gunwharf Quays, Portsmouth, offers a cosmopolitan destination for shopping and dining, or just spending time with friends
06 Café lifestyle at Royal Arsenal, Woolwich

FINANCE DIRECTOR'S REVIEW OUTSTANDING BALANCE SHEET STRENGTH

"Berkeley's strategy has been developed for a cyclical market. Residential development is not about individual reporting periods. It is about creating value over the long term and this requires financial discipline and balance sheet strength. Berkeley acquires land differently to others. The primary focus is on adding value through its development expertise, for which we have an excellent record, and this gives me great confidence in our balance sheet value and minimises the risk of land write-downs. Above all else, enhancing property value is about having time. This is afforded to Berkeley by its strategy of taking low financial risk through selling forward, matching supply to demand and only gearing when there is sufficient visibility of future cash flow."

PROFIT BEFORE TAX

Profit before tax for the business increased by 3.2% to £194.3 million (2007: £188.1 million). Revenue for the Group was up 8.0% to £991.5 million (2007: £918.4 million) and operating profit up 16.3% to £206.0 million (2007: £177.1 million). The Group's share of post-tax results from joint ventures was down £9.2 million to a loss of £2.4 million (2007: £6.8 million profit).

	£'million
Profit before tax: 2007	188.1
Operating activities	+28.9
Finance costs	-13.5
Joint ventures	-9.2
Profit before tax: 2008	194.3

Three principal factors have contributed to the £6.2 million net increase in profit before tax. Firstly, operating profit has increased by £28.9 million due to strong trading in the underlying business and the inclusion of St James as a fully consolidated subsidiary for the whole year for the first time, as opposed

HEADLINE RESULTS

	April 2008 £'million*	April 2007 £'million*	Change %
House-building	947.0	823.9	+14.9%
Land sales	13.1	44.0	-70.2%
Commercial	31.4	50.5	-37.8%
Group revenue	991.5	918.4	+8.0%
Operating profit	206.0	177.1	+16.3%
Net finance (costs)/income	(9.3)	4.2	-321.4%
Joint ventures	(2.4)	6.8	-135.3%
Profit before tax	194.3	188.1	+3.3%
Tax	(56.5)	(52.6)	
Profit after tax	137.8	135.5	+1.7%
EPS – basic (pence)	114.2	112.6	+1.4%

* unless otherwise stated.

KEY PERFORMANCE INDICATORS

£156.1 MILLION CASH GENERATED
before £241.6 million 2008 B share redemption on 4 January 2008

£4.5 MILLION NET DEBT
down from £81.0 million net cash last year, leaving the Group with gearing below 1%

31,365 PLOTS IN THE LAND BANK
up from 30,128 at last year-end

£1,210.0 MILLION FORWARD SALES
up from £936.3 million last year

100% BROWNFIELD LAND
used on completed developments over the last 2 years

89.1% OF OUR CUSTOMERS
would recommend Berkeley to a friend

£156.1 MILLION OF CASH GENERATED BEFORE 2008 B SHARE REDEMPTION

to six months last year. Secondly, there is a consequential reduction in the Group's share of post tax results from joint ventures, to which St James contributed £6.1 million of the £6.8 million reported last time, and which this time shows a loss of £2.4 million, a net reduction of £9.2 million. Thirdly, net finance costs are £9.3 million, compared to net finance income of £4.2 million last time – a movement of £13.5 million.

The £13.5 million movement in net finance costs is due to three factors. Firstly, net bank interest income has reduced by £6.7 million from £7.1 million to £0.4 million. Secondly, the finance cost resulting from the unwinding of the discount on deferred land payments in accordance with IAS 2 has increased by £5.0 million from £2.9 million to £7.9 million. Finally, £1.8 million of finance costs were incurred this year in connection with the refinancing of the Group's bank facilities. This re-financing was completed on 6 July 2007 and increased the Group's facilities from £575 million to £800 million. These facilities are available until August 2011.

The reduction in bank interest receivable in the current year of £6.7 million arose from the opening net cash position of £81.0 million increasing by £156.1 million to £237.1 million, reflecting the cash generative nature of operating activities in the year, before the 2008 B Share redemption of £241.6 million resulting in a closing net debt position of £4.5 million at 30 April 2008. Last year's net bank interest receivable of £7.1 million arose from an opening net cash position of £220.6 million at 1 May 2006 which increased by £166.6 million to £387.2 million reflecting cash generated, before net cash outflow of £64.6 million on the acquisition of the half of St James not already owned and the 2006 B Share redemption of £241.6 million, which resulted in a closing net cash position of £81.0 million.

CASH FLOW AND NET ASSETS	April 2008 £'million	April 2008 £'million*	April 2007 £'million	April 2007 £'million*	Change £'million	Change £'million*
Profit after tax		137.8		135.5		2.3
– Underlying working capital movements	(5.5)		107.8		(113.3)	
– Land payments by St James at acquisition	–		(93.5)		93.5	
Working capital movements		(5.5)		14.3		(19.8)
Investing activities		(7.1)		5.7		(12.8)
Non-cash items and other movements		30.9		11.1		19.8
Net cash outflow on acquisition of St James		–		(64.6)		64.6
		156.1		102.0		54.1
Payments to shareholders		(241.6)		(241.6)		–
		(85.5)		(139.6)		54.1
Opening net cash		81.0		220.6		(139.6)
Closing net (debt)/cash		(4.5)		81.0		(85.5)
Capital employed		685.9		700.6		(14.7)
Net assets		681.4		781.6		(100.2)
Net assets per share (pence)		564		649		-13.1%
ROCE (%)		29.3		28.1		

* unless otherwise stated

FINANCE DIRECTOR'S REVIEW CONTINUED

	2008		2007	
	Available £'000	Termination Date	Available £'000	Termination Date
Revolving facility	800,000	Aug-11	375,000	Aug-11
364 day revolving facility	–	–	50,000	Jun-07
Three year revolving facility	–	–	50,000	Aug-08
Three year revolving facility	–	–	100,000	Aug-08
	800,000		575,000	

At 30 April 2008, the Group had drawn against £4.5 million of its borrowing facilities (2007: £59.3 million).

Bank facilities
With the acquisition last year of the 50% of St James not already owned, the Group's facilities increased by £200 million to £575 million as St James' facilities were brought into the Group. In July 2007 the Group completed the refinancing of its facilities which increased from £575 million to £800 million, with the maturity of the St James' facilities being extended to August 2011.

EARNINGS PER SHARE
Basic earnings per share for the Group increased by 1.4% to 114.2 pence (2007: 112.6 pence). This increase resulted from the impact of five factors: a 15.1% increase contributed by the increase in operating profit, offset by a 7.0% decrease from the £13.5 million negative interest movement, 4.8% from the reduction in contribution from joint ventures, 1.6% from the increased tax charge, and a 0.3% reduction arising from share movements.

CASH FLOW
Cash generation remains as important a financial performance indicator to Berkeley as profit.

In summary, Berkeley generated £156.1 million of cash before the £241.6 million cost of the 2008 B share redemption, which was one year ahead of schedule.

At 30 April 2008, Berkeley had net debt of £4.5 million (2007: net cash of £81.0 million). This is a net decrease of £85.5 million in the year (2007: net decrease of £139.6 million from net cash of £220.6 million at 1 May 2006). There are six elements to Berkeley's cash flow.

Firstly, profit after tax of £137.8 million increased by £2.3 million from £135.5 million in 2007.

Secondly, through working capital movements. The objective under the original Scheme of Arrangement was to be working capital neutral. This year, the Group had a net £5.5 million outflow compared to £14.3 million generated last year. This reflects the Group's careful management of working capital maintaining the Group at its reduced size following the Scheme of Arrangement and continuing to closely match supply to demand. Last year the £14.3 million arose from an inflow of £107.8 million in the underlying business from which £93.5 million was paid to Thames Water immediately following the acquisition of St James to acquire new sites and to settle outstanding land creditors.

Thirdly, investing activities relates to movements in loans with joint ventures and the acquisition of fixed assets and were an outflow of £7.1 million, compared to an inflow of £5.7 million last time. This year the Group acquired a new office premises for St James and have invested in our St Edward and Saad joint ventures.

Fourthly, non-cash items and other movements, which relate to timing differences on tax and interest payments and the effect of share-based payments accounting are £30.9 million this year, up £19.8 million from £11.1 million last time.

IMPERIAL WHARF, LONDON

A TRULY VIBRANT COSMOPOLITAN LIFESTYLE IN THE HEART OF LONDON

- This riverside community spans 32 acres of previously derelict and neglected waterfront space
- An award winning mixed-use development of approximately 1,800 homes set around a landscaped 10 acre park and river walk creating a vibrant riverside environment on the north bank of the River Thames adjacent to Chelsea Harbour
- Over 300,000 ft^2 of commercial space, including restaurants, shops and bars
- Major investment has been made to encourage residents and the local community to use sustainable transport options, including in the future, the creation of a new railway station, dedicated cycle lanes and a riverbus service to the City

FINANCE DIRECTOR'S REVIEW CONTINUED

Fifthly, in January 2008 Berkeley paid £241.6 million to redeem the 2008 B Shares (2007: £241.6 million to redeem the 2006 B Shares).

Finally, there was no corporate activity this year. Last year Berkeley spent net cash of £64.6 million on the acquisition of the 50% of St James that it did not already own on 7 November 2006. Consideration of £97.5 million and transaction expenses of £1.8 million were offset by £34.7 million of cash in the St James business at acquisition to give a net cash outflow of £64.6 million.

FINANCIAL POSITION

Net assets reduced by 12.8% to £681.4 million (2007: £781.6 million) and net assets per share by 13.1% to 564 pence (2007: 649 pence). The net cash outflow in the year of £85.5 million combined with a £14.7 million decrease in capital employed, to give the net reduction of £100.2 million in net assets.

Net assets per share have reduced by 85 pence (13.1%) from 649 pence to 564 pence. The 85 pence reduction is due to the £241.6 million 2008 B Share redemption in January 2008 (200 pence), offset by the profit after tax for the year of 114.2 pence; and factors relating to accounting for pensions and share based payments (0.8 pence).

The £14.7 million decrease in capital employed principally includes two large offsetting movements. Firstly, there is a £102.5 million increase in inventories. The Group has acquired 13 new sites in the year resulting in the cost of land on the balance sheet increasing by £105.0 million. This was offset by other net decreases in inventory of £2.5 million, reflecting the Group's control of build work in progress levels according to market conditions. Secondly, there is a £116.1 million increase in creditors. Deposits on hand increased by £99.4 million to £170.8 million from £71.4 million last time, reflecting the Group's increased forward sales. Other creditor movements totalled a net £16.7 million increase.

ROCE

Return on average capital employed increased from 28.1% in 2007 to 29.3% in 2008, with the increase in Group operating profit more than offsetting the reduced share of joint venture profits.

FINANCIAL RISK

The Group finances its operations by a combination of shareholders' funds and, where appropriate, net borrowings. As the Group's operations are in sterling there is no direct currency risk, and therefore the Group's main financial risks are primarily:

- market risk and principally interest rate risk with the Group's cash balances and debt currently held at floating rates linked to LIBOR; and
- liquidity risk – this is the risk that suitable funding for the Group's activities may not be available.

The Board approves treasury policy and senior management control day-to-day operations. The objectives are to manage financial risk, to ensure sufficient liquidity is maintained to meet foreseeable needs, and to invest cash assets safely and profitably. Relationships with banks and cash management are coordinated centrally.

From time to time the Group uses derivative instruments when commercially appropriate to manage cash flow risk by altering the interest rates on investments and funding so that the resulting exposure gives greater certainty of future costs. No such instruments were held by the Group at any time during the year or at the year end. It is the Group's policy that no trading in financial instruments shall be undertaken.

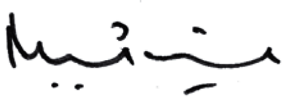
OPERATING RISK

All businesses are exposed to risk. Indeed, alongside risk comes opportunity and it is how such risks are managed that determines the success of the Group's strategy and, ultimately, its performance and results. Berkeley's strategy allows management to focus on creating sustainable long-term value for its shareholders, whilst taking advantage of opportunities as they arise in the short and medium term.

Risk management is embedded in the organisation at operating company, divisional and Group levels, with different types of risk requiring different levels and types of management response.

The principal operating risks of the Group include, but are not limited to the risks as set out on page 21:

The Internal Control section within the Corporate Governance report on pages 42 to 47 sets out the Group's overall framework for internal control, setting the context for the identification, control and monitoring of these and other risks faced by the Group.



ROB PERRINS
Group Finance Director

BERKELEY GROUP'S PRINCIPAL OPERATING RISKS

ISSUE	RISK	MITIGATION
MACRO ECONOMIC CLIMATE	Interest rates, availability of credit, employment levels and the overall "feel good factor" within the UK economy have a direct impact on the demand for housing.	Continual assessment undertaken of economic conditions and the market place to ensure that the business is structured accordingly. Business strategy regularly reviewed to ensure that it matches the prevailing market conditions.
SUSTAINABILITY	Urban Regeneration has a significant impact on the built environment and the communities in which it occurs. Sustainability issues are an integral component of the risks listed here as failure to address sustainability issues can affect our ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demand for sustainable homes. For more details of how these risks are managed, please see our sustainability report.	Board level Sustainability Governance Committee has the responsibility of setting the Group's strategy and ensuring it is aligned with business objectives. This committee meets three times a year with external consultants also attending.
LAND AVAILABILITY	Inability to source suitable land to maintain land bank at appropriate margins in a highly competitive market.	Each land acquisition subject to formal appraisal and approval process. Schedule of all land holdings submitted monthly as part of key management information.
PLANNING	Delays or refusals in obtaining commercially viable planning permission on the Group's land holdings that meet its investment return criteria.	Full detailed planning assessment and risk assessment in place for each site without planning permission in place. Planning status of all sites reviewed at monthly divisional Board meetings and bi-monthly Main Board meetings.
SALES PRICE / VOLUME	Matching supply to demand in terms of product, location and price are key success factors for Berkeley's business. Incorrect assessments can result in missed sales targets and/or inefficient levels of completed stock.	Detailed market assessment undertaken of each site before acquisition, as well as ongoing reviews throughout the duration of the site to ensure supply is matched to demand. Overall mix of product throughout the Group reviewed on a regular basis by the Main Board, as well as stock levels. Forward sales are used to take the risk out of the development cycle.
BUILD COST / PROGRAMME	In what is a competitive market place, build costs are affected by the availability of skilled labour and the price and availability of materials. These factors and the relationship with, and performance of, the contractors used by the Group impact on both build cost and programme.	Procurement strategy for each development agreed by divisional Board before site acquisition. Build costs reconciliations and build programme dates are presented and reviewed in detail each month.
PRODUCT QUALITY	Poor quality product could expose the Group to additional cost of remediation, as well as reputational damage.	A detailed review of the product is undertaken throughout the build process by experienced personnel. Director sign off of units undertaken before serving of legal completion.
HEALTH & SAFETY	Site accidents or site related catastrophes, including fire and flood can result in serious injury or loss of life. The inability to attract the best staff, business interruption and reputational damage are all additional potential consequences.	Dedicated Health & Safety teams in place at each division and at Group, with procedures, training and reporting all regularly reviewed to ensure highest standards are maintained. Comprehensive accident investigation procedures in place.
PEOPLE	The Group's success is highly dependent upon its ability to attract and retain the best people working in the industry. Failure to consider the succession of key management could result in lost experience and knowledge from the business.	Remuneration packages constantly reviewed to ensure they are competitive. Succession planning regularly reviewed at divisional and Board level.
GOVERNMENT POLICY	Changes to government policy on housing (at both national and local level), including planning, affordable housing requirements and planning gain obligations all impact on the Group's business.	Effects of changes to planning policies at all levels closely monitored, and representations made where necessary.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT
AT THE HEART OF OUR BUSINESS

During the past few years 'sustainable development' and 'sustainable communities' have become an integral part of the language of policy makers and the general public alike. However, these concepts are not new to us at Berkeley; sustainability is simply the way we do business. Our focus on brownfield development and long-term investment in complex mixed-use projects reflect our passion and commitment to creating a legacy that we can be proud of. We believe that this strategy has given Berkeley a definitive competitive advantage over our peers.

This year we are publishing our seventh sustainability report alongside our report and accounts. In line with best practice, we have sought to apply the Global Reporting Initiative (GRI) Sustainability Reporting Principles, Level C, for defining report content to present a balanced, transparent and relevant account of our sustainability performance.

Over the past year we launched a number of groundbreaking initiatives including a commitment to achieving the Government's Code for Sustainable Homes Level 3 for all dwellings (affordable and private) on new planning applications, the first home builder to set such a target. These strategic commitments have been matched by a quantifiable improvement in our performance including a reduction in our operational carbon footprint of 18%. Underlying this emerging environmental agenda, our approach to sustainability has always encompassed socio-economic issues rooted in our expertise in regeneration – we have built over 2,850 homes in 7 of the 10 most deprived Local Authorities in the past five years and we will create over 7,500 jobs on our major mixed-use schemes.

It is this track record that has enabled us to demonstrate that Berkeley's approach to environmental, social and economic sustainability is much more than rhetoric. This has been recognised through independent assessment and awards; these include securing first place in the NextGeneration benchmark of the UK's top 20 home builders and achieving the prestigious Queen's Award for Sustainable Development, the equivalent of a knighthood for business.

GOVERNANCE

Leadership of our strategy comes from the Main Board, which is supported by the Sustainability Governance Committee, who ensure that our sustainability strategy and business objectives are clearly aligned. The Sustainability Governance Committee is chaired by Group Finance Director, Rob Perrins, and includes Directors from across the business. We also have a Sustainability Working Group ("SWG"), made up of senior management from across the Group which ensures that our strategic approach is implemented at an operational level. The work of the SWG is supported by a number of forums established to examine specific challenge and opportunity areas in more detail. These committees have looked at a range of key issues such as energy, water, waste, procurement, and human resources. These committees allow us to define the challenges and then hone solutions which can be used across the business. Berkeley Homes, St George and St James, meanwhile, each have their own internal Sustainability Working Groups which meet at least quarterly. All reporting to the Group's SWG, these groups further embed the daily practice of sustainability within the business. They are supported at project level by meetings convened to implement sustainability priorities and procedures on individual sites.

For more information on the terms of reference for these committees, please see our website.

OUR MATERIAL IMPACTS

It is important for us to prioritise those environmental, social and economic impacts that can have significant implications for the business. In line with best practice standards, we undertook a review to assess which sustainability issues were 'material' to our business or, in other words, likely to affect our ability to buy land, gain planning permission, operate efficiently, market and sell our developments, and deliver customer satisfaction. In line with best practice, we undertook a five part materiality test which resulted in us prioritising the impacts set out in the table opposite.

OUR STAKEHOLDERS

Engagement with stakeholders is central to the ongoing development of our sustainability strategy. In last year's report, we set out our key stakeholders which we categorised as customers, investors, local communities, employees, contractors and suppliers, housing associations, industry bodies and trade associations, Government and non-governmental organisations. This year, we have sought to engage further with these stakeholders, strategically through seeking their input into our assessment of materiality and practically through engagement on individual issues or projects. For example, we are active members of the Government's Zero Carbon Task Force and have been working with the Waste Resources Action Programme (WRAP) to develop waste management rules for our contractors.

We have Community Engagement Guidelines which are used on all new projects which exceed statutory requirements. The consultation process being undertaken at Kidbrooke, a regeneration project in partnership with English Partnerships and the London Borough of Greenwich which will result in approximately 4,000 new homes, provides a best practice example of community engagement. Workshops are being held with the local community to discuss issues such as block layout, permeability, landscaping, road networks and community facilities. Residents are also invited to visit our permanent exhibition centre on site to view a 3D model and animated fly through of the proposed scheme as well as plans and computer generated images. In addition, a whole range of other consultation activities have been undertaken including regular local stakeholder meetings, a consultation website, presentations to local service providers and engagement with local schools.

OUR MATERIAL IMPACTS

ENVIRONMENTAL

- Climate change
- Land use
- Energy
- Water
- Waste
- Transport
- Performance standards (e.g. code for sustainable homes/ BREEAM)

SOCIAL

- Health and safety
- Community engagement
- Employees

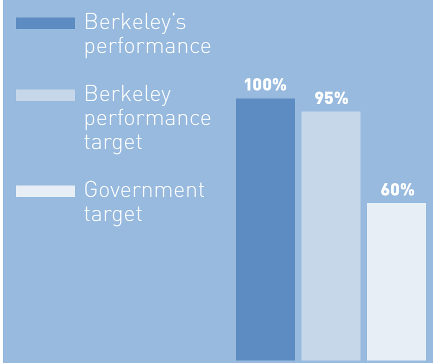
FINANCIAL

- Financial performance
- Customer satisfaction
- Local economy and job creation
- Supply chain management

OUR PERFORMANCE

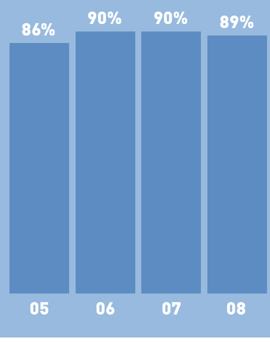
Each year, we have set ourselves challenging targets for continuous improvement and we have made significant progress this year fully achieving over 80% of our targets. Our sustainability report provides a detailed assessment of our progress. We also use a series of Key Performance Indicators to quantify and monitor our performance on a quarterly basis, some of these are shown below and a more detailed analysis can be found in the sustainability report and on our web site.

BROWNFIELD UTILISATION (%)



AVERAGE CUSTOMER SATISFACTION (%)

Would you recommend Berkeley to your best friend?



100% **of sites commencing construction with Site Waste Management plans in line with the DTI's code of practice (2007: 96%)**

48.4% **of dwellings assessed using the EcoHomes methodology (2007: 43.2%)**
EcoHomes was the forerunner to the code of sustainable homes

3.8 **RIDDOR[1] rate per 1,000 employees (2007: 7.2/1,000)**
includes client and principle contractor sites

[1] Reporting of Injuries, Diseases and Dangerous Occurrences

SUSTAINABILITY IS AT THE HEART OF BERKELEY – AN INTEGRAL PART OF THE BUSINESS STRATEGY

01 Public consultation at Royal Arsenal, Woolwich

02 Construction in progress at Battersea Reach

03 See it, Sort it or Report it – Berkeley's "Good Order" campaign prioritises Health & Safety on site

04 Berkeley ensures it considers every aspect of the environment in which it works

05 The Barnes Wetland Centre is a pioneering exemplar of environmental responsibility in development, creating a haven for wildlife in London

06 Talking Climate Change at one of Berkeley's "Lets Talk" conferences

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT CONTINUED

In this year's sustainability report we have provided feedback from a wide range of stakeholders on various aspects of our sustainability programme.

OUR PERFORMANCE

Each year, we have set ourselves challenging targets for continuous improvement and we have made significant progress this year fully achieving over 80% of our targets. Our sustainability report provides a detailed assessment of our progress. We also use a series of Key Performance Indicators to quantify and monitor our performance on a quarterly basis, some of these are shown on page 23 and a more detailed analysis can be found in the sustainability report and on our web site.

OTHER HIGHLIGHTS OF THE YEAR INCLUDE:

- Water – 25% of projects have rainwater harvesting, we achieved a 9% reduction in total water consumption across our offices and sites and reduced by 15% the water consumed (m^3) per unit built.
- Transport – 90% of current projects are within 500 metres of a public transport node, we are providing over 8,000 new cycle spaces across our developments and 18 of our current projects include car clubs, including an electric car club at St George Wharf and a hybrid car club at Parkwest, West Drayton.
- Our average score in the Considerate Constructors Scheme is 34.1 compared to the average for new housing (private) of 30.22.

In this report, we have highlighted a number of examples of our detailed programme of work in relation to some of the most material issues for us over the past year. Our full report and web site provides greater detail on these initiatives and information on our approach to a much wider range of sustainability impacts.

06

CLIMATE CHANGE

In 2007 we adopted a Climate Change Policy which sought to address the impact of both our product and operations. We have also identified the key risks and opportunities posed to our business by climate change. We have not yet fully quantified the financial implications of these risks and opportunities, but hope that we will be able to provide a quantified measure against some of these areas in the near future.

In February 2008 the Government announced a mandatory rating against the Code for Sustainable Homes (CSH) for new homes from 1 May 2008. All homes funded under the 2008-11 Housing Corporation National Affordable Homes programme must be built to the Code for Sustainable Homes Level 3. As part of our Climate Change Commitments launched in October 2007, we committed to ensuring all sites seeking planning permission after 1 January 2008 will commit to certifying all new homes (excluding refurbishments) to Level 3 of the Code for Sustainable Homes and all commercial space to BREEAM Very Good. We continue to measure the percentage of completed dwellings certified using the EcoHomes methodology (which was the precursor to the Code) as a general benchmark of the environmental performance of the dwellings we build. In 2007/08 48.4% of completed dwellings were EcoHomes certified (compared to 43.2% in 2006/07), with 27.7% of all completed dwellings achieving Very Good.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT CONTINUED

In addition to improving the energy performance of individual dwellings, we have been continuing to integrate low and zero carbon energy solutions into our projects – 18 of our current schemes feature a range of renewable energy solutions including wind, biomass CHP, solar thermal and PV, air source heat pumps and ground source heat pumps.

Over the past year we have put considerable effort into reducing our direct carbon dioxide emissions, associated with the running of our offices and construction sites and emissions associated with our car fleet. We made a considerable 18% reduction in our total carbon emissions over the past year, compared to our baseline of 2006/07. The savings have been achieved through a range of initiatives including the implementation of our Green Office Management Policy and Green Car Policy and a number of practical campaigns to engage with our staff. During the last 12 months we have also heavily invested in upgrading our IT network, moving from separate servers in each office to a single data centre for the whole business. We have estimated that this new infrastructure will require nearly two thirds less energy to run.

WASTE MANAGEMENT

All of our current sites have site waste management plans (SWMP) which help us to manage, reduce and recycle waste. These SWMPs comply with the DTI voluntary code of practice, which we introduced as a requirement over three years prior to it being legally enforced from April 2008. Over the past year we have been rolling out our waste data tool across projects, and it is now in operation on 47% of our sites (representing 72% of construction output). This data has shown that when scaled across all operations we directly recycled 17% of on-site waste, and a further 64% was recycled following segregation at a materials recovery facility. This means that we diverted nearly 30,000 tonnes of waste from landfill, with estimated savings on landfill tax of over £850,000.

PROCUREMENT

We have rolled out our Sustainability Procurement Policy across the divisions, which aims to provide a framework for bringing environmental and social criteria into procurement decisions and seek assurance from our suppliers and contractors that the environmental and social impacts of the products and services that we procure have been minimised. This work is being led by our Sustainable Procurement Forum and involved assessing the environmental and social impacts of products and services and analysing the top 25 trades by spend. This led to detailed engagement with high risk suppliers.

HEALTH AND SAFETY

Berkeley recognises the vital importance of Health and Safety as part of its overall commitment to excellence in the business. Over the past nine years, Berkeley has introduced seven strategic Occupational Health & Safety programmes to reduce injuries and manage risks on issues such as working at height and fire precautions. As part of this strategy, the latest programme, rolled out across the Group over the past year, has focused on 'Good Order'. The Good Order Campaign focuses on eleven key factors that can be the cause of avoidable accidents on site, including cable management, lighting levels, waste management, housekeeping, material storage, and communication.

The 'Good Order' Campaign has been a quantifiable success – in 2007/08 the accident incident rate is down to 3.8 per 1,000 employed (including sub-contractors) compared to 7.2 in 2006/07. This also compares extremely favourably to the All Builder average of 9.7. The Good Order Campaign also reduced accidents caused by slips and trips by 80%.

FUTURE PRIORITIES

Priorities for the coming year are set out in full in our sustainability report, including our 2008/09 targets which seek to expand and deepen our work on sustainability based on our most material impacts, these include:

- Reviewing the content of the Land Purchase Risk Assessment checklist to ensure that it reflects current and future priorities.
- The development and implementation of a Sustainable Supply Chain Management Strategy and Action Plan.
- Reducing the proportion of waste sent to landfill by 30%, and by 50% by 2010.
- Seeking to achieve a 5% year on year reduction in CO_2 emissions (associated with our offices and sites) from the 2007/08 baseline figure.
- Reducing our direct water consumption (associated with our offices and sites) by 5% annually from the 2007/08 baseline figure.

Looking forward, we believe that our approach to sustainability will contribute to our management of business risk and we remain focused on achieving our sustainability targets ahead of Government policy. In the long-term, our business will remain one which is based upon delivering environmental, social and economic benefits to communities in need of regeneration. We believe that this leadership approach to sustainability will provide us with a financial resilience and enable us to create communities that will be there for many future generations.

We provide more detail about our approach and performance in relation to a wide range of sustainability impacts on our website at www.berkeleygroup.co.uk/sustainability.

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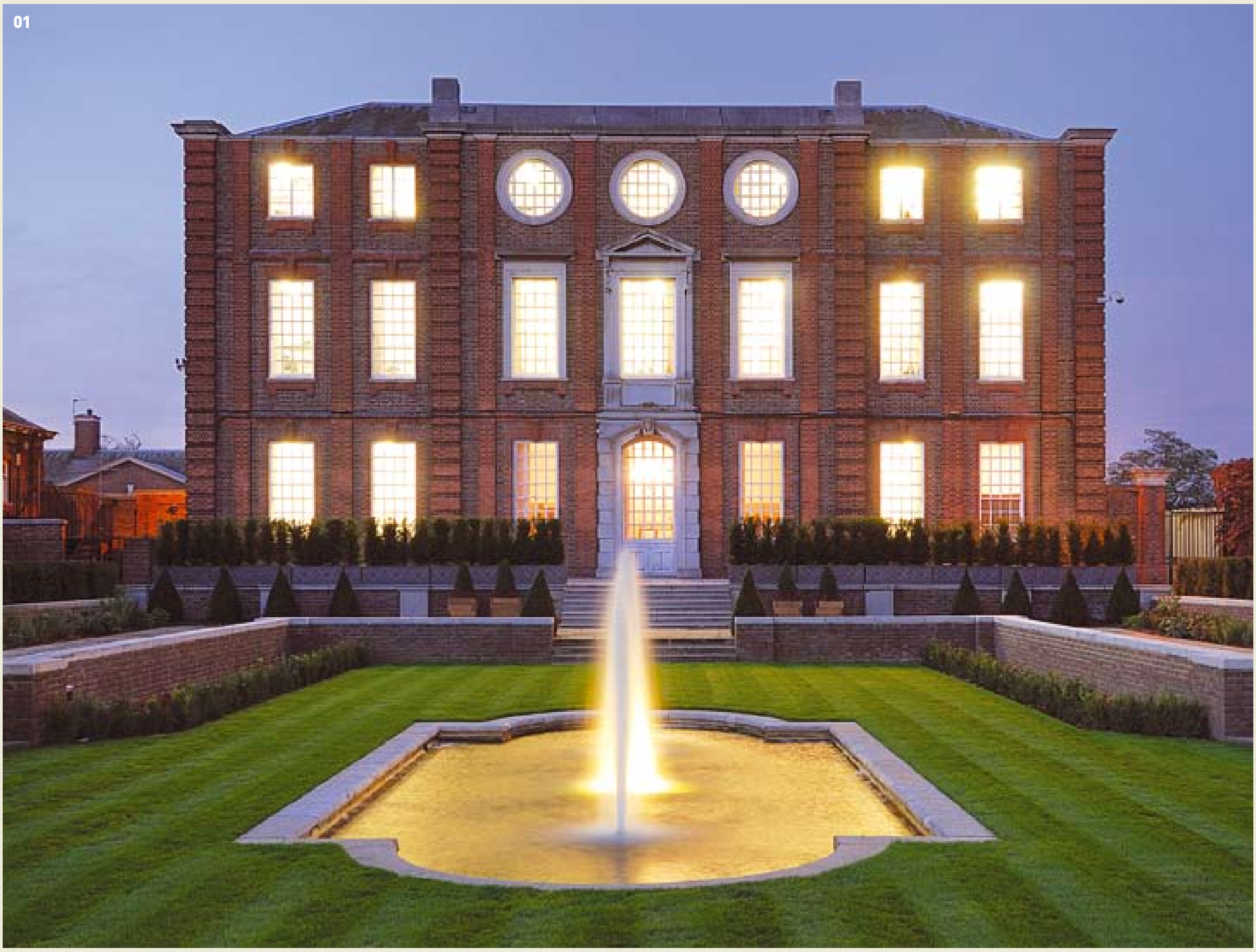

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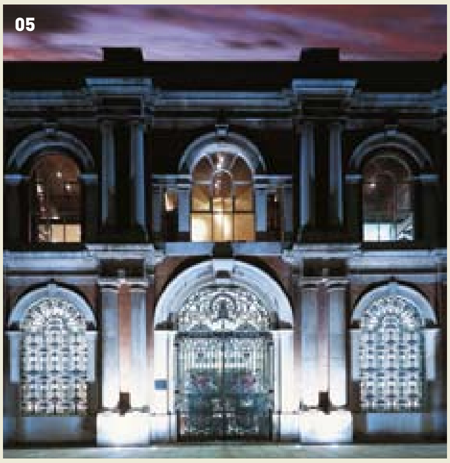


06


BRINGING HISTORY TO LIFE

Berkeley uses it vision and expertise to restore historic buildings, breathing new life and creating vibrant communities

01 Queen Mary Hospital, Roehampton
02 Kingsway Square, Battersea
03 Sugar House, City Quarter, EC1
04 The Pump House, Hammersmith
05 Royal Arsenal, Woolwich
06 The Pump House restaurant at New River Village, Hornsey

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE
A W Pidgley (Chairman), A Carey, G J Fry, R C Perrins

REMUNERATION COMMITTEE
A C Coppin (Chairman), V M Mitchell, J A Armitt

AUDIT COMMITTEE
D Howell (Chairman), A Coppin, V M Mitchell (by invitation)

NOMINATION COMMITTEE
V M Mitchell (Chairman), D Howell, J A Armitt

HONORARY LIFE PRESIDENT
Jim Farrer MRICS, 77
Along with Tony Pidgley a co-founder of the Company, he was Group Chairman until his retirement in 1992. At that time he was appointed Honorary Life President.

COMPANY SECRETARY
A Dadd

VICTORIA MITCHELL, 57
Appointed a Non-executive Director on 1 May 2002 and became Group Chairman on 1 August 2007. Currently a Consultant Director of Savills Limited, she was previously an Executive Director of Savills plc. She is currently a Non-executive Director of The Golding Properties Group (South Africa), Development Securities plc, a Trustee of The Landmark Trust and previously a Member of the ING REIM Advisory Board. In June 2008 Victoria was appointed as a Non-executive Director of London First. Victoria chairs the Nomination Committee and is a member of the Remuneration Committee.

TONY PIDGLEY, 60
Co-founder of the Company in 1976 with Jim Farrer. He is the Group Managing Director and Chairman of the Executive Committee.

ROB PERRINS BSC (HONS) ACA, 43
Joined the Company in 1994 having qualified as a chartered accountant with Ernst & Young in 1991. He was appointed to the Group Main Board on 1 May 2001 on becoming Managing Director of Berkeley Homes plc, moving to his current role as Group Finance Director on 2 November 2001. He is also a member of the Executive Committee.

TONY CAREY BSC FRICS, 60
Joined St George PLC in 1987 and was appointed Managing Director of that division in 1990. He joined the Group Main Board in 1993 and is a member of the Executive Committee.

GREG FRY ACA, 51
Joined the Company in 1982 and has been a Director of St George PLC from its inception in 1986. He is currently Chairman of the Division's three principal operating companies. He was appointed to the Group Main Board with effect from 1 May 1996 and is a member of the Executive Committee.

DAVID HOWELL FCA, 59
Appointed a Non-executive Director and Chairman of the Audit Committee on 25 February 2004. He is currently Executive Chairman of Western and Oriental plc and also Chairman of EBTM plc (Everything but the Music) having previously been a Main Board Director of lastminute.com plc, Group Finance Director of First Choice Holidays plc and a Non-executive Director of Nestor Healthcare Group plc. David became the Senior Independent Director on 5 September 2007 and is also a member of the Nomination Committee.

ALAN COPPIN, 58
Appointed a Non-executive Director on 1 September 2006. He is currently a Non-executive Director of Capital and Regional plc, Non-executive Chairman of Redstone plc and Non-executive Director of Air Command (Royal Air Force). He was Hon. Chairman of The Prince's Foundation for the Built Environment. Alan is Chairman of the Remuneration Committee and a member of the Audit Committee.

JOHN ARMITT, 62
Appointed a Non-executive Director on 1 October 2007. He is currently Chairman of the Olympic Delivery Authority and Chairman of the Engineering and Physical Science Research Council. From 2001 to 2007 he was Chief Executive of Network Rail and its predecessor, Railtrack. He was previously Chief Executive of Costain and Union Railways. John is a member of the Remuneration and Nomination Committees.

David Howell Alan Coppin Greg Fry Tony Carey

John Armitt Victoria Mitchell Tony Pidgley Rob Perrins

DIRECTORS' REPORT

The Directors submit their report together with the financial statements for the year ended 30 April 2008.

Principal activities and review of the business
The Company is a UK listed holding company of a wider group engaged in residential and commercial property development focusing on urban regeneration and mixed-use developments. The Company is incorporated and domiciled in England and Wales and is quoted on the London Stock Exchange.

The information that fulfils the requirements of the business review can be found in the Chairman's statement on pages 2 to 4, the Managing Director's review on pages 6 to 14, which provides more detailed commentaries on the business during the year together with the outlook for the future, the Finance Director's review on pages 16 to 20 and the Environmental and Social Responsibility report on pages 22 to 26.

In addition, information in respect of the financial risks of the business is set out in the Finance Director's review on page 20.

Trading results and dividends
The Group's consolidated profit for the financial year was £137,827,000 (2007: £135,545,000). The Group's joint ventures contributed losses after taxation of £2,416,000 (2007: profits of £6,798,000).

No dividends were declared or paid in the financial year.

Share capital
At the Extraordinary General Meeting of The Berkeley Group plc on 17 September 2004, shareholders approved the Court Approved Scheme of Arrangement which resulted in a new listed holding company being created, The Berkeley Group Holdings plc. The Scheme became effective on 26 October 2004 and the Company became the holding company of The Berkeley Group plc.

Under the Scheme of Arrangement all shareholders of The Berkeley Group plc, at the effective date, received Units in The Berkeley Group Holdings plc (each comprising one Ordinary Share, one 2004 B share, one 2006 B share, one 2008 B share and one 2010 B share), hereafter referred to as "Units".

During the financial year ended 30 April 2008 the Company redeemed 120,820,642 2008 B Shares at £2 per share for a total cost of £241,641,284. The Company redeemed 120,820,642 2006 B shares during the financial year ended 30 April 2007 at a total cost of £241,641,284. The Company had previously redeemed 120,820,642 2004 B shares at £5 per share in the year ended 30 April 2005. The Company had 120,820,642 Units in issue at 30 April 2008 and 30 April 2007.

Movements in the Company's share capital are shown in Note 19 to the consolidated financial statements.

Of the 10% authority given at the 2006 Annual General Meeting, no share purchases have been made. Authority will be sought from shareholders at the forthcoming Annual General Meeting to renew the 10% authority for a further year.

Information on the Group's share option schemes is set out in Note 5 to the consolidated financial statements. Details of the Long Term Incentive Schemes and Long Term Incentive Plans for key executives are set out in the Remuneration Committee report on pages 33 and 41.

Directors
The Directors of the Company and their profiles are detailed on pages 28 and 29. All of the Directors served throughout the year under review with the exception of Mr Roger Lewis who retired from the Board at the end of July 2007, Mr Tony Palmer who retired on 5 September 2007 and Mr John Armitt who was appointed to the Board on 1 October 2007. Mr Mike Tanner announced his resignation from the Board after the year end on 27 June 2008.

In accordance with the Articles of Association of the Company, Mrs Victoria Mitchell will retire from the Board by rotation and, being eligible, offer herself for re-election at the forthcoming Annual General Meeting. Mr John Armitt, having been appointed since the last Annual General Meeting, retires from the Board under the terms of the Articles of Association and, being eligible, offers himself for re-election.

The Directors' interests in the share capital of the Company and its subsidiaries are shown in the Remuneration Committee report on page 41. At 30 April 2008 each of the Executive Directors were deemed to have a non-beneficial interest in 80,435 (2007: 393,836) Units held by the Trustees of The Berkeley Group Employee Benefit Trust.

There were no contracts of significance during, or at the end of, the financial year in which a Director of the Company is, or was, materially interested, other than those set out in Note 26 to the financial statements, the contracts of employment of the Executive Directors, which are terminable within one year, and the appointment terms of the Non-executive Directors, which are renewable annually and terminable on one month's notice.

Directors' indemnities
The Company's practice has always been to indemnify its Directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, in accordance with the Company's Articles of Association and to the maximum extent permitted by law, in respect of all costs, charges, expenses, losses and liabilities, which they may incur in or about the execution of their duties to the Company, or any entity which is an associated company (as defined in Section 256 of the Companies Act 2006), or as a result of duties performed by the Directors on behalf of the Company or any such associated company.

Substantial shareholders

The Company has been notified of the following interests, pursuant to Rule 5 of the Disclosure Rules and Transparency Rules amounting to 3% or more of the issued capital of the Company, as at 11 July 2008:

	Number of Units held	% of issued capital	Nature of holding
Saad Investments Company Limited, Mr Al-Sanea, Lombard Atlantic Bank N.V., Awal Bank B.S.C and Saad Investments Finance Co (No.3) Ltd	35,525,000	29.40%	Direct
Lloyds TSB Group plc	12,094,148	10.01%	Indirect
Egerton Capital Ltd	6,185,622	5.12%	Direct
Mirabaud Investment Management Ltd	6,136,874	5.08%	Indirect
Credit Suisse Securities (Europe) Ltd	4,941,345	4.09%	Direct
Legal & General Investment Management Ltd	4,878,419	4.04%	Direct
Deutsche Bank AG	4,870,011	4.03%	Direct

Donations

During the year, donations by the Group for charitable purposes in the United Kingdom amounted to £268,286 (2007: £171,973). The Group made no political contributions (2007: £nil) during the year.

Employment policy

The Group's policy of operating through autonomous subsidiaries has ensured close consultation with employees on matters likely to affect their interests. The Group is firmly committed to the continuation and strengthening of communication lines with all its employees.

An Equal Opportunities Policy was introduced in 2001 with the aim of ensuring that all employees, potential employees and other individuals receive equal treatment (including access to employment, training and opportunity for promotion) regardless of their age, colour, ethnic or national origin, marital status, nationality, religion, race, sex or sexuality. It is the policy of the Group to support the employment of people with disabilities wherever practicable and to ensure, as far as possible, that training, career development and promotion opportunities are available to all employees. This policy includes employees who become disabled whilst employed by the Group.

Sustainability

Each year Berkeley has evolved its approach to reporting to ensure that it gives the clearest possible portrait of how its sustainability strategy and policies are put into practice throughout the Group.

This year, in its seventh annual Sustainability Report, Berkeley has sought to apply the Global Reporting Initiative (GRI) Sustainability Reporting Principles in order to give a balanced and relevant account of its sustainability performance. This approach has allowed Berkeley to focus on what it considers to be the most significant or 'material' issues to the business and how it is managing and responding to them.

The report is structured around the environmental, economic and social dimensions of sustainability under which performance against each relevant material issue is highlighted. Case studies on a number of our urban regeneration schemes and commentary from a wide range of stakeholders has been used to contextualise progress. The report also provides detailed reporting against Key Performance Indicators and our targets for 2008/09. For further information, please refer to Berkeley's seventh annual Sustainability Report on its website.

Health and safety

The Group considers the effective management of health and safety to be an integral part of managing its business. Accordingly, the Group Main Board continues to monitor the strategic development and audit the implementation by all divisions of their Occupational Health and Safety Management Systems to ensure that, both at Group and divisional level, they remain compliant with recognised established standards.

We remain committed to enhancing the Group's high standards through continuous improvement. Our Health and Safety Working Group, comprising divisional Executives and managers, continues to review progress against targets set for our established key performance indicators and reports this quarterly to the Group Main Board. For further information, please refer to the Environmental and Social Responsibility report on page 26.

In our recently published Sustainability Report 2008, we have reported in more detail on progress made and initiatives taken since last year.

Payment of creditors

Each of the Group's operating companies is responsible for agreeing the terms and conditions, including terms of payment, relating to transactions with its suppliers. It is Group policy to abide by the agreed terms of payment where the supplier has provided the goods and services in accordance with the relevant terms and conditions of contract. At 30 April 2008, the Company did not have any trade creditors (2007: nil).

DIRECTORS' REPORT CONTINUED

Takeover Directive – Agreements
Pursuant to the Companies Act 2006, the Company is required to disclose whether there are any significant agreements that take effect, alter or terminate upon a change of control.

Change of control provisions are included as standard in many types of commercial agreement, notably bank facility agreements and joint venture shareholder agreements, for the protection of both parties. Such standard terms are included in Berkeley's bank facility agreement which contains provisions that give the banks certain rights upon a change of control of the Company. Similarly, in certain circumstances, a change of control may give Berkeley's joint venture partners, Prudential Assurance Company Limited and Saad Investments Company Limited the ability to exercise certain rights under the shareholder agreements in relation to its St Edward Homes and Saad Berkeley joint ventures, respectively.

In addition, the Company's share schemes contain provisions which take effect upon change of control. These do not entitle the participants to a greater interest in the shares of the Company than that created by the initial grant of the award. The Company does not have any arrangements with any Director that provide compensation for loss of office or employment resulting from a takeover.

The remaining information required to be disclosed under the Takeover Directive can be found within Notes 5 and 18 to the consolidated financial statements.

Auditors and disclosure of information to auditors
Each of the persons who is a Director at the date of approval of this annual report confirms that:
- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company is to be held at the Woodlands Park Hotel, Woodlands Lane, Stoke D'Abernon, Cobham, Surrey KT11 3QB at 11.00am on Thursday 28 August 2008. The Notice of Meeting, which is contained in a separate letter from the Group Chairman accompanying this report, includes a commentary on the business to be transacted at the Annual General Meeting.

By order of the Board

R C Perrins
Director
17 July 2008

REMUNERATION COMMITTEE REPORT

Background
This report has been prepared in accordance with The Directors' Remuneration Report Regulations 2002, (the "regulation"). The auditors are required to report on the 'auditable' part of this report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the regulations). The report is therefore divided into separate sections for audited and unaudited information.

The Board has reviewed the Group's compliance with the Combined Code 2006 (the "Code") on remuneration related matters. It is the opinion of the Board that the Group complied with all remuneration related aspects of the Code during the year.

Part 2 of the regulations – Unaudited Information

Remuneration Committee
The following table sets out the members of the Remuneration Committee, their date of appointment, their role and the number of meetings the Committee had during the year and their respective attendance:-

Name	Date of Appointment	Role in Committee	Date of Retirement from Committee	Number of Meetings 4 (%age attendance)
Mr Alan Coppin*	1 September 2006	Chairman	–	100%
Mrs Victoria Mitchell**	1 May 2002	Member	–	100%
Mr John Armitt	1 October 2007	Member	–	100% (2 meetings since appointment)
Mr David Howell	25 February 2004	Member	1 October 2007	100% (2 meetings prior to retirement)
Mr Tony Palmer	1 January 1998	Member	5 September 2007	100% (2 meetings prior to retirement)

* Mr Alan Coppin was appointed Chairman of the Remuneration Committee on 1 August 2007.
** Mrs Victoria Mitchell stepped down as Chairman of the Remuneration Committee on becoming Chairman of the Company on 1 August 2007.

The Remuneration Committee of the Board, except the Non-executive Chairman of the Company Mrs Victoria Mitchell, are all Non-executive Directors and independent. The Remuneration Committee members have no personal financial interest other than as shareholders in matters to be decided, no potential conflicts of interest arising from cross directorships and no day-to-day involvement in running the business.

The Remuneration Committee has formal written terms of reference with the full remit of the Committee role described. A copy of the terms of reference can be downloaded from the Company's website.

The Remuneration Committee was advised during the year and continues to be advised by Halliwell Consulting, an independent executive compensation and share plan consultancy. No other services were provided to the Company by Halliwell Consulting during the year.

In determining the Executive Directors' remuneration for the year, the Remuneration Committee consulted with the Group Managing Director, Mr A W Pidgley and the Group Finance Director, Mr R C Perrins. No Director played a part in any discussion about his or her remuneration.

Remuneration Policy Overview
The objective of the remuneration policy is to encourage, reward and retain the current Executives. The Remuneration Committee believes that shareholders' interests are best served by remuneration packages having a large emphasis on performance-related pay. Emphasis on performance should encourage Executives to focus on delivering the business strategy. It is the opinion of the Remuneration Committee that the policy provides meaningful incentives to Executives and ensures that the appropriate balance between fixed and performance related compensation is maintained.

The Remuneration Committee reviews on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Remuneration Committee include:
- market conditions affecting the Company;
- the recruitment market in the Company's sector;
- changing market practice; and
- changing views of institutional shareholders and their representative bodies.

The Company's current long-term incentive for the Executive Directors is provided through The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan (see later in the report for full details). This Plan provided for one grant on its adoption with the release of awards subject to the return to shareholders of £12 per share by 31 January 2011. Therefore the performance criteria and release schedules were fixed on the date of grant. However, the Committee does formally review the operation of the Plan on a regular basis to ensure it remains appropriate to the Company's current circumstances and prospects.

At the beginning of the 2007/08 financial year the Committee reviewed the operation of The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan (the "2004(b) LTIP") and determined to make the amendments set out on page 37 which were approved by shareholders at the Annual General Meeting of the Company on 5 September 2007.

REMUNERATION COMMITTEE REPORT CONTINUED

New Remuneration Policy
The Board has recently reviewed the Company's strategy and has determined that it is appropriate to revise the strategy to take into account the strength of the Company and the current opportunities in the market. Full details of the proposed revisions are set out in the Chairman's Statement on pages 2 to 4. As a consequence the Remuneration Committee is proposing to adjust the Company's remuneration policy to ensure that it is aligned with the strategy and put these adjustments to shareholders for approval at the 2008 AGM. Full details of the proposed changes to the Company's remuneration are set out in the Notice of Meeting for the AGM; therefore this report focuses on the policy operated in 2007/08.

Policy for 2007/08
The 2007/08 financial year started on 1 May 2007 and finished on 30 April 2008.

The policy is to set the main elements of the Executive Directors' remuneration package against the following quartiles in the Company's comparator group:

Base salary	Annual bonus potential	Pension	Benefits in kind	Share incentives
Upper decile	Upper decile	Lower quartile to median	Market practice	Upper decile

For the purposes of benchmarking remuneration, the Remuneration Committee used the following comparator group of companies in the year ended 30 April 2008:

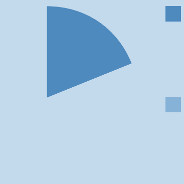
Company name			
Amec Plc	Bellway Plc	Marshalls Plc	Taylor Wimpey Plc
Balfour Beatty Plc	Bovis Homes Group Plc	Persimmon Plc	Travis Perkins Plc
Barratt Developments Plc	Carillion Plc	Redrow Plc	

It is the intention of the Remuneration Committee to use the same basis for the comparator group for the year ending 30 April 2009 with the following adjustments to its constituents resulting from corporate activity during the year:-

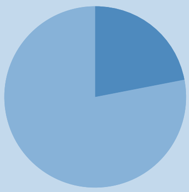
- George Wimpey Plc was merged with Taylor Woodrow Plc to form Taylor Wimpey Plc;
- McAlpine (Alfred) Plc was acquired by Carillion Plc and is therefore excluded on an ongoing basis.

Balance between Fixed and Variable Performance-based Pay
The charts below demonstrate the balance between fixed and variable performance-based pay for each Executive Director for the year ended 30 April 2008:-

Mr A W Pidgley
Group Managing Director



Mr R C Perrins
Group Finance Director



Mr A Carey
Divisional Director

Mr G J Fry
Divisional Director

Fixed compensation 26%
Performance compensation 74%

Key
Fixed compensation is calculated as:
– Salary
– Benefits (including pension allowance)

Performance compensation is calculated as:
– Bonus paid
– Fair value of LTIP on grant

The Executive Directors hold no external appointments.

The main elements of these packages and the performance conditions are described opposite.

Elements of Executive Directors' Remuneration

Basic Salary

Policy: Upper decile

Policy

It is the policy of the Remuneration Committee that the salaries of the Executive Directors should be set at the upper decile in line with the Committee's view that the Company has one of the most experienced Executive teams within the sector. When determining the salaries of the Executive Directors the Remuneration Committee takes into consideration:

- the levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity, in particular those companies within the comparator group;
- the performance of the individual Executive Director;
- the individual Executive Director's experience and responsibilities; and
- the pay and conditions throughout the Company.

Year ended 30 April 2008 and year ending 30 April 2009

The Remuneration Committee reviewed the salaries of the Executive Directors in May 2007 and 2008. The Committee felt that:-

- taking into account the above criteria;
- the exceptional absolute and comparative performance of the Company during this challenging period; and
- the fact that with the exception of the Finance Director, the Executive Directors of the Company have not had a rise in salaries since May 2003;

salary rises were appropriate.

In May 2007, increases of between 5% and 7.5% were awarded in respect of the year ended 30 April 2008, however, at that time the Executive Directors believed that the current balance of the remuneration package was appropriate and the salary recommendations were therefore not implemented in the year.

In May 2008, further increases of between 6.25% and 9.75% were awarded in respect of the year ending 30 April 2009, however, in this case the Executive Directors decided, given the prevailing market conditions, not to take the increases in the current financial year.

Therefore, the Executive Directors have not taken cumulative increases of between 11.5% and 18% in respect of these two years.

Executive	Current Salary	Salary for the year ending 30 April 2009	% rise in salary
A W Pidgley	750,000	750,000	0%
R C Perrins	350,000	350,000	0%
A Carey	405,000	405,000	0%
G J Fry	290,000	290,000	0%

Annual performance-related bonus

Policy: Upper decile bonus potential

The policy of the Remuneration Committee is to set the maximum annual bonus potential at the upper decile in relation to the comparator group. Bonus payments are not pensionable.

General

The theoretical maximum bonus available is 300% of salary. However, the Remuneration Committee will only in very exceptional circumstances, outside the normal operation of the bonus plan for the year in question, consider a bonus payment greater than 200% of salary. On the occurrence of very exceptional circumstances and prior to any commitment to make a bonus payment, the Remuneration Committee would consult shareholders to obtain their agreement that the circumstances gave rise to the level of bonus payment proposed. Therefore the effective maximum annual bonus potential is 200% of salary.

Bonus targets are reviewed each year and agreed by the Remuneration Committee. The performance measures for the Executive Directors' bonus plan are reviewed by the Remuneration Committee to ensure that they are appropriate to the current market conditions and position of the Company, so that they continue to remain challenging.

The structure of bonus payments is as follows:

Position	Percentage cash	Percentage Shares
Executive	Bonus will be paid in cash up to a maximum of 100% of salary.	Any bonus payment above 100% of salary will be invested, net of tax, in shares. These shares will be retained by the Executives for eighteen months.

REMUNERATION COMMITTEE REPORT CONTINUED

Year Ended 30 April 2008
The targets for the year ended 30 April 2008, their level of achievement and the corresponding bonus earned by the Executive Directors are set out in the following tables.

Bonus Potential and Targets for FY2007/08
The following table shows the maximum bonus potential for each of the Executive Directors for the year ended 30 April 2008. In addition, the table shows the percentage of that maximum bonus potential subject to each performance target for the year ended 30 April 2008:-

		Bonus targets	
Executive	Maximum annual bonus potential (% of salary)	Cash redemption bonus criteria (see below for full description)	Annual divisional PBT targets (see below for full description)
A W Pidgley	200%	100%	–
R C Perrins	200%	100%	–
A Carey	200%	25%	75%
G J Fry	200%	25%	75%

The following table shows the maximum potential bonus for each Executive and the bonus earned for the year ended 30 April 2008:

Name	A W Pidgley	R C Perrins	A Carey	G J Fry
Effective maximum bonus potential (% of salary)	200%	200%	200%	200%
2007/08 Bonus paid	£1,500,000	£700,000	£810,000	£580,000
2007/08 Bonus paid as % of salary	200%	200%	200%	200%

Bonus Performance Criteria

Cash redemption condition
This performance condition applies to 100% of the maximum bonus potential for the Group Executive Directors and 25% of the maximum bonus potential for the divisional Executive Directors.

For the financial year ending 30 April 2009, the cash redemption condition requires the return of capital of £2 per Unit.

For the year ended 30 April 2008, the cash redemption condition will be met if the dividend lock up tests[1] are satisfied at the end of the relevant financial year (six months earlier than required). If these tests are satisfied it means that the Company is on target to be able to make the redemption payments on the due dates. If the dividend lock up tests are not achieved at the end of the relevant financial year but the Board is of the view that they will be satisfied in time to make the next redemption payment on the relevant date, this element of the bonus will be accrued and not declared until the redemption payment has been made. In the highly unlikely event that a bonus is paid but the due redemption payment is not made the share element of the bonus paid shall be forfeited and the cash element paid shall be offset against future bonus entitlements.

In fact the Company actually made the scheduled 30 April 2009 redemption on 4 January 2008, one year ahead of the schedule for B share redemptions. Therefore as 2007/08 saw the early redemption of the 2009 B share, the Remuneration Committee has agreed the bonus payments set out above in respect of the year ended 30 April 2008.

Divisional PBT performance condition
The divisional PBT targets are set at the beginning of the financial year at a level which is challenging taking into account the potential level of bonus payments, the market, development availability and other relevant issues. The Remuneration Committee confirms that the annual bonus payments set out within this report for the divisional Executive Directors are appropriate taking into account the level of profit achieved and the targets set at the beginning of the year ended 30 April 2008.

Share Incentives
Policy: Upper decile

Executive Directors
The only Executive share incentive plan operated by the Company is The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan approved by shareholders at the AGM on 17 September 2004.

The Executive Directors in accordance with the rules of the 2004(b) LTIP were granted one award on the adoption of the Plan. Therefore, no awards have been granted to the Executive Directors during the financial year ended 30 April 2008 under the 2004(b) LTIP or any other share based arrangement.

(1) The dividend lock up tests are the additional financial ratio tests set out in the Group's banking facilities that must be satisfied for the Company to make a redemption payment. These tests are more stringent than the ongoing financial covenant tests applicable to the Company's bank facilities.

Other Senior Employees of the Company

The Company's business is broken down into a number of operating divisions. The Remuneration Committee in conjunction with the Board has, therefore, implemented both annual and longer term cash based compensation arrangements for other senior employees of the Company linked to the performance of the relevant division for which they work. Some elements of the cash bonus plans are annual other elements are deferred to ensure long-term consistent delivery by each division. The Remuneration Committee, in line with best practice, continually reviews with the Board the policy behind the compensation plans at this level in the Company to ensure they remain appropriate to the market and the Company's current circumstances. It is the view of both the Committee and the Board as a whole that these arrangements are very effective at ensuring the delivery of divisional performance for which these senior employees are responsible. Both the Remuneration Committee and the Board believe that having senior employees focused on the delivery of divisional results is an excellent way of driving shareholder value.

2004(b) LTIP Main Features

The Plan provides Executive Directors with rights to receive, at no cost, the shares set out in the table below. The number of shares awarded under the Plan was determined on 26 October 2004, the date of the Scheme of Arrangement, as 15% of the fully diluted share capital of the Company on adoption of the 2004(b) LTIP. The shares will only be released to the Executive Directors if the Company has returned to shareholders £12 per share by 31 January 2011 i.e. the end of the holding period. 50% of the shares subject to awards will be retained by the Executive Directors for a period of at least 12 months after the date of release, with the balance retained for a period of at least 24 months following release.

The following table sets out the awards made under the 2004(b) LTIP to the Executive Directors:-

Name	Ordinary Shares
A W Pidgley	11,371,393
R C Perrins	4,264,272
A Carey	3,553,560
G J Fry	2,132,136

The Remuneration Committee's policy is designed to incentivise the Executive Directors to maximise the total return to shareholders. In the Remuneration Committee's opinion this will be achieved by incentivising the Executive Directors to not only ensure that £12 per share is returned to shareholders but also by providing them with a direct share in the residual value of the Company. As a result, the value of the awards is directly linked to the value of the residual Company following the return and as such there is a close alignment between the interests of the Executive Directors and shareholders, both of whom benefit from a maximum value for the residual part of the Company. The Remuneration Committee will determine whether the performance condition has been satisfied by ensuring the redemption payments have been made in the allotted time frame.

Amendments to 2004(b) LTIP

Awards granted under the 2004(b) LTIP are released on the expiry of a "holding period" subject to satisfaction of the performance requirements (being the Company returning £12 per Ordinary Shares by 31 January 2011). The holding period applicable to existing awards expires on 30 January 2011. The Company amended the Articles of Association to facilitate the Company returning £12 per share earlier than 31 January 2011, therefore the terms of the 2004(b) LTIP were amended to enable the release of awards to occur on the earlier of:-
(i) the expiry of the "holding period"; and
(ii) satisfaction of the performance requirements.

In light of the above, a consequential amendment was made to the "retention period" applicable to these awards, being the two year period during which a participant must not sell or otherwise dispose of 100% or 50% of the shares released to him (other than to meet any tax liability). The retention period will now run for two years following the release of shares, whether on the expiry of the holding period or earlier on satisfaction of the performance requirements.

In addition, to facilitate the Company's operation of the 2004(b) LTIP the Plan was also amended to permit the Remuneration Committee, at its total discretion and if requested by a participant, to settle up to the amount required to meet such participant's PAYE and NIC tax liability arising on the release of the awards in cash instead of shares. The cash payment would be limited to the amount of the tax liability and, if a cash payment is made, the number of shares released would be reduced by the number which would otherwise have been required to be sold on the date of release to meet such tax liability. In exercising its discretion in this matter which will be at the date the awards are released, the Remuneration Committee, in conjunction with the other members of the Board, will take into account all relevant matters including, inter alia, the financial position and share price of the Company and the prevailing market conditions.

Shareholding Requirement

The Company has a shareholding requirement for both Executive and Non-executive Directors.

The following table sets out the shareholding requirement and the actual shareholdings of the Executive Directors as at 30 April 2008:

Name	Current shareholding as a % of salary (based on 30 April 2008 share price)	Shareholder requirement as a % of salary by the year ending 30 April 2009
Group Managing Director (A W Pidgley)	2,726%	400%
Group Finance Director (R C Perrins)	244%	200%
Divisional Director (A Carey)	994%	200%
Divisional Director (G J Fry)	630%	200%

REMUNERATION COMMITTEE REPORT CONTINUED

The following table sets out the shareholding requirement and the actual shareholdings of the Non-executive Directors as at 30 April 2008:

Name	Current shareholding as a % of net fees (based on 30 April 2008 share price)	Shareholding requirement to be built up within 3 years of appointment (as a % of net fees)
V M Mitchell	69%	100%
D Howell	114%	100%
J Armitt	98%	100%
A Coppin	72%	100%

Dilution
The only share plan operated by the Company is the 2004(b) LTIP. It is not intended to operate any other Executive or all employee share incentive arrangements during 2008/09. The Company has historically operated all its share schemes within the ABI dilution limits excluding the 2004(b) LTIP which was a unique arrangement arising from the change in corporate strategy. There has been no dilution for the purposes of the ABI dilution limits in the year ended 30 April 2008.

Pension
Policy: Lower quartile to median

Messrs Pidgley and Perrins receive payments in lieu of pension at 17% and 15% of base salary respectively (all these payments are subject to income tax and national insurance). These payments are not included in salary figures for the purposes of determining any other benefit entitlement.

The other Executive Directors, Messrs Carey and Fry continue to receive contributions into their respective defined contribution plans.

It should be noted, however, that the Company does not provide any compensation to Executives for loss of tax relief. Full details of pension costs for Executive Directors are set out, in the audited section of the report on page 40.

Benefits in Kind
Policy: Market practice
In line with market practice, the Company's policy is to provide Executive Directors with the following additional benefits:
- a fully expensed company car; and
- medical insurance.

Other Remuneration Matters

All Employee Share Plans
During 2007/08 the Board of the Company consulted widely with the management and individuals in its operating divisions on whether it was appropriate to introduce all employee share plans. The consensus view was that employees preferred the opportunity of receiving annual cash bonuses based on the performance of their respective divisions rather than participate in a Group based all employee share plan. The Board, therefore, does not believe it is in shareholders interests to incur the Income Statement and dilutive cost of share arrangements which would not have the desired effect on employees. Accordingly the Company will continue to operate appropriate annual bonus arrangements in all of its divisions.

Non-executive Directors' Fees
Policy: Upper decile fees

All Non-executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association. The 2007/08 fee levels are based on a specific survey of the fees paid to Non-executive Directors in the comparator group by Halliwell Consulting. The following table sets out the fee rates for current Non-executive Directors in the year ended 30 April 2008 and those rates which will apply in the year ending 30 April 2009:

Element	V M Mitchell Non-executive Chairman	D Howell Senior Independent Director	A Coppin Independent Director	J Armitt Independent Director
Total Fee Rates 2008/09	£190,000	£60,000	£60,000	£50,000
Total Fee Rates 2007/08	£190,000	£56,000	£55,000	£50,000
% Increase	0%	7%	9%	0%
Breakdown of 2008/09 Fee				
Basic Fee	£190,000	£50,000	£50,000	£50,000
Chair of Committee Fee	–	£10,000	£10,000	–

The Board has decided to review the fees of the Non-executive Directors annually taking into account the following factors:

- the workload and level of responsibility of the Non-executive Directors under the changing corporate governance expectations of shareholders and their representative bodies; and
- the current market rate for fees for Non-executive Directors.

Non-executive Directors cannot participate in any of the Company's share incentive schemes or performance based plans and are not eligible to join the Company's pension scheme.

Executive Directors' Contracts

The policy on termination is that the Company does not make payments beyond its contractual obligations. The only event on the occurrence of which the Company is potentially liable to make a payment to any of the Executive Directors is on cessation of employment; with the maximum payment being 12 months salary. No payment is due on either a Company takeover or in the event of liquidation. In addition, Executive Directors will be expected to mitigate their loss. Further, the Remuneration Committee ensures that there have been no unjustified payments for failure. None of the Executive Directors' contracts provides for liquidated damages. There are no special provisions contained in any of the Executive Directors' contracts which provide for longer periods of notice on a change of control of the Company. Further, there are no special provisions providing for additional compensation on an Executive Director's cessation of employment with the Company.

Non-executive Directors' Agreements

All Non-executive appointments are subject to a notice period of one month and subject to successful re-election upon retirement by rotation as required by the Company's Articles of Association. All letters of appointment for Non-executive Directors are renewable annually on 1 May.

Further details of all directors contracts are summarised below:

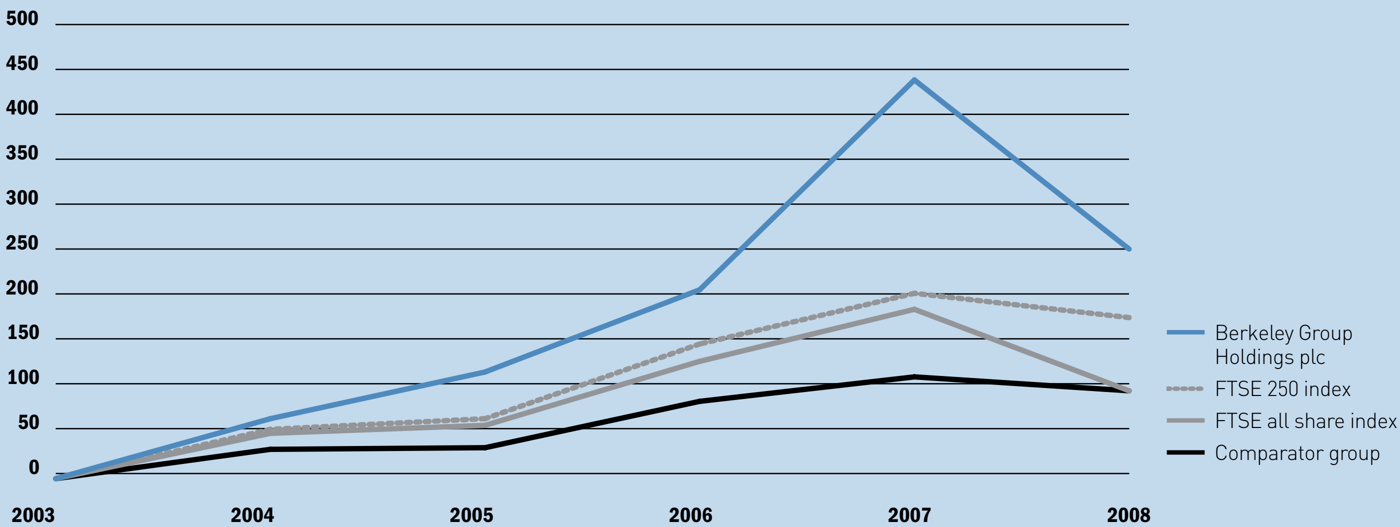
Directors	Date of Contract	Unexpired Term	Notice Period by Company or Director	Potential Termination Payment	Potential Payment upon Company Takeover	Potential Payment in event of Liquidation
Executive Directors						
A W Pidgley	24 June 1994	1 Year Rolling	12 months	12 months	Nil	Nil
A Carey	20 September 1994	1 Year Rolling	12 months	12 months	Nil	Nil
G J Fry	27 June 1996	1 Year Rolling	12 months	12 months	Nil	Nil
R C Perrins	15 July 2002	1 Year Rolling	12 months	12 months	Nil	Nil
Non-Executive Directors						
V M Mitchell	1 May 2002	n/a	1 month	1 month	Nil	Nil
D Howell	24 February 2004	n/a	1 month	1 month	Nil	Nil
A Coppin	1 September 2006	n/a	1 month	1 month	Nil	Nil
J Armitt	1 October 2007	n/a	1 month	1 month	Nil	Nil
M Tanner*	1 September 2005	n/a	1 month	1 month	Nil	Nil

* M Tanner retired from the Board with effect from 27 June 2008.

Performance graph

The graph shows the Company's performance, measured by total shareholder return ("TSR")(1), compared with the performance of the FTSE 250, the FTSE All Share and the Company's remuneration comparator group (as set out on page 34). The Company considers these the most relevant indices for total shareholder return disclosure required under the Directors' Remuneration Report Regulations 2002.

Total shareholder return from 30 April 2003 (%)



(1) Total shareholder return ("TSR") – is a measure showing the return on investing in one share of the Company over the measurement period (the return is the value of the capital gain and reinvested dividends). This calculation is then carried out for the relevant Indices and constituents of the comparator group.

GOVERNANCE

REMUNERATION COMMITTEE REPORT CONTINUED

Part 3 of the regulations – Audited information
The following tables and accompanying notes, except where otherwise indicated, constitute the auditable part of the Remuneration Committee report, as defined in Part 3, Schedule 7a of the Companies Act 1985.

Directors' remuneration
The remuneration of the Directors of the Company for the year is as follows:

	Salary/fees £	Bonus £	Payment in lieu of pension[5] £	Benefits in kind[6] £	**2008 Total £**	2007 Total £
Executive Directors						
A W Pidgley	750,000	1,500,000	127,500	32,800	**2,410,300**	2,411,728
A Carey	405,000	810,000	–	30,857	**1,245,857**	1,037,208
G J Fry	290,000	580,000	–	30,993	**900,993**	721,013
R C Perrins	350,000	700,000	52,500	27,965	**1,130,465**	1,103,688
R St J H Lewis[1]	55,000	–	9,350	294	**64,644**	698,350
Non-executive Directors						
V M Mitchell (Chairman)[2]	156,250	–	–	–	**156,250**	52,500
J A Armitt[3]	29,167	–	–	–	**29,167**	–
A Coppin	52,500	–	–	–	**52,500**	30,000
D Howell	55,653	–	–	–	**55,653**	52,500
H A Palmer[4]	19,312	–	–	–	**19,312**	54,400
M B Tanner	50,000	–	–	–	**50,000**	50,000
	2,212,882	3,590,000	189,350	122,909	**6,115,141**	6,211,387

(1) Up until his retirement from the Board on 31 July 2007, Mr R St J H Lewis was the Chairman of the Company. On retirement, Mr Lewis entered into a 12 month consultancy contract with the Company, the value of which is £240,000.
(2) Mrs V M Mitchell became Chairman on 1 August 2007, having been a Non-executive Director since her appointment to the Board on 1 May 2002.
(3) Appointed to the Board as a Non-executive Director on 1 October 2007.
(4) Retired from the Board as a Non-executive Director on 5 September 2007.
(5) Having regard to the Lifetime Allowance introduced under the pension simplification legislation which came into force from 6 April 2006, Executive Directors may, as an alternative to receiving a company contribution into a pension arrangement, receive a cash payment in lieu of such pension contributions. Messrs Lewis, Pidgley and Perrins have chosen this alternative. During the year Messrs Lewis and Pidgley received payments in lieu of pension at 17% of base salary and Mr Perrins at 15% of base salary.
(6) Benefits in kind for all Executive Directors, with the exception of Mr R St J H Lewis, relate principally to the provision of a fully expensed motor vehicle and private healthcare. Mr R St J H Lewis received only private healthcare benefits up to his retirement from the Board.

Where Directors were appointed, or resigned, during the year, the figures in the table relate only to the time when the relevant Director was a Main Board Director.

The release of awards under The Berkeley Group plc 2000 Long Term Incentive Plan are set out in the remaining sections of the Remuneration Committee Report.

Pensions

Payments in Lieu of Pension
Messrs Pidgley and Perrins (and Mr Lewis up to the date of his retirement from the Board) received payments in lieu of a pension contribution from the Company during the year and this is set out in the Directors' remuneration table above. During the previous financial year these Directors accepted the offer made to all members (active and deferred) of the Berkeley Group Staff Benefits Plan (a defined benefit pension scheme, which is now closed to all members) to receive an enhanced transfer value to transfer their accrued benefits from the Plan. The transfer value of Mr Pidgley's accrued benefits and the additional cash sum received in the year ended 30 April 2007 were £4,178,415 and £1,720,638, respectively. For Mr Perrins, the transfer value and additional cash sum were £147,075 and £125,705 and for Mr Lewis, £432,518 and £160,628.

For the avoidance of doubt, no amounts were paid into pension arrangements in respect of Messrs Lewis, Pidgley or Perrins during the year ended 30 April 2008.

Defined Contribution Plan
In respect of Messrs Carey and Fry, the following contributions were made to defined contribution plans:

	Age	**Company contributions 2008 £**	Company contributions 2007 £
A Carey	60	**60,750**	60,750
G J Fry	51	**43,500**	43,500
		104,250	104,250

The Berkeley Group plc 2000 Long Term Incentive Plan ("2000 LTIP")

The year under review saw the final awards vest under the 2000 LTIP. With no further awards outstanding, the 2000 LTIP is now effectively closed.

Share element of award

Name and award date	At 1 May 2007 Shares	Released in year	At 30 April 2008 Shares	Value released £	Share release date
A W Pidgley					
22 July 2003[1]	98,361	**(98,361)**	**–**	**2,446,238**	22 July 2007
A Carey					
22 July 2003[1]	53,115	**(53,115)**	**–**	**1,320,970**	22 July 2007
G J Fry					
22 July 2003[1]	28,524	**(28,524)**	**–**	**709,392**	22 July 2007
R C Perrins					
22 July 2003[1]	31,967	**(31,967)**	**–**	**795,019**	22 July 2007
	211,967	**(211,967)**	–	**5,271,619**	

(1) On approval of the Group reconstruction on 25 October 2004, the Remuneration Committee determined that the performance conditions relating to the 2003 awards had been satisfied. The participants received the share element of the awards during the year, having received the cash element during the year ended 30 April 2007. Following the Group reconstruction, share elements of the awards were converted into awards over Units in The Berkeley Group Holdings plc. On the release of the share element of these awards, the participants received Units in respect of the share awards granted as well as the £7 B share payments attached to those Units, which had been held in trust until their release on 22 July 2007.

The mid-market share price of the Company on 22 July 2003 was 762.5p, and on 22 July 2007 was 1,787.0p.

The mid-market share price of the Company was 1,727.0p as at 1 May 2007 and was 940.0p at 30 April 2008. The mid-market high and low share prices of the Company were 1,938.0p and 883.5p respectively in the year.

The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan

The current participating Executive Directors and the related awards are as follows:

	Award date	At 1 May 2007 Shares	Released in year	At 30 April 2008 Shares	Share release date
A W Pidgley	26 Oct 2004	11,371,393	**–**	**11,371,393**	31 Jan 2011
A Carey	26 Oct 2004	3,553,560	**–**	**3,553,560**	31 Jan 2011
G J Fry	26 Oct 2004	2,132,136	**–**	**2,132,136**	31 Jan 2011
R C Perrins	26 Oct 2004	4,264,272	**–**	**4,264,272**	31 Jan 2011

The shares will only be released to the Executive Directors if the Company has returned to shareholders £12 per share by 31 January 2011. 50% of released shares are then subject to an additional one year retention period, with the balance subject to a two year period. More information on the performance conditions is set out on page 37.

Directors' interests in shares (unaudited)

The beneficial interests (unless indicated otherwise) of the Directors in office at the end of the year in the ordinary share capital of the Company were as shown below.

	Units[1] 1 May 2007	Units[1] 30 April 2008
A W Pidgley	1,701,470	**2,175,327**
A W Pidgley Non-beneficial	19,183	**19,183**
A Carey	348,738	**428,348**
G J Fry	157,310	**194,498**
R C Perrins	42,362	**90,988**
V M Mitchell	8,274	**8,274**
D Howell	4,000	**4,000**
A Coppin	–	**2,500**
J Armitt	–	**3,090**
M B Tanner	3,113	**3,113**
R St J H Lewis[2]	40,890	**n/a**
H A Palmer[2]	5,000	**n/a**

(1) The beneficial interests in Units (each Unit originally comprising one ordinary share of 5p, one 2004B share of 5p, one 2006B share of 5p, one 2008B share of 5p and one 2010B share of 5p) at 1 May 2007 relates to Units in the Company of 15p (after the redemption of the 5p 2004B share and the 5p 2006B share). As at 30 April 2008 the beneficial interest in Units relates to Units in the Company of 10p (after the redemption of the 5p 2004B share, the 5p 2006B share and the 5p 2008B share). This disclosure is unaudited, but included in this table for the convenience of the readers of the accounts.
(2) The holdings of R St J H Lewis and H A Palmer, who both retired from the Board during the year, represent their holdings at the start of the year and at the date of their respective retirements.

At the date of this report, the interests of A W Pidgley in the ordinary share capital of the Company has increased by 65,182 Units to 2,240,509 Units, the interests of A Carey by 35,198 Units to 463,546 Units, the interests of G J Fry by 25,203 Units to 219,701 Units, the interests of R C Perrins by 30,418 Units to 121,406 Units and the interests of V M Mitchell by 4,700 Units to 12,974 Units.

A C Coppin
Chairman, Remuneration Committee
17 July 2008

CORPORATE GOVERNANCE REPORT

The Company is committed to attaining high standards of Corporate Governance in accordance with the principles of Corporate Governance contained in the 2006 Combined Code issued by the Financial Reporting Council (the "Combined Code"), and for which the Board is accountable to shareholders. This report, together with the Directors' Remuneration Report, where applicable, describes how the Board has applied the main and supporting principles of the Combined Code.

Statement of compliance
The Board considers that it complied throughout the year with the provisions of Section 1 of the Combined Code, except in the following area:

Code provision A.3.2 requires that at least half of the Board, excluding the Chairman, should comprise independent Non-executive Directors. Whilst the Company achieved a balanced and independent Board as required by the Code at the start and end of the year, it did not maintain this balance between 5 September and 1 October 2007.

The role of the Board
The Board has adopted a formal schedule of matters reserved for the Board as a whole. The key task of the Board is to formulate strategy and to monitor the operating and financial performance of the Group in pursuit of the Group's strategic long-term objectives. In particular these include the annual budget, share capital changes, approval of interim and annual results, treasury policy, dividend policy, shareholder distributions, Corporate Governance matters and the maintenance and review of the Group's system of internal control.

Formal Board meetings were held six times during the year under review. There were no absences from any Board meetings by any Director except that Mr Mike Tanner did not attend the meetings held on 5 March and 18 April 2008 due to other commitments. The Board also schedules additional meetings in relation to certain corporate projects and to fulfil legal obligations.

In addition to the formal meetings of the whole Board, the Non-executive Directors meet with the Group Chairman in the months not covered by a Board meeting. The Group Managing Director and Group Finance Director are invited to attend these meetings in part, to provide an update on the business activities of the Group. The Non-executive Directors meet at least annually without the Group Chairman present, chaired by the Senior Independent Director, Mr David Howell.

Board papers and agendas are sent out a week prior to each meeting, thus allowing sufficient time for detailed review and consideration of the documents beforehand. In addition, the Board is supplied with comprehensive management information on a regular basis, including on a monthly basis, a detailed Group management accounts pack that reports the actual and forecast financial performance, in addition to other key performance indicators across the Group.

The Company has in place an appropriate policy which insures Directors against certain liabilities, including legal costs, which they may incur in carrying out their duties.

The Board and Directors
At the date of this report the Board comprises of eight Directors; the Chairman, four Executive Directors and three independent Non-executive Directors following the resignation of Mr Mike Tanner on 27 June 2008. During the year Berkeley moved from having an Executive Chairman to having a Non-executive Chairman. As a consequence, while the Board does not currently have the balance between Executive and Non-executive Directors envisaged by the Code, Berkeley is of the opinion that the overall balance remains the same and is appropriate for the effective operation of the Board. Notwithstanding this, the Board is looking for an additional Non-executive Director of the appropriate calibre and with skills that complement the existing Non-executive Directors.

The Board considers that all the Non-executive Directors (Messrs. David Howell, Alan Coppin and John Armitt) have skills and experience complementary to the Executive Directors, offer independent judgement when required and remain independent. Brief biographies appear on page 28. The Group Executive Directors do not hold any Non-executive Director appointments or commitments required to be disclosed under the Combined Code.

Mr Roger Lewis retired from the Board at the end of July 2007 and Mrs Victoria Mitchell, already a Non-executive Director, became Non-executive Chairman with effect from the beginning of August 2007.

Mr David Howell became Senior Independent Director on 5 September 2007, upon the retirement of Mr Tony Palmer from the Board. Mr John Armitt was appointed to the Board on 1 October 2007.

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

Mr David Howell, Mr Mike Tanner, Mr Alan Coppin and Mr John Armitt were appointed to the Board as Non-executive Directors on 24 February 2004, 1 September 2005, 1 September 2006, and 1 October 2007 respectively and it is the unanimous view of the Board that they were independent during the year, or their term of office, as appropriate.

An induction programme is provided for new Directors, which includes the provision of a comprehensive set of background information on the Group, one-to-one meetings with all Directors and key staff as well as visits to major sites. In addition to the induction programme for new Directors, additional ongoing training has been identified as part of the Board evaluation process, which is tailored to each Director. All Directors have access to advice from the Company Secretary and independent professional advisers, at the Company's expense, where specific expertise is required in the course of their duties. Arrangements are also made for the Non-executive Directors to attend site visits and to meet with the Managing Directors of the operating companies independent of the Executive Directors.

No Executive Director has a service contract with a notice period in excess of one year or with provisions for predetermined compensation on termination. The terms of appointment for the Non-executive Directors are renewable annually on 1 May with one month's written notice and are subject to the re-election provisions of the Articles of Association. The Non-executive Directors do not participate in any of the Company's share incentive or bonus plans. A minimum shareholding requirement is set for all Directors.

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

Directors' remuneration
The principles and details of Directors' remuneration are contained in the Remuneration Committee report on pages 33 to 41.

Board evaluation
A review of the operation of the Board, its committees and the skills of the Directors was undertaken during the year. The process was led by the Group Non-executive Chairman with the assistance of the Company Secretary. All Directors completed the wide-ranging appraisal questionnaire and the results were reviewed by the Board. The process confirmed the ongoing effectiveness of the Board.

Board committees
The Board has delegated certain matters to individual executives and to specific committees of the Board. The responsibilities of the key Board committees are described below.

Executive Committee
The Executive Committee meets monthly and reviews the financial and operating performance of all Group divisions and companies. The Group Managing Director chairs this Committee and other members comprise Messrs. Tony Carey, Greg Fry and Rob Perrins.

Mr Roger Lewis retired from the Committee at the end of July 2007.

The following three Board committees operate within clearly defined Terms of Reference pursuant to the provisions of the Combined Code. The Terms of Reference can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk). Copies are also available to shareholders on application to the Company Secretary.

Audit Committee
The Audit Committee is chaired by Mr David Howell, FCA, and the other member is Mr Alan Coppin.

During the year, Mrs Victoria Mitchell retired from the Committee on 1 August 2007 (on becoming Group Chairman) and Mr Tony Palmer retired from the Committee on 5 September 2007. In addition, Mr Mike Tanner retired from the Committee on 27 June 2008, the date of his retirement from the Board.

The Committee met formally on three occasions during the year to 30 April 2008 with no absences, except that Mr Mike Tanner did not attend the meeting held on 6 March 2008 due to other commitments.

The Group Chairman, Group Finance Director and representatives of the external and internal auditors attend the Committee's meetings by invitation.

Mr David Howell, who qualified as a chartered accountant in 1971 and was the Chief Financial Officer and a Main Board Director of lastminute.com plc until March 2005 is considered by the Board to have recent and relevant financial experience. Mr David Howell was also Chairman of the Audit Committee of Nestor Healthcare Group plc from 2000 to 2003.

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board.

The Audit Committee plays an important role in Corporate Governance by undertaking the following key responsibilities, all of which were performed during the year:

- monitoring the integrity of the financial reporting of the Company, including its annual and interim reports and other formal announcements relating to financial performance;
- reviewing the adequacy and effectiveness of the Group's internal control and risk management systems and disclosure of statements concerning these in the Annual Report;
- monitoring the effectiveness of the Group's internal audit function, reviewing the scope of the Group's internal audit programme and considering the findings and recommendations of the reports produced from this programme; and
- overseeing the relationship with the external auditor, including appointment, removal and fees, and ensuring the auditor's independence and the effectiveness of the audit process.

CORPORATE GOVERNANCE REPORT CONTINUED

The Committee has a policy on the use of the auditors for non-audit services in order to safeguard auditor independence, with a pre-determined limit above which approval of the Audit Committee is required and identifies certain areas of work from which the auditors are precluded. Tax and due diligence services are provided by a small number of different firms, including the Group's auditors. The auditors may be used for such services where their knowledge of the business is such that they are deemed the most appropriate supplier. Notwithstanding these safeguards, all non-audit work carried out by the auditors is notified to the Audit Committee Chairman on an ongoing basis and formally reported to the Audit Committee at each meeting.

The auditors have open recourse to the Non-executive Directors, should they consider it necessary, and there is open dialogue between the auditors and the Chairman of the Audit Committee before each Audit Committee meeting.

Remuneration Committee
The Remuneration Committee is responsible for determining the Company's policy for executive remuneration and the precise terms of employment and remuneration of the Executive Directors. The Remuneration Committee report is set out on pages 33 to 41.

The Committee is chaired by Mr Alan Coppin and the other members comprise Mrs Victoria Mitchell and Mr John Armitt. During the year, Mrs Victoria Mitchell stood down as Chairman of the Committee on 1 August 2007 (on becoming Group Chairman) and was replaced on that date by Mr Alan Coppin, who was already a member of the Committee. Messrs. Tony Palmer and David Howell retired from the Committee on 5 September 2007 and 1 October 2007 respectively, and Mr John Armitt was appointed to the Committee with effect from 1 October 2007.

The Committee meets at least twice a year. The Committee takes into consideration the recommendations of the Group Managing Director and Group Finance Director regarding the remuneration of their executive colleagues.

The Committee met formally on four occasions during the year to April 2008 with no absences.

No Director is involved in deciding his or her remuneration. The Executive Directors decide the remuneration of the Non-executive Directors.

Nomination Committee
The Nomination Committee was primarily established to propose new appointments to the Board. It is also responsible for succession planning.

The Committee is chaired by the Mrs Victoria Mitchell with Messrs David Howell and John Armitt as Independent Non-executive members.

Mr Roger Lewis retired from the Committee at the end of July 2007, and was replaced as Chairman of the Committee by Mrs Victoria Mitchell from the start of August 2007. Mr Tony Palmer retired from the Committee on 5 September 2007. Messrs. Mike Tanner and Alan Coppin both retired from the Committee on 1 October 2007 and were replaced on that date by Messrs. David Howell and John Armitt.

The Committee meets at least twice a year and at such times as required to carry out the duties of the Committee.

The Committee met formally on three occasions during the year to April 2008 with no absences.

The Committee recommended to the Board the appointment of Mr John Armitt as a Non-executive Director. The process for identifying and recommending new appointments to the Board includes a combination of discussions and consultations, in addition to formal interviews, utilising the services of independent recruitment specialists, as appropriate.

Key risks and internal control
The Board acknowledges that it has overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The Board confirms that an ongoing process for identifying, evaluating and managing the significant risks of the Group has been in place from the start of the year to the date on which the 2008 Annual Report and Accounts were approved.

This process is regularly reviewed by the Board and is in accordance with the revised Turnbull guidance issued in 2005, and includes an annual review by the Directors of the operation and effectiveness of the system of internal control as part of its year end procedures.

Internal control procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In conducting these reviews, the Board has taken into consideration the following established framework of internal controls within the Group:

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

Risk assessment Risk reporting is embedded within ongoing management reporting throughout the Group. At operating company and divisional level, Board meeting agendas and packs are structured around the key risks facing the Group. These include sales/demand risk, production risk (build cost and programme), land and planning risk as well as a review of specific site risks. In addition, there is a formalised process whereby each division produces quarterly risk and control reports that identify significant risks, the potential impact and the actions being taken to mitigate the risks. These risk reports are reviewed and updated regularly and reviewed quarterly by the Board.

Berkeley has a variety of systems in place to address the sustainability risks associated with its operations, these include:
- A Land Acquisition Sustainability Risk Assessment Checklist
- Sustainability issues are incorporated within Strategic Risk Registers for each project
- Each division has processes in place to ensure that sustainability is managed during the construction phase, which includes signing all sites up to the Considerate Constructors Scheme

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

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

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

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

Internal audit Internal auditors are in place in each division and at Group to provide assurance on the operation of the Group's control framework.

Whistleblowing The Group has a whistleblowing policy which has been communicated to all staff, where Directors, management and staff can report in confidence any concerns they may have of malpractice, financial irregularity, breaches of any Group procedures, or other matters.

CORPORATE GOVERNANCE REPORT CONTINUED

Relations with shareholders
The Company encourages active dialogue with its current and prospective shareholders through ongoing meetings with institutional investors. Major shareholders have the opportunity to meet all Directors after the Annual General Meeting in addition to individual meetings with shareholders.

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

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

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

Annual General Meeting
All shareholders are invited to participate in the Annual General Meeting where the Group Chairman, the Group Managing Director and the Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions and will also be available for discussions with shareholders both prior to and after the meeting.

The Company arranges for the Annual Report and Accounts and related papers to be posted to shareholders so as to allow at least 20 working days for consideration prior to the Annual General Meeting.

The Company complies with the provisions of the Combined Code relating to the disclosure of proxy votes, which, including abstentions, are declared at the Annual General Meeting after each resolution has been dealt with on a show of hands and are announced to the Stock Exchange shortly after the close of the meeting. The Company also complies with the requirements of the Combined Code with the separation of resolutions and the attendance of the Chairmen of the Board Committees.

The terms and conditions of appointment for the Non-executive Directors, which set out their expected time commitment, in addition to the service contracts for the Executive Directors, are available for inspection at the Annual General Meeting and during normal business hours at the Company's registered office.

Following approval at the 2004 Annual General Meeting of the amendment to the Company's Articles to allow the Company the power to provide electronic voting facilities for shareholders who hold their shares through Crest, the Company was then able to use Crest voting facilities for the 2005 Annual General Meeting.

Going concern
After making proper enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities in respect of the Annual Report, the Remuneration Committee report and the financial statements
The Directors are responsible for preparing the Annual Report, the Remuneration Committee report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements and the Directors' Remuneration report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Group financial statements comply with IFRSs as adopted by the European Union, and with regard to the parent company financial statements that applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Group and parent company financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the Group financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation and the parent company financial statements and the Remuneration Committee report comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

R C Perrins
Director
17 July 2008

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Independent auditors' report to the members of The Berkeley Group Holdings plc
We have audited the Group financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2008 and on the information in the Remuneration Committee report that is described as having been audited.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Group financial statements give a true and fair view and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement, the Managing Director's Review, the Finance Director's Review and the Environmental and Social Responsibility report that is cross referred from the section entitled Principal activities and review of the business in the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Chairman's Statement, the Managing Director's Review, the Finance Director's Review, the Environmental and Social Responsibility report, the Directors' Report, the unaudited part of the Remuneration Committee report and the Corporate Governance report together with all other information as set out in the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

Opinion
In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 April 2008 and of its profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Group financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
17 July 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	**2008 £'000**	2007 £'000
CONTINUING OPERATIONS			
Revenue	2	**991,465**	918,410
Cost of sales		**(687,071)**	(649,549)
Gross profit		**304,394**	268,861
Net operating expenses		**(98,376)**	(91,789)
Operating profit	2	**206,018**	177,072
Finance income	3	**6,480**	10,121
Finance costs	3	**(15,774)**	(5,941)
Share of post tax results of joint ventures using the equity method	10	**(2,416)**	6,798
Profit before taxation	2 & 4	**194,308**	188,050
Taxation	6	**(56,481)**	(52,505)
Profit after taxation		**137,827**	135,545
Earnings per Ordinary Share			
– Basic	7	**114.2p**	112.6p
– Diluted	7	**114.1p**	112.3p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 April	Notes	**2008 £'000**	2007 £'000
Profit for the financial year		**137,827**	135,545
Actuarial (loss)/gain recognised in the pension scheme	5	**(644)**	961
Deferred tax on actuarial loss/(gain) recognised in the pension scheme	17	**180**	(288)
Deferred tax in respect of employee share schemes	17	**(7,830)**	23,850
Total recognised income for the financial year		**129,533**	160,068

CONSOLIDATED BALANCE SHEET

As at 30 April	Notes	2008 £'000	2007 Restated £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**17,869**	19,686
Property, plant and equipment	9	**4,667**	2,368
Investments accounted for using the equity method	10	**2,447**	1,729
Deferred tax assets	17	**39,074**	34,594
		64,057	58,377
CURRENT ASSETS			
Inventories	11	**1,231,852**	1,129,374
Trade and other receivables	12	**20,800**	27,601
Cash and cash equivalents	13	**–**	140,330
		1,252,652	1,297,305
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	14	**(4,549)**	(59,368)
Trade and other payables	15	**(526,114)**	(413,240)
Current tax liabilities		**(56,437)**	(38,680)
		(587,100)	(511,288)
Net current assets		**665,552**	786,017
Total assets less current liabilities		**729,609**	844,394
NON-CURRENT LIABILITIES			
Other non-current liabilities	16	**(48,202)**	(62,819)
Net assets		**681,407**	781,575
SHAREHOLDERS' EQUITY			
Share capital	18 & 19	**12,082**	18,123
Share premium	19	**264**	264
Capital redemption reserve	19	**18,173**	12,132
Other reserve	19	**(961,299)**	(961,299)
Revaluation reserve	19	**11,329**	17,725
Retained profit	19	**1,600,858**	1,694,630
Total equity		**681,407**	781,575

The financial statements on pages 49 to 74 were approved by the Board of Directors on 17 July 2008 and were signed on its behalf by:

R C PERRINS
FINANCE DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	2008 £'000	2007 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**215,246**	199,053
Dividends from joint ventures	10	**323**	6,016
Interest received		**6,376**	10,121
Interest paid		**(7,908)**	(2,716)
Tax paid		**(50,854)**	(51,540)
Net cash flow from operating activities		**163,183**	160,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(3,598)**	(1,183)
Sale of property, plant and equipment		**324**	345
Purchase of shares in joint ventures		**(70)**	(5)
Sale of shares in joint ventures		**–**	10
Movements in loans with joint ventures		**(3,709)**	6,528
Acquisition of subsidiary undertaking	24	**–**	(97,457)
Cash balance in subsidiary acquired		**–**	34,658
Expenses relating to acquisition of subsidiary	24	**–**	(1,812)
Net cash flow from investing activities		**(7,053)**	(58,916)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of shares	18	**(241,641)**	(241,641)
Increase in short-term borrowings		**–**	59,283
Repayment of short-term borrowings		**(59,283)**	–
Net cash flow from financing activities		**(300,924)**	(182,358)
Net decrease in cash and cash equivalents		**(144,794)**	(80,340)
Cash and cash equivalents at the start of the year		**140,330**	220,670
Cash and cash equivalents, including bank overdraft, at the end of the year		**(4,464)**	140,330
Cash and cash equivalents at the end of the year	13	**–**	140,330
Bank overdraft at the end of the financial year	14	**(4,464)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation
These consolidated financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention modified by fair values as applicable by IFRSs, and on the going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed on page 55.

The following new Standards and Interpretations to existing Standards have been published that are mandatory for accounting periods beginning on or after 1 May 2007 and have been adopted in the preparation of these accounts:

– IFRS 7 "Financial Instruments: Disclosures" and the Amendments to IAS 1 "Presentation of Financial Statements: Capital Disclosures"
– IFRIC 9 "Reassessment of embedded derivatives"
– IFRIC 10 "Interim Financial Reporting and Impairment"
– IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"
– IFRIC 14 "IAS 19 Limits on a defined benefit asset, minimum funding requirements and their interaction"

The adoption of these Standards and Interpretations has had no significant impact on the consolidated financial statements, with the exception of the adoption of IFRS 7 which, whilst it has no impact on the classification and valuation of the Group's financial instruments, has required the adoption of certain new disclosures in the consolidated financial statements, which are principally set out in Note 25.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective for the financial year ended 30 April 2008:

– IFRS 8 "Operating segments"
– IFRIC 12 "Service Concession Arrangements"
– IAS 23 (Amendment) Borrowing Costs

The Group has not adopted these Standards and Interpretations early. Their adoption is not expected to have a significant impact on the consolidated financial statements.

Restatement
In order to enhance clarity for the readers of these financial statements a restatement in a disclosure item has been made which has no impact on gross profit, profit from operations or net assets. New property deposits and on account contract receipts previously classified as a reduction in inventories are now disclosed within current trade and other payables following the principles applicable to deferred income. Deposits received and on account contract receipts at 30 April 2008 amounted to £170,758,000 (2007: £71,380,000).

Basis of consolidation
The consolidated financial statements comprise the financial statements of the parent company and all its subsidiary undertakings. The accounting date for subsidiary undertakings is 30 April. In the case of acquisitions or disposals, the Group's result includes that proportion from or to the effective date of acquisition or disposal as appropriate.

Subsidiary undertakings are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain the benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiary undertakings are changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures
Entities which are jointly controlled with another party or parties ("joint ventures") are accounted for using the equity method of accounting. The results attributable to the Company's holding in joint ventures are shown separately in the consolidated income statement. The amount included in the consolidated balance sheet is the Group's share of the net assets of the joint ventures plus net loans receivable. Goodwill arising on the acquisition of joint ventures is accounted for in accordance with the policy set out above. The carrying value of goodwill is included in the carrying value of the investment in joint ventures.

Revenue
Revenue represents the amounts receivable from the sale of properties during the year. Properties are treated as sold and profits are taken when contracts are exchanged and the building work is physically complete. This policy applies to both residential housebuilding and commercial property activities. Revenue does not include the value of the onward sale of part exchange properties, for which the net gain or loss is recognised in cost of sales.

Segmental reporting
A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

Expenditure
Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Borrowing costs
Interest is written off to the income statement as incurred.

Taxation
The taxation expense represents the sum of the current tax payable and deferred tax. Current tax, including UK Corporation tax, is provided at the amounts expected to be paid (or received) using the tax rules and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or from differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred taxation is also dealt with in reserves.

Intangible assets
(a) Goodwill
Where the cost of acquiring new and additional interests in subsidiaries, joint ventures and businesses exceeds the fair value of the net assets acquired, the resulting premium on acquisition (goodwill) is capitalised and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in the income statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill written off to reserves prior to 1998 under UK GAAP was not reinstated on transition to IFRS and is not included in determining any subsequent profit or loss on disposal.

(b) Other intangible assets
Other intangible assets, which include customer contracts, have a finite useful life and are carried at cost less accumulated amortisation. Other intangible assets are amortised over their estimated useful lives.

Property, plant and equipment
Property, plant and equipment is carried at historic purchase cost less depreciation. Depreciation is provided to write off the cost of the assets on a straight line basis to their residual value over their estimated useful lives at the following annual rates:

Freehold property	2%	Fixtures and fittings	15%/20%
Motor vehicles	25%	Computer equipment	$33^1/_3$%

Leasehold property is amortised over the period of the lease. Computer equipment is included within fixtures and fittings. The assets' residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date. Where an impairment is identified, the recoverable amount of the asset is identified and an impairment loss, where appropriate, is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Inventories
Property in the course of development is valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads and interest. Provision is made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

Land purchased for development, including land in the course of development, is initially recorded at fair value. Where such land is purchased on deferred settlement terms, and the fair value differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the income statement over the period to settlement.

Trade and other receivables
Trade receivables are initially stated at fair value and subsequently at amortised cost. They do not carry any interest, and are reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents
Cash and cash equivalents comprises cash balances in hand and at the bank, including bank overdrafts repayable on demand which form part of the Group's cash management, for which offset arrangements across Group businesses have been applied where appropriate.

Share capital
Ordinary shares and redeemable preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade and other payables
Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Deposits
New property deposits and on account contract receipts are held within current trade and other payables.

Derivative financial instruments
From time to time the Group makes use of interest rate swaps and caps to manage its exposure to fluctuations in interest rates. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition these instruments are stated at fair value. Where the derivative instrument is deemed an effective hedge over the interest rate exposure, the instrument is treated as a cash flow hedge, and hedge accounting is applied, whereby gains and losses in the fair value of the derivative instrument are recognised directly in equity until such time as the gains or losses are realised. On realisation, any gains are reported in the income statement net of related charges.

Employee benefits

(a) Pensions

The Group accounts for pensions and similar benefits under IAS 19 "Employee benefits". The Group adopted early the amendment to IAS 19 issued by the IASB on 16 December 2004 which allows all actuarial gains and losses to be charged or credited to equity through the statement of recognised income and expense. Since the Group has elected to follow this approach, all cumulative actuarial gains and losses in relation to employee benefit schemes were recognised at the beginning of the first IFRS reporting period (1 May 2004).

For defined benefit schemes, the obligations are measured at discounted present value whilst plan assets are recorded at fair value. The calculation of the net obligation is performed by a qualified actuary. The operating and financing costs of these plans are recognised separately in the income statement; service costs are spread systematically over the lives of the employees and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised immediately in the statement of recognised income and expense. Cumulative actuarial gains and losses were recognised at 1 May 2004, the beginning of the first IFRS reporting period, within the net obligation at that date.

Pension contributions under defined contribution schemes are charged to the income statement as incurred.

(b) Share-based payments

The Group has applied the requirements of IFRS 2 "Share-based payments", in accordance with the transitional provisions of IFRS 1, to all grants of equity instruments after 7 November 2002 which had not vested as of 1 January 2005. The fair value of awards under the Group's Long-Term Incentive Plans at the date of grant are charged against profit on a straight-line basis over the vesting period of the awards, based on the Group's estimate of the awards that will eventually vest. Shares held in trust to satisfy these awards are treated as a deduction from shareholders' funds.

Leasing and rental agreements

Payments under rental and operating lease agreements are charged against profit on a straight line basis over the life of the lease.

Accounting estimates and judgements

Management applies the Group's accounting policies as described above when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements, apart from those involving estimations, which are detailed below.

(a) Carrying value of land and work in progress and estimation of costs to complete

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore due to the nature of the Group's activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made.

(b) Pensions

Pension assumptions are set out within Note 5 and are as advised by the Group's actuary. The assumptions include the expected long-term rate of return on assets, the discount rate used and the mortality rates. Such estimations are based on assumed rates and, should these differ from what actually transpires, the pension liability of the Group would change.

(c) Goodwill impairment

Determining whether goodwill is impaired or not requires an estimation of value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit, the future growth rate of revenue and costs, and a suitable discount rate.

(d) Deferred tax

Assumptions are made as to the recoverability of deferred tax assets, especially as to whether there will be sufficient future profits to fully utilise these in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORTING

Business segments are analysed as the primary reporting format below:

	Residential housebuilding 2008 £'000	Commercial property and other activities 2008 £'000	Unallocated 2008 £'000	Group 2008 £'000	Residential housebuilding 2007 £'000	Commercial property and other activities 2007 £'000	Unallocated 2007 £'000	Group 2007 £'000
INCOME STATEMENT INFORMATION								
CONTINUING OPERATIONS								
Revenue	**960,036**	**31,429**	**–**	**991,465**	867,944	50,466	–	918,410
Operating profit	**197,553**	**8,465**	**–**	**206,018**	170,097	6,975	–	177,072
Finance income	**–**	**–**	**6,480**	**6,480**	–	–	10,121	10,121
Finance costs	**–**	**–**	**(15,774)**	**(15,774)**	–	–	(5,941)	(5,941)
Share of post tax profit of joint ventures using the equity method	**(2,416)**	**–**	**–**	**(2,416)**	6,751	47	–	6,798
Profit before taxation	**195,137**	**8,465**	**(9,294)**	**194,308**	176,848	7,022	4,180	188,050
Taxation	**–**	**–**	**(56,481)**	**(56,481)**	–	–	(52,505)	(52,505)
Profit after taxation	**195,137**	**8,465**	**(65,775)**	**137,827**	176,848	7,022	(48,325)	135,545
BALANCE SHEET INFORMATION								
Intangible assets	**17,869**	**–**	**–**	**17,869**	19,686	–	–	19,686
Property, plant and equipment	**4,519**	**148**	**–**	**4,667**	2,238	130	–	2,368
Investment in equity accounted joint ventures	**2,447**	**–**	**–**	**2,447**	1,729	–	–	1,729
Other segment assets	**1,223,333**	**29,319**	**–**	**1,252,652**	1,063,524	22,071	–	1,085,595
Unallocated assets:								
Deferred taxation	**–**	**–**	**39,074**	**39,074**	–	–	34,594	34,594
Cash and cash equivalents	**–**	**–**	**–**	**–**	–	–	140,330	140,330
Total assets	**1,248,168**	**29,467**	**39,074**	**1,316,709**	1,087,177	22,201	174,924	1,284,302
Segment liabilities	**(560,874)**	**(13,442)**	**–**	**(574,316)**	(396,452)	(8,227)	–	(404,679)
Unallocated liabilities:								
Borrowings	**–**	**–**	**(4,549)**	**(4,549)**	–	–	(59,368)	(59,368)
Current taxation	**–**	**–**	**(56,437)**	**(56,437)**	–	–	(38,680)	(38,680)
	(560,874)	**(13,442)**	**(60,986)**	**(635,302)**	(396,452)	(8,227)	(98,048)	(502,727)
Net assets	**687,294**	**16,025**	**(21,912)**	**681,407**	690,725	13,974	76,876	781,575
OTHER SEGMENT ITEMS								
CONTINUING OPERATIONS								
Capital expenditure	**3,482**	**116**	**–**	**3,598**	1,114	69	–	1,183
Depreciation	**968**	**48**	**–**	**1,016**	1,194	84	–	1,278
Amortisation of intangible assets	**1,817**	**–**	**–**	**1,817**	746	–	–	746
Share-based payments	**11,562**	**378**	**–**	**11,940**	5,340	321	–	5,661

All revenue and profit are derived from sales to external customers and from activities performed in the United Kingdom, which is considered a single economic environment for the Group's activities. For this reason segment reporting is only presented by business segment. Included in Group residential housebuilding revenue and operating profit are £13,106,000 and £806,000 (2007: £43,997,000 and £9,245,000) in respect of land sales.

Unallocated income, costs, assets and liabilities relate to those areas that are managed centrally by the Group, and cannot be reasonably allocated to the business segments. These comprise the Group's net cash/(debt) and associated interest receivable and payable, the current tax creditor, the deferred tax asset and the tax charge.

3 NET FINANCE (COSTS)/INCOME

Continuing operations	**2008 £'000**	2007 £'000
Finance income	**6,480**	10,121
Finance costs		
Interest payable on bank loans and overdrafts	**(6,035)**	(3,000)
Bank facility refinancing costs	**(1,792)**	–
Other finance costs	**(7,947)**	(2,941)
	(15,774)	(5,941)
Net finance (costs)/income	**(9,294)**	4,180

4 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following amounts:

Continuing operations	**2008 £'000**	2007 £'000
Staff costs (note 5)	**94,290**	86,272
Depreciation of property, plant and equipment – owned assets	**1,016**	1,278
Amortisation of intangible assets	**1,817**	746
Profit on sale of property, plant and equipment	**(41)**	(34)
Operating lease costs – motor vehicles	**638**	610
Operating lease costs – land and buildings	**1,840**	1,782
Fees payable to the Company's auditors for the audit of the Company's accounts	**120**	120
Fees payable to the Company's auditors for other services:		
– Audit fee for the accounts of the Company's subsidiaries pursuant to legislation	**110**	145
– Services relating to taxation	**883**	521
– Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	**–**	370
– Other services supplied pursuant to legislation	**35**	25

The value of inventories expensed and included in the cost of sales in 2008 was £657,611,895 (2007: £626,226,731).

Remuneration paid to the auditors in respect of taxation services was incurred primarily in connection with compliance matters and corporate activity in the year.

Remuneration paid to the auditors in respect of other services supplied pursuant to legislation of £35,000 relates to the interim review (2007: £25,000).

In addition to the above services, the Group's auditor acted as auditor to The Group plc Staff Benefit Plan and The Berkeley Group Money Purchase Pension Plan. The appointment of auditors to the Group's pension schemes and the fees paid in respect of those audits are agreed by the trustees of each scheme, who act independently of the management of the Group. The aggregate fees paid to the Group's auditors for audit services to the pension schemes during the year were £16,900 (2007: £12,000).

Net operating expenses represent administration costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 DIRECTORS AND EMPLOYEES

	2008 £'000	2007 £'000
STAFF COSTS		
Wages and salaries [1]	**72,853**	61,959
Social security costs [2]	**7,054**	18,740
Share-based payments	**11,940**	5,661
Pensions – curtailment gain	**–**	(1,520)
– settlement gain	**–**	(4,305)
– other pension costs [3]	**2,443**	5,737
	94,290	86,272

[1] In 2007, Wages and salaries included £2,586,000 in respect of payments made to active members of the Berkeley Final Salary Plan who elected to receive the transfer value enhancement as a cash payment (see below).
[2] In 2007, social security costs included £340,000 in respect of employer's national insurance contributions on the above payments to active members.
[3] In 2007, other pension costs included £3,413,000 in respect of payments made to deferred members of the Berkeley Final Salary Plan who elected to receive the transfer value enhancement as a cash payment (see below).

The average number of persons employed by the Group during the year was 996 (2007: 865), of which 993 (2007: 858) were employed in residential housebuilding activities; the balance in commercial property and other activities.

Directors
Key management comprises the Main Board, as the Directors are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Details of Directors' emoluments are set out in the Remuneration Committee report on pages 33 to 41.

Pensions
During the year, two principal pension schemes were in place for employees. The Berkeley Group plc Group Personal Pension Plan (the "Berkeley Group Personal Pension Plan") and the St George PLC Group Personal Pension Plan (the "St George Group Personal Pension Plan") are defined contribution schemes. The assets of these schemes were held in separate trustee administered funds.

In 2007, all members (active and deferred) were offered a transfer value from The Berkeley Group plc Staff Benefits Plan (the "Berkeley Final Salary Plan"), a defined benefit scheme which had been closed to new entrants from 1 May 2002, to their own private pension arrangements and a potential enhanced transfer value from the Berkeley Final Salary Plan or a cash payment. The offer was made to all employees and did not vary by grade. The Berkeley Group Personal Pension Plan was established to receive transfers and future contributions. The majority of active members accepted this offer and, as a result, the Berkeley Final Salary Plan was closed to future accrual with effect from 1 April 2007.

Included in Wages and salaries and Social security costs in 2007 in the table above are £2,586,000 and £340,000 in respect of payments to active members of the Berkeley Final Salary Plan who elected to receive the transfer value enhancement as a cash payment. Payments to deferred members who elected to receive the enhanced transfer value as a cash payment were £3,413,000. The payments resulted in a curtailment gain of £1,520,000 and a settlement gain of £4,305,000 in respect of the Group's defined benefit obligation. In addition, £3,537,000 was paid to the Berkeley Final Salary Plan in respect of members requesting the transfer value enhancement as pension. Fees and expenses of £1,100,000 in respect of this process were included within net operating expenses in 2007.

Defined contribution plan
Contributions amounting to £2,204,325 (2007: £1,743,000), of which £nil (2007: £107,000) were paid on behalf of joint ventures, were paid into the defined contribution schemes during the year.

Defined benefit plan
The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recent valuation was carried out as at 1 May 2007 and finalised in July 2008. The method adopted in the 2007 valuation was the projected unit method, which assumed a return on investment prior to and after retirement of 6.5% and 5.0% per annum respectively and pension increases of 3.25% per annum. The market value of the Berkeley Final Salary Plan assets at 1 May 2007 was £9,974,000 and was sufficient to cover 101% of the scheme's liabilities. With effect from 1 May 2007 and following the closure of the Berkeley Final Salary Plan to future accrual, employer's contributions were paid at £45,000 per month. Following the finalisation of the 2007 valuation, with effect from 1 July 2008, employer's contributions were reduced to zero.

For the purposes of IAS 19, the 2004 valuation was updated for 30 April 2008. The major assumptions used by the actuary were:

Valuation at:	30 April 2008	30 April 2007
Rate of increase in salaries	–	4.2%
Discount rate	6.6%	5.5%
Inflation assumption	3.8%	3.2%
Rate of increase in pensions in payment (post-97) (Pre-97 receive 3% p.a. increases)	3.8%	3.5%

The mortality assumptions are the standard PMA92 base tables for males and PFA92 base tables for females, both adjusted for each individual's year of birth to allow for future improvements in mortality rates. The life expectancy of male and female pensioners (now aged 65) retiring at age 65 on the balance sheet date is 19.8 years and 22.8 years respectively (2007: 19.3 and 22.3). The life expectancy of male and female deferred pensioners (now aged 50) retiring at age 65 after the balance sheet date is 20.8 years and 23.8 years respectively (2007: 20.1 and 23.1).

The fair value of the assets and the expected rates of return on the assets were as follows:

	30 April 2008		30 April 2007	
	Long-term rate of return	Value (£'000)	Long-term rate of return	Value (£'000)
Equities	7.60%	4,143	7.80%	4,356
Government Bonds	4.60%	2,877	4.80%	2,762
Corporate Bonds	6.40%	2,824	5.30%	2,779
Cash	5.00%	6	5.50%	77
Fair value of plan assets		9,850		9,974

The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The amounts recognised in the balance sheet are determined as follows:

	2008 £'000	2007 £'000
Present value of defined benefit obligations	(9,214)	(9,832)
Fair value of plan assets	9,850	9,974
Net surplus	636	142
Unrecognised asset in accordance with IAS 19	(636)	(142)
Net amount recognised on the balance sheet	–	–

The amounts recognised in the income statement are as follows:

	2008 £'000	2007 £'000
Current service cost	–	751
Interest on pension scheme liabilities	537	1,263
Expected return on plan assets	(641)	(1,019)
Past service cost	–	–
Curtailment gain	–	(1,520)
Settlement gain	–	(4,305)
Total included within profit before taxation	(104)	(4,830)

Of the total credit for the Group of £104,000 (2007: credit of £4,830,000), no amount (2007: credit of £5,074,000) was included in net operating expenses and a credit of £104,000 (2007: charge of £244,000) was included in finance income/costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 DIRECTORS AND EMPLOYEES CONTINUED

Changes in the present value of the defined benefit obligation

	2008 £'000	2007 £'000
Present value of defined benefit obligations at 1 May	**9,832**	38,679
Current service cost	**–**	751
Interest on pension scheme liabilities	**537**	1,263
Contributions by plan participants	**–**	52
Actuarial losses on scheme liabilities (recognised in SORIE)	**(974)**	(720)
Net benefits paid out	**(181)**	(547)
Curtailment gain	**–**	(1,520)
Settlements	**–**	(28,126)
Present value of defined benefit obligations at 30 April	**9,214**	9,832

Changes in the fair value of plan assets

	2008 £'000	2007 £'000
Fair value of plan assets at 1 May	**9,974**	28,337
Expected return on plan assets	**641**	1,019
Actuarial (loss)/gains on plan assets (recognised in SORIE)	**(1,124)**	383
Contributions by the employer [1]	**540**	4,551
Contributions by plan participants	**–**	52
Net benefits paid out	**(181)**	(547)
Settlements	**–**	(23,821)
Fair value of plan assets at 30 April	**9,850**	9,974

[1] In 2007, contributions by the employer included £3,537,000 to fund enhancements to transfer values paid to encourage members to transfer out of the scheme.

Cumulative actuarial gains and losses recognised in equity

	2008 £'000	2007 £'000
Cumulative amounts of losses recognised in Statement of Recognised Income and Expense at 1 May	**(376)**	(1,337)
Net actuarial (losses)/gains recognised in the year	**(150)**	1,103
Change in irrecoverable surplus in accordance with IAS 19	**(494)**	(142)
Cumulative amounts of losses recognised in Statement of Recognised Income and Expense at 30 April	**(1,020)**	(376)

Actual return on plan assets

	2008 £'000	2007 £'000
Expected return on scheme assets	**641**	1,019
Actuarial (loss)/gain on scheme assets	**(1,124)**	383
Actual return on scheme assets	**(483)**	1,402

History of asset values, defined benefit obligations, and experience gains and losses

	30 April 2008 £'000	30 April 2007 £'000	30 April 2006 £'000
Fair value of scheme assets	**9,850**	9,974	28,337
Present value of scheme liabilities	**(9,214)**	(9,832)	(38,679)
Net surplus/(deficit) in plan	**636**	142	(10,342)

	2008	2007	2006
Experience adjustments arising on scheme assets:			
Amount (£'000)	**(1,124)**	383	4,821
% of scheme assets	**(11.41%)**	3.84%	17.01%
Experience adjustments arising on scheme liabilities			
Amount (£'000)	**90**	346	(342)
% of the present value of scheme liabilities	**(0.98%)**	(3.52%)	0.88%

Share-based payments

The charge to the income statement in respect of share-based payments in the year, relating to grants of shares awarded under The Berkeley Group Holdings 2004(b) Long-Term Incentive Plan, was £11,940,000 (2007: £5,661,000). The charge relates to key management personnel.

The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan (the "2004(b) LTIP")

On 26 October 2004, under the terms of the 2004(b) LTIP, the Company granted four Executive Directors the right to receive, at no cost, 21,321,361 ordinary shares (in aggregate) on 31 January 2011, if the Company has returned to shareholders £12 per share by that date.

The price of a Unit (each Unit comprising one ordinary share of 5p, one 2006 B share of 5p, one 2008 B share of 5p and one 2010 B share of 5p) in the Company at 26 October 2004 was 1,180p. The fair value of the awards at the date of grant was 162p per Unit. The fair value calculated was based on the share price at the date of grant, net of the discounted present value of expected returns to shareholders over the six-year vesting period. The Company intends that, prior to 31 January 2011, substantially all returns to shareholders will be by way of payments made on the B shares (500p per Unit paid in December 2004, 200p per Unit paid in January 2007, 200p per Unit paid in January 2008 and 300p per Unit payable at a date to be determined by the Board but no later than January 2011). None of the awards granted under this Scheme are expected to lapse by 31 January 2011.

There were no further grants under the 2004(b) LTIP in the year, and no further grants are expected under this Scheme. Further details on the terms applying to the 2004(b) LTIP are set out in the Remuneration Committee report on page 37.

6 TAXATION

The tax charge for the year is as follows:

Continuing operations	**2008 £'000**	2007 £'000
Current tax		
UK corporation tax payable	**(72,565)**	(63,107)
Adjustments in respect of previous periods	**3,954**	4,611
	(68,611)	(58,496)
Deferred tax at 30% rate (note 17)	**13,317**	5,991
Adjustment in respect of change of tax rate from 30% to 28%	**(1,187)**	–
	(56,481)	(52,505)

Tax is recognised on items charged to equity as follows:

	2008 £'000	2007 £'000
Deferred tax on actuarial loss/(gain) recognised in the pension scheme	**180**	(288)
Deferred tax in respect of employee share schemes	**(7,830)**	23,850
	(7,650)	23,562

The total tax charge recognised in the year is as follows:

	2008 £'000	2007 £'000
Current tax	**(68,611)**	(58,496)
Deferred tax	**4,480**	29,553
	(64,131)	(28,943)

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 29.8% (2007: 30%). These differences are explained below:

Continuing operations	**2008 £'000**	2007 £'000
Profit before tax	**194,308**	188,050
Tax on profit at standard UK corporation tax rate	**57,974**	56,415
Effects of:		
Expenses not deductible for tax purposes	**136**	1,395
Tax effect of share of results of joint ventures	**721**	(2,040)
Adjustments in respect of previous periods	**(3,954)**	(4,611)
Other	**1,604**	1,346
Tax charge (continuing operations)	**56,481**	52,505

The statutory tax rate in 2008 was at 29.8% (11 months at 30%, 1 month at 28%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 EARNINGS PER ORDINARY SHARE

Basic earnings per Ordinary Share is calculated as the profit for the financial period of £137,827,000 (2007: £135,545,000) divided by the weighted average number of Ordinary Shares in issue during the year of 120,669,135 (2007: 120,335,736) adjusted to exclude shares held by the Company to satisfy awards under its Long-Term Incentive Plan. For diluted earnings per Ordinary Share, the weighted average number of shares in issue is adjusted to assume the conversion of all dilutive potential Ordinary shares. The dilutive potential Ordinary Shares relate to shares granted under employee share schemes where the exercise price is less than the average market price of the Ordinary Shares during the year. The effect of the dilutive Ordinary potential Shares is 71,072 shares (2007: 388,267), giving a diluted weighted average number of shares of 120,740,207 (2007: 120,724,003). Reconciliations of the earnings and weighted average number of shares used in the calculations are set out in the table below:

	2008			2007		
	Earnings £'000	Weighted average number of shares '000	Per-share amount pence	Earnings £'000	Weighted average number of shares '000	Per-share amount pence
Basic earnings per Ordinary Share	**137,827**	**120,669**	**114.2**	135,545	120,336	112.6
Effect of dilutive potential shares	**–**	**71**		–	388	
Diluted earnings per Ordinary Share	**137,827**	**120,740**	**114.1**	135,545	120,724	112.3

Net assets per Ordinary Share is calculated based on net assets at the end of the year divided by the number of Ordinary Shares in issue at the end of the year of 120,740,207 (2007: 120,426,806). This excludes shares held by the Company to satisfy awards under its Long-Term Incentive Plan.

Return on capital employed (ROCE) is calculated based on profit before interest and tax (including joint venture profit before tax) divided by the average shareholders' funds adjusted for net cash/debt.

8 INTANGIBLE ASSETS

	Goodwill £'000	Other Intangible assets £'000	Total £'000
COST			
At 1 May 2007 and 30 April 2008	**17,159**	**3,273**	**20,432**
ACCUMULATED AMORTISATION			
At 1 May 2007	–	746	746
Amortisation charge for the year	–	1,817	1,817
At 30 April 2008	**–**	**2,563**	**2,563**
NET BOOK VALUE			
At 30 April 2007	17,159	2,527	19,686
At 30 April 2008	**17,159**	**710**	**17,869**
COST			
At 1 May 2006	–	–	–
Additions	17,159	3,273	20,432
At 30 April 2007	17,159	3,273	20,432
ACCUMULATED AMORTISATION			
At 1 May 2006	–	–	–
Amortisation charge for the year	–	746	746
At 30 April 2007	–	746	746
NET BOOK VALUE			
At 30 April 2006	–	–	–
At 30 April 2007	17,159	2,527	19,686

The goodwill balance relates to the acquisition of the 50% of the ordinary share capital of St James Group Limited that was not already owned by the Group. The acquisition was completed on 7 November 2006 and resulted in the recognition of goodwill of £17,159,000. The goodwill balance is tested annually for impairment. The recoverable amount has been determined on the basis of the current five year pre tax divisional forecasts. Key assumptions are as follows:

(i) Cash flows beyond the initial five year period are not extrapolated
(ii) A pre tax discount rate of 12.2% based on the Group's weighted average cost of capital

The Directors have identified no reasonably possible change in a key assumption which would give rise to an impairment charge. The goodwill balance has been allocated to residential housebuilding within the segmental analysis.

Other intangible assets relate to contracts for the sale of Units that had reserved or exchanged at the date of the acquisition of the 50% of the ordinary share capital of St James Group Limited that the Group did not already own. This resulted in an intangible asset of £3,273,000 at the acquisition date. This intangible asset is amortised as these reserved or exchanged Units are taken to profit.

9 PROPERTY, PLANT AND EQUIPMENT

	Short Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
COST				
At 1 May 2007	–	6,123	2,936	9,059
Additions	1,754	941	903	3,598
Disposals	–	(187)	(589)	(776)
At 30 April 2008	**1,754**	**6,877**	**3,250**	**11,881**
DEPRECIATION				
At 1 May 2007	–	5,431	1,260	6,691
Charge for the year	23	507	486	1,016
Disposals		(180)	(313)	(493)
At 30 April 2008	**23**	**5,758**	**1,433**	**7,214**
NET BOOK VALUE				
At 30 April 2007	–	692	1,676	2,368
At 30 April 2008	**1,731**	**1,119**	**1,817**	**4,667**
COST				
At 1 May 2006	–	10,017	2,625	12,642
Acquisition of a subsidiary	–	168	354	522
Additions	–	334	849	1,183
Disposals		(4,396)	(892)	(5,288)
At 30 April 2007	–	6,123	2,936	9,059
DEPRECIATION				
At 1 May 2006	–	9,060	1,330	10,390
Charge for the year	–	744	534	1,278
Disposals	–	(4,373)	(604)	(4,977)
At 30 April 2007	–	5,431	1,260	6,691
NET BOOK VALUE				
At 30 April 2006	–	957	1,295	2,252
At 30 April 2007	–	692	1,676	2,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 INVESTMENTS

	2008 £'000	2007 £'000
Investments accounted for using the equity method	**2,447**	1,729

Details of the principal subsidiaries and joint ventures are provided in Note 27 to the accounts.

Investments accounted for using the equity method

	2008 £'000	2007 £'000
Unlisted shares at cost	**226**	156
Loans	**4,629**	1,242
Share of post-acquisition reserves	**(2,408)**	331
	2,447	1,729

Following completion on 7 November 2006 of its acquisition of the 50% interest in St James Group Limited that it did not already own, the Group consolidated the results of St James Group Limited as a wholly owned subsidiary from this date forward. Previously in the six months ended 31 October 2006, the Group accounted for the results of St James Group Limited using the equity method of accounting for its 50% interest in the joint venture.

The movement on the investment in joint ventures during the year is as follows:

	2008 £'000	2007 £'000
At the start of the year – Net assets	**1,729**	68,995
– Goodwill	**–**	–
	1,729	68,995
Retained (loss)/profit for the year	**(2,416)**	6,798
Acquisition of 50% of ordinary share capital of St James Group Limited not already owned	**–**	(61,814)
Acquisition of shares in joint ventures	**70**	5
Disposal of shares in joint ventures	**–**	(10)
Net increase/(decrease) in loans	**3,387**	(6,229)
Dividends received	**(323)**	(6,016)
At the end of the year – Net assets	**2,447**	1,729
– Goodwill	**–**	–
	2,447	1,729

The Group's share of joint ventures' net assets, income and expenses is made up as follows:

	2008 £'000	2007 £'000
Non-current assets	–	–
Current assets	**17,495**	1,939
Current liabilities	**(15,048)**	(210)
	2,447	1,729
Revenue	**98**	73,984
Costs	**(2,649)**	(63,977)
Operating (loss)/profit	**(2,551)**	10,007
Interest	**(629)**	(1,782)
(Loss)/profit before taxation	**(3,180)**	8,225
Tax credit/(charge)	**764**	(1,427)
Share of post tax (loss)/profit of joint ventures	**(2,416)**	6,798

The joint ventures have no significant contingent liabilities to which the Group is exposed and nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures other than bank guarantees as set out in Note 20.

11 INVENTORIES

	2008 £'000	2007 Restated £'000
Land not under development	**184,569**	106,441
Work in progress	**997,805**	989,314
Completed units	**49,478**	31,338
Part exchanges	**–**	2,281
	1,231,852	1,129,374

12 TRADE AND OTHER RECEIVABLES

	2008 £'000	2007 £'000
CURRENT		
Trade receivables	**17,629**	22,206
Other receivables	**1,537**	3,706
Prepayments and accrued income	**1,634**	1,689
	20,800	27,601

Further disclosures relating to trade and other receivables are set out in Note 25.

13 CASH AND CASH EQUIVALENTS

	2008 £'000	2007 £'000
Cash at bank and in hand	**–**	140,330

14 FINANCIAL LIABILITIES – BORROWINGS

	2008 £'000	2007 £'000
CURRENT		
Unsecured loan stock [1]	**(85)**	(85)
Bank overdraft	**(4,464)**	–
Bank loans	**–**	(59,283)
	(4,549)	(59,368)

[1] Unsecured loan stock is repayable on three months' notice being given to the Company, with interest rates linked to LIBOR.

Further disclosures relating to security over the Group's bank loans and financial liabilities are set out in Note 25.

15 TRADE AND OTHER PAYABLES

	2008 £'000	2007 Restated £'000
CURRENT		
Trade payables	**(292,913)**	(280,531)
Deposits and on account contract receipts	**(170,758)**	(71,380)
Loans from joint ventures	**(96)**	(420)
Other taxes and social security	**(20,050)**	(21,619)
Accruals and deferred income	**(42,297)**	(39,290)
	(526,114)	(413,240)

All amounts included above are unsecured. The total of £20,050,000 (2007: £21,619,000) for other taxes and social security includes £13,598,000 (2007: £15,712,000) in respect of share-based payments.

16 OTHER NON-CURRENT LIABILITIES

	2008 £'000	2007 £'000
Trade payables	**(48,202)**	(62,819)

All amounts included above are unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 DEFERRED TAX

The movement on the deferred tax account is as follows:

	Accelerated capital allowances £'000	Retirement benefit obligation £'000	Other short-term timing differences £'000	**Total £'000**
At 1 May 2007	900	–	33,694	34,594
(Charged)/credited to income statement at 30%	192	(180)	13,305	13,317
Adjustment in respect of change of tax rate from 30% to 28%	(73)	–	(1,114)	(1,187)
(Charged)/credited to income statement in year	**119**	**(180)**	**12,191**	**12,130**
(Charged)/credited to equity at 30%	–	180	(6,226)	(6,046)
Adjustment in respect of change of tax rate from 30% to 28%	–	–	(1,604)	(1,604)
(Charged)/credited to equity in year	**–**	**180**	**(7,830)**	**(7,650)**
At 30 April 2008	**1,019**	**–**	**38,055**	**39,074**
At 1 May 2006	842	3,100	14,343	18,285
(Charged)/credited to income statement	(71)	(2,812)	8,874	5,991
(Charged)/credited to equity	–	(288)	23,850	23,562
Acquisition of subsidiary	129	–	(13,373)	(13,244)
At 30 April 2007	900	–	33,694	34,594

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2007: 30%). There is no unprovided deferred tax.

All of the deferred tax assets were available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2008 was £39,074,000 (2007: £34,594,000).

The deferred tax (charged)/credited to equity during the year was as follows:

	2008 £'000	2007 £'000
Deferred tax on actuarial gain recognised in the pension scheme	**180**	(288)
Deferred tax in respect of employee share schemes	**(7,830)**	23,850
Movement in the year	**(7,650)**	23,562
Cumulative deferred tax charged to equity at 1 May	**31,060**	7,498
Cumulative deferred tax charged to equity at 30 April	**23,410**	31,060

18 SHARE CAPITAL

	2008 No. '000	2007 No. '000	2008 £'000	2007 £'000
AUTHORISED				
Ordinary Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2004 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2006 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2008 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2010 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
Together comprised in Units	**185,000**	185,000	**46,250**	46,250
Redeemable preference shares of £1 each	**50**	50	**50**	50

	2008 No. '000	2007 No. '000	2008 £'000	2007 £'000
ALLOTTED, CALLED-UP AND FULLY PAID				
Ordinary Shares of 5p each	**120,821**	120,821	**6,041**	6,041
2004 B Shares of 5p each	**–**	–	**–**	–
2006 B Shares of 5p each	**–**	–	**–**	–
2008 B Shares of 5p each	**–**	120,821	**–**	6,041
2010 B Shares of 5p each	**120,821**	120,821	**6,041**	6,041
Together comprised in Units	**120,821**	120,821	**12,082**	18,123

The share capital of the Company can only be held and transferred in the form of Units (each Unit comprising one ordinary share of 5p, one 2004 B share of 5p, one 2006 B share of 5p, one 2008 B share of 5p and one 2010 B share of 5p), hereafter referred to as "Units", which have the following rights and are subject to the following restrictions.

Ordinary Shares of 5p: each share is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and, subject to the rights of each class of B share on a winding-up, is entitled to participate in the assets of the Company.

2004 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share and was entitled to a return of £5 per share on redemption on 3 December 2004. These shares were redeemed on 3 December 2004 for £604,103,000.

2006 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share and was entitled to a return of £2 per share on redemption on 8 January 2007. These shares were redeemed on 8 January 2007 for £241,641,000.

2008 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share and was entitled to a return of £2 per share on redemption on 4 January 2008. These shares were redeemed on 4 January 2008 for £241,641,000.

2010 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share, and is entitled to a return of £3 per share five days following the 2010 Record Date, if the Company's distributable profits are sufficient to enable such a distribution and if the Directors, in their absolute discretion, resolve that the making of such payment is in the best interests of the Company. By resolution of the Directors, payment will be made by means of redemption of the Shares, or by payment of a Special Dividend. The 2010 Record Date shall be such business day as the Directors may determine within one calendar month of such a resolution being passed, provided that the 2010 Record Date must fall at least six business days before 31 January 2011.

Any B Shares outstanding after 31 January 2011 shall be redeemed by the Company, whether or not any special dividend has been paid on them, at any time for £1 in aggregate. On a winding up, each B share is entitled to the sum of 5p and, save as provided above, hold no further rights of participation in the profit or assets of the Company.

The movements on allotted, called-up and fully paid share capital for the Group were as follows:

	Ordinary Shares £'000	2004 B Shares £'000	2006 B Shares £'000	2008 B Shares £'000	2010 B Shares £'000	Total £'000
At 1 May 2007	6,041	–	–	6,041	6,041	18,123
Redemption of shares	–	–	–	(6,041)	–	(6,041)
At 30 April 2008	**6,041**	**–**	**–**	**–**	**6,041**	**12,082**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation Reserve £'000	Own shares held £'000	Other retained profit £'000	Retained profit £'000	Total £'000
At 1 May 2007	18,123	264	12,132	(961,299)	17,725	(2,851)	1,697,481	1,694,630	781,575
Profit for the financial year	–	–	–	–	–	–	137,827	137,827	137,827
Reserves transfer from revaluation reserve	–	–	–	–	(6,396)	–	6,396	6,396	–
Own shares disposed	–	–	–	–	–	2,229	(2,229)	–	–
Redemption of shares	(6,041)	–	6,041	–	–	–	(241,641)	(241,641)	(241,641)
Actuarial loss recognised in the pension scheme	–	–	–	–	–	–	(644)	(644)	(644)
Deferred tax on actuarial gain recognised in the pension scheme	–	–	–	–	–	–	180	180	180
Credit in respect of employee share schemes	–	–	–	–	–	–	11,940	11,940	11,940
Deferred tax in respect of employee share schemes	–	–	–	–	–	–	(7,830)	(7,830)	(7,830)
At 30 April 2008	**12,082**	**264**	**18,173**	**(961,299)**	**11,329**	**(622)**	**1,601,480**	**1,600,858**	**681,407**

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation Reserve £'000	Own shares held £'000	Other retained profit £'000	Retained profit £'000	Total £'000
At 1 May 2006	24,164	264	6,091	(961,299)	–	(4,621)	1,772,591	1,767,970	837,190
Profit for the financial year	–	–	–	–	–	–	135,545	135,545	135,545
Acquisition of subsidiary	–	–	–	–	20,297	–	–	–	20,297
Reserves transfer from revaluation reserve	–	–	–	–	(2,572)	–	2,572	2,572	–
Own shares disposed	–	–	–	–	–	1,770	(1,770)	–	–
Redemption of shares	(6,041)	–	6,041	–	–	–	(241,641)	(241,641)	(241,641)
Actuarial gain recognised in the pension scheme	–	–	–	–	–	–	961	961	961
Deferred tax on actuarial gain recognised in the pension scheme	–	–	–	–	–	–	(288)	(288)	(288)
Credit in respect of employee share schemes	–	–	–	–	–	–	5,661	5,661	5,661
Deferred tax in respect of employee share schemes	–	–	–	–	–	–	23,850	23,850	23,850
At 30 April 2007	18,123	264	12,132	(961,299)	17,725	(2,851)	1,697,481	1,694,630	781,575

The Other reserve of £961,299,000 (2007: £961,299,000) arose from the application of merger accounting principles to the financial statements on implementation of the capital reorganisation of the Group, incorporating a Scheme of Arrangement, in the year ended 30 April 2005.

The revaluation reserve arose following the acquisition on 7 November 2006 of the 50% of the ordinary share capital of St James Group Limited not already owned. A revaluation reserve of £20,297,000 was originally created in accordance with IFRS 3 through fair value adjustments to the 50% of the net assets of St James Group Limited owned by the Group prior to 7 November 2006. Transfers of £6,396,000 in the year (2007: £2,572,000) to distributable reserves were recognised as the associated fair value adjustments were charged to the income statement.

At 30 April 2008 there were 79,846 Units (2007: 393,247 Units) held in Trust to satisfy awards granted under The Berkeley Group plc 2000 Long-Term Incentive Plan, at cost of £618,041 (2007: £2,846,955), which are treated as a deduction from shareholders' funds. No further Units were acquired in the year for this purpose. Cash of £5 per Unit arising from the return of cash on 3 December 2004, £2 per Unit arising from the return of cash on 8 January 2007, and £2 per Unit arising from the return of cash on 4 January 2008, together £9 per Unit, is also held in Trust for transfer to participants in the Plan at the date of vesting of their awards. The market value of the Units held in Trust at 30 April 2008 was £750,552.

At 30 April 2008 there were 589 Units (2007: 589 Units) held in Trust to satisfy awards granted under The Berkeley Group Executive Share Option Scheme, at a cost of £4,300 (2007: £4,300), which are treated as a deduction from shareholders' funds. No further Units were acquired in the year for this purpose. The market value of the Units held in Trust at 30 April 2008 was £5,537.

20 CONTINGENT LIABILITIES

The Group has guaranteed bank facilities of £nil (2007: £2,500,000) in joint ventures.

The Group has guaranteed road and performance agreements in the ordinary course of business of £70,763,000 (2007: £45,563,000).

21 CAPITAL COMMITMENTS

The Group had no capital commitments at 30 April 2008 (2007: £nil).

22 OPERATING LEASES – MINIMUM LEASE PAYMENTS

The total future minimum lease payments of the Group under non-cancellable operating leases is set out below:

	Land and buildings		Motor vehicles	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
OPERATING LEASES WHICH EXPIRE:				
Within one year	**–**	25	**31**	52
Between one and five years	**798**	1,258	**1,072**	955
After five years	**18,672**	20,382	**–**	–
	19,470	21,665	**1,103**	1,007

23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit for the financial year to net cash inflow from operating activities:

Net cash flows from operating activities

	2008 £'000	2007 Restated £'000
CONTINUING OPERATIONS		
Profit for the financial year	**137,827**	135,545
Adjustments for:		
– Taxation	**56,481**	52,505
– Depreciation	**1,016**	1,278
– Amortisation of intangible assets	**1,817**	746
– Profit on sale of property, plant and equipment	**(41)**	(34)
– Finance income	**(6,480)**	(10,121)
– Finance costs	**15,774**	5,941
– Share of results of joint ventures after tax	**2,416**	(6,798)
– Non-cash charge in respect of share awards	**11,940**	5,661
Changes in working capital:		
– (Increase)/decrease in inventories	**(102,478)**	8,747
– Decrease in receivables	**6,801**	5,354
– Increase in payables	**90,713**	9,854
– Decrease in employee benefit obligations	**(540)**	(9,625)
Net cash flow from operating activities	**215,246**	199,053

Reconciliation of net cash flow to net (debt)/cash

For the year ended 30 April	**2008 £'000**	2007 £'000
Net decrease in cash and cash equivalents	**(144,794)**	(80,340)
Cash outflow/(inflow) from decrease/(increase) in debt	**59,283**	(59,283)
Movement in net cash/(debt) in the year	**(85,511)**	(139,623)
Opening net cash	**80,962**	220,585
Closing net (debt)/cash	**(4,549)**	80,962

Net (debt)/cash

As at 30 April	**2008 £'000**	2007 £'000
Cash and cash equivalents	**–**	140,330
Borrowings	**(4,549)**	(59,368)
Net (debt)/cash	**(4,549)**	80,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 ACQUISITIONS AND DISPOSALS

On 6 November 2006 at an Extraordinary General Meeting, the shareholders of The Berkeley Group Holdings plc approved the offer by its wholly-owned subsidiary, The Berkeley Group plc, to acquire from RWE Thames Water plc the 50% of the ordinary share capital of St James Group Limited that it did not already own. Following completion of the acquisition on 7 November 2006, The Berkeley Group plc held 100% of the ordinary share capital of St James Group Limited. The Berkeley Group plc made payments to RWE Thames Water plc of £97,457,000 to complete the acquisition. Transaction expenses were £1,812,000.

In the six months ended 31 October 2006, the Group had accounted for the results of St James Group Limited using the equity method of accounting for its 50% interest in the joint venture. Following completion on 7 November 2006 of its acquisition of the 50% interest in St James Group Limited that it did not already own, the Group has consolidated the results of St James Group Limited as a wholly owned subsidiary from this date forward.

The fair value adjustments applied to the assets acquired in the transaction and to the assets already owned by the Group prior to the transaction, in 2007 were final, and have not been subsequently adjusted during 2008.

25 CAPITAL MANAGEMENT, TREASURY POLICY AND FINANCIAL INSTRUMENTS

The Group finances its operations by a combination of shareholders' funds and, where appropriate, net borrowings. The Group's objectives when managing capital are to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. Following the Scheme of Arrangement in 2004, the Group's strategy has included the aim to maintain the Group at its natural size and return surplus cash to shareholders. In total, £1,087 million (£9 per share) of a total £1,450 million (£12 per share) has been repaid to shareholders since the Scheme was announced, with the remaining £363 million (£3 per share) expected to follow by January 2011.

The Group monitors capital levels principally by monitoring net debt/cash levels, cash generated and Return on Average Capital Employed, which are both key performance indicators of the Group. Net debt was £4.5 million at 30 April 2008 (30 April 2007: net cash of £81.0 million) and this follows the £241,641,000 repayment of the 2008 B share (£2 per share) during the year. Return on Average Capital Employed (which is calculated based on profit before interest and tax, including joint venture profit before tax, divided by the average shareholders' funds adjusted for net cash/debt) was 29.3% for the year (2007: 28.1%) and continues to demonstrate efficient capital management.

The Group's financial instruments comprise cash at bank and in hand, bank loans, loan stock, trade receivables, trade payables, loans from joint ventures and accruals. Cash at bank and in hand and bank loans are the principal financial instruments used to finance the business. The other financial instruments highlighted arise in the ordinary course of business.

From time to time the Group uses derivative instruments as described in the Market risk section below. During the year and at the year end the Group held no such instruments (2007: nil). It is the Group's policy that no trading in financial instruments shall be undertaken.

Financial risk

As all of the operations carried out by the Group are in sterling there is no exposure to currency risk, and, with credit risk in the Group being low as set out in Financial assets below, the Group's main financial risks are primarily:

– market risk, and principally interest rate risk, with the Group's cash balances currently held at floating rates linked to LIBOR; and

– liquidity risk – this is the risk that suitable funding for the Group's activities may not be available.

Further disclosures relating to market risk and liquidity risk are set out as applicable within the relevant sections below.

Financial assets

The Group's financial assets can be summarised as follows:

	2008 £'000	2007 £'000
CURRENT		
Trade receivables	**17,629**	22,206
Cash at bank and in hand	**–**	140,330
	17,629	162,536

Cash at bank and in hand is at floating rates linked to interest rates related to LIBOR. The Group had no cash at bank and in hand at 30 April 2008 hence there is no effective interest rate at the balance sheet date (2007: 5.20%). Trade and other receivables are non-interest bearing. Together, these balances represent the Group's exposure to credit risk at the balance sheet date. Trade receivables are spread across a wide number of customers, with no significant concentration of credit risk in one area. There has been no impairment of trade receivables during the year, nor are there any provisions held against trade receivables, and none of the trade receivables are past their due date.

Financial liabilities
The Group's financial liabilities can be summarised as follows:

	2008 £'000	2007 Restated £'000
CURRENT		
Unsecured loan stock	**(85)**	(85)
Bank loans due within one year	**–**	(59,283)
Bank overdraft	**(4,464)**	–
Trade payables	**(292,913)**	(280,531)
Deposits and on account contract receipts	**(170,758)**	(71,380)
Loans from joint ventures	**(96)**	(420)
Accruals	**(42,297)**	(39,290)
	(510,613)	(450,989)
NON-CURRENT		
Other non-current liabilities	**(48,202)**	(62,819)
	(48,202)	(62,819)

All amounts included above are unsecured, with the exception of bank loans.

Unsecured loan stock is repayable on three months' notice being given to the Company, with floating interest rates linked to LIBOR. Trade and other payables and other current liabilities are non-interest bearing. Bank loans are secured with floating interest rates linked to LIBOR. The Group held no fixed rate liabilities at 30 April 2008 (2007: nil). Further disclosures relating to security over the bank loans are set out in Committed borrowing facilities below.

The effective interest rates at the balance sheet dates were as follows:

	2008	2007
Unsecured loan stock	**5.00%**	5.25%
Bank overdraft	**6.00%**	–
Bank loans	**–**	5.93%

The above analysis excludes the effect of the change to finance costs imputed on land purchased on deferred settlement terms, since this represents an accounting transaction, with no interest being paid out of the Group.

Maturity of non-current financial liabilities
The maturity profile of the Group's non-current financial liabilities is as follows:

	2008 £'000	2007 £'000
FINANCIAL LIABILITIES – NON-CURRENT		
In more than one year but not more than two years	**19,101**	28,580
In more than two years but not more than five years	**22,014**	34,239
In more than five years	**7,087**	–
	48,202	62,819

Fair value of financial assets and financial liabilities
The carrying amounts of the Group's financial assets and financial liabilities approximate to fair value. The carrying amount of current trade and other receivables and of current trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year). The unsecured loan stock is repayable at book value on three months' notice being given to the Company. The carrying value of bank loans and overdrafts equates to their fair value.

Other non-current liabilities principally comprise long-term land creditors which are held at their discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate). The discount rate applied reflects the nominal, risk-free pre-tax rate at the balance sheet date, applied to the maturity profile of the individual land creditors within the total. At 30 April 2008 a rate of 4.69% was applied (30 April 2007: 5.41%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 CAPITAL MANAGEMENT, TREASURY POLICY AND FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

This is the risk that suitable funding for the Group's activities may not be available. Group management addresses this risk through review of rolling cash flow forecasts throughout the year to assess and monitor the current and forecast availability of funding, and to ensure sufficient headroom against facility limits and compliance with banking covenants.

The contractual undiscounted maturity profile of the Group's financial liabilities, included at their balance sheet carrying value in the tables above, is as follows:

	2008 £'000	2007 Restated £'000
In less than one year	**510,613**	450,989
In more than one year but not more than two years	**20,240**	32,504
In more than two years but not more than five years	**24,653**	42,274
In more than five years	**10,565**	–
	566,071	525,767

Market risk

As the Group is not exposed to currency risk, the principal market risk to which the Group is exposed is interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group does not have any fixed rate borrowings.

The Group's rolling cash flow forecasts incorporate appropriate interest assumptions, and management carefully assesses expected activity levels and associated funding requirements in the prevailing and forecast interest rate environment to ensure that this risk is managed.

From time to time the Group uses derivative instruments, when commercially appropriate, to manage interest rate risk by altering the interest rates on investments and funding so that the resulting exposure gives greater certainty of future costs. During the year and at the year end the Group held no such instruments (2007: nil).

If interest rates on the Group's cash balances and borrowings had been 50 basis points higher throughout the year ended 30 April 2008, profit after tax for the year would have been £78,000 higher (2007: £562,000). This calculation is based on the monthly closing net debt position throughout the financial year. The Group's loan stock amounts to £85,000 (2007: £85,000) and so no sensitivity analysis has been prepared against this interest-bearing financial liability as any impact would not be material.

Committed borrowing facilities

The Group has committed borrowing facilities, all at floating rates linked to LIBOR, as follows:

	2008				2007			
	Available £'000	Drawn £'000	Undrawn £'000	Termination Date	Available £'000	Drawn £'000	Undrawn £'000	Termination Date
Secured revolving credit facility	**800,000**	**4,464**	**795,536**	**Aug-11**	375,000	–	375,000	Aug-11
364 day revolving facility	–	–	–	–	50,000	9,283	40,717	Jun-07
Revolving facility	–	–	–	–	50,000	–	50,000	Aug-08
Revolving facility	–	–	–	–	100,000	50,000	50,000	Aug-08
	800,000	**4,464**	**795,536**		575,000	59,283	515,717	

The secured revolving credit facility is secured by debentures provided by certain group holding companies over their assets. The Group is in compliance with all of its contractual borrowing commitments.

During the year the Group re-negotiated its banking facilities. The loan facilities acquired with St James Group in November 2006 totalling £200 million (£50 million 364 day revolving facility, £50 million revolving facility and £100 million revolving facility) were brought into the Group at that date, and the Group's existing £375 million facility was increased to £800 million, with a maturity date of August 2011. The facility incurs commitment fees at market rates.

26 RELATED PARTY TRANSACTIONS

The Group has entered into the following related party transactions:

a) Charges made for goods and services supplied to joint ventures

During the financial year £nil (2007: £2,040,000) was charged to joint ventures for goods and services supplied.

b) Transactions with Directors

During the financial year, Mr A W Pidgley and Mr R C Perrins paid £625,500 and £10,000 respectively to Berkeley Homes plc for works carried out at their homes under the Group's own build scheme. This is a scheme whereby eligible employees may enter into an arrangement, at commercial rates, with the Group for the construction or renovation of their own home. There were no balances outstanding at the year end.

c) Investment with Saad Investments Company Limited in three new joint venture companies

On 2 April 2007, the Company announced that its wholly owned subsidiary, The Berkeley Group plc, had entered into three agreements, which were subsequently approved by shareholders, to establish three further private joint venture companies with Saad Investments Company Limited ('Saad'), including an investment of up to £175 million.

In addition to being a partner in an existing joint venture, Saad is currently a 29.40% shareholder in the Company and therefore under the Listing Rules is considered a related party by virtue of being a substantial shareholder.

The establishment of the three joint venture companies was completed in May 2007 with the incorporation of the following three companies:

"Saad Berkeley Regeneration Limited" which operates as a land fund to acquire new development opportunities adding value through securing enhanced planning consents, prior to disposal to either third parties or to Saad Berkeley Developments Limited.

"Saad Berkeley Developments Limited" which operates as a development company, primarily developing the land purchased by Saad Berkeley Regeneration Limited once planning permission is obtained.

"Saad Berkeley Investments Limited" which operates as a property investment company.

27 SUBSIDIARIES, JOINT VENTURES AND LIMITED PARTNERSHIP

At 30 April 2008 the Group had the following principal subsidiary undertakings which have all been consolidated, are registered and operate in England and Wales, are all 100% owned and for which 100% of voting rights are held:

Residential housebuilding

Berkeley First Limited [1]
Berkeley Gemini Limited [3]
Berkeley Homes plc
Berkeley Homes (Capital) plc [1]
Berkeley Homes (Central London) Limited [1]
Berkeley Homes (East Thames) Limited [1]
Berkeley Homes (Eastern) Limited [1]
Berkeley Homes (Festival Development) Limited [1]
Berkeley Homes (Festival Waterfront Company) Limited [1]
Berkeley Homes (Hampshire) Limited [1]
Berkeley Homes (North East London) Limited [1]
Berkeley Homes (Oxford & Chiltern) Limited [1]
Berkeley Homes (South East London) Limited [1]
Berkeley Homes (Southern) Limited [1]
Berkeley Homes (West London) Limited [1]
Berkeley Partnership Homes Limited [1]
Berkeley Strategic Land Limited
Berkeley Urban Renaissance Limited [1]
St George PLC
St George Central London Limited [2]
St George South London Limited [2]
St George West London Limited [2]
St George Battersea Reach Limited [3]
St James (Grosvenor Dock) Limited
St James Group Limited
St James Homes Limited
The Berkeley Group plc [4]
West Kent Cold Storage Company Limited [3]
QED Properties Limited [3]

[1] Agency companies of Berkeley Homes plc
[2] Agency companies of St George PLC
[3] The substance of the acquisition of these companies was the purchase of land for development and not of a business, and as such, fair value accounting and the calculation of goodwill is not required.
[4] The Berkeley Group plc is the only direct subsidiary of the parent company.

Commercial property and other activities

Berkeley Commercial Developments Limited [1]
[1] Direct subsidiary of The Berkeley Group plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27 SUBSIDIARIES, JOINT VENTURES AND LIMITED PARTNERSHIP CONTINUED

At 30 April 2008 the Group had interests in the following joint ventures which have been equity accounted to 30 April and are registered and operate in England and Wales (except where stated in italics) and which are all 50% owned, except where stated:

	Accounting date	Principal activity
JOINT VENTURES		
Berkeley Breamore (Oceana) Limited	30 April	Commercial property
Berkeley Sutton Limited	30 April	Residential housebuilding
Saad Berkeley Investment Properties Limited (Jersey)	30 April	Commercial property
Saad Berkeley Limited	30 April	Residential housebuilding
Saad Berkeley Regeneration Limited (Isle of Man)	30 April	Residential housebuilding
Saad Berkeley Developments Limited	30 April	Residential housebuilding
Saad Berkeley Investments Limited (Isle of Man) [1]	30 April	Property investment
St Edward Homes Ltd	30 April	Residential housebuilding
Thirlstone Centros Miller Limited	31 December	Residential housebuilding
UB Developments Limited	30 April	Residential housebuilding

[1] The Group has a 39% interest in Saad Berkeley Investments Limited.

The interests in the joint ventures are in equity share capital.

AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS

Independent auditors' report to the members of The Berkeley Group Holdings plc

We have audited the parent company financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2008 which comprise the Company balance sheet and the related notes. These parent company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Committee report that is described as having been audited.

We have reported separately on the group financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2008.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Remuneration Committee report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the Remuneration Committee report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the Remuneration Committee report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement, the Managing Director's Review, the Finance Director's Review and the Environmental and Social Responsibility report that is cross referred from the section entitled principal activities and review of the business in the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Chairman's statement, the Managing Director's Review, the Finance Director's Review, the Environmental and Social Responsibility report, the Directors' Report, the unaudited part of the Remuneration Committee report and the Corporate Governance report together with all other information as set out in the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements and the part of the Remuneration Committee report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements and the part of the Remuneration Committee report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements and the part of the Remuneration Committee report to be audited.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2008;
- the parent company financial statements and the part of the Remuneration Committee report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
17 July 2008

COMPANY BALANCE SHEET

As at 30 April	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	C5	**1,384,656**	1,381,471
		1,384,656	1,381,471
CURRENT ASSETS			
Debtors	C6	**8,133**	6,337
Cash at bank and in hand		**201**	134
		8,334	6,471
CREDITORS			
Creditors (amounts falling due within one year)	C7	**(812,550)**	(645,660)
Net current liabilities		**(804,216)**	(639,189)
Total assets less current liabilities and net assets		**580,440**	742,282
CAPITAL AND RESERVES			
Share capital	C8	**12,082**	18,123
Share premium	C9	**264**	264
Capital redemption reserve	C9	**18,173**	12,132
Retained profit	C9	**549,921**	711,763
Total shareholders' funds	C10	**580,440**	742,282

The financial statements on pages 76 to 80 were approved by the Board of Directors on 17 July 2008 and were signed on its behalf by:

R C PERRINS
FINANCE DIRECTOR

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1 ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared under the historical cost convention, modified by fair values for pensions and share-based payments and in accordance with the Companies Act 1985, where applicable, and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice). A summary of the more important Company accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year and their historical cost equivalents.

The principal activity of the Company is to act as a holding company.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

Adoption of new Accounting Standards and pronouncements
The Company has adopted the following amendments to Financial Reporting Standards:

Amendment to FRS17 "Retirement Benefits"
Amendment to FRS26 "Financial Instruments: Measurement"

The adoption of these amendments to FRSs has had no impact on the financial statements of the Company at 30 April 2008.

Expenditure
Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Investments
The parent Company's investments in subsidiary undertakings are included in the balance sheet at cost less provision for any permanent diminution in value.

Taxation
The taxation expense represents the sum of the tax currently payable and deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Pension costs
Pension contributions under defined contribution schemes are charged to the profit and loss account as incurred. For the defined benefit pension scheme, a valuation is performed every three years. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and accordingly accounts for the plan as if it was a defined contribution plan.

Share-based payments
The fair value of awards under the Company's Long-Term Incentive Plans are charged against profit on a straight line basis over the vesting period of the awards, based on the Company's estimate of awards that will eventually vest. Shares held in trust to satisfy these awards are treated as a deduction from shareholders' funds.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following amounts:

	2008 £'000	2007 £'000
Auditors' remuneration - audit fees	**12**	12

C3 DIRECTORS AND EMPLOYEES

	2008 £'000	2007 £'000
STAFF COSTS		
Wages and salaries	**4,257**	6,479
Social security costs	**473**	8,796
Share-based payments	**8,755**	4,110
Other pension costs	**–**	10
	13,485	19,395

The average number of persons employed by the Company during the year was 7 (2007: 8), all of whom were employed in residential housebuilding activities.

Directors

Details of Directors' emoluments are set out in the Remuneration Committee report on pages 33 to 41.

Pensions

During the year, the Company participated in one of the Group's pension schemes, The Berkeley Group Personal Pension Plan. Further details on this scheme are set out in Note 5 of the consolidated financial statements. Contributions amounting to £nil (2007 £nil) were paid into the defined contribution schemes during the year.

Share-based payments

The charge to the income statement in respect of share-based payments in the year, relating to grants of shares awarded under the The Berkeley Group Holdings 2004(b) Long-Term Incentive Plan, was £8,755,000 (2007: £4,110,000). See Note 5 in the consolidated financial statements for further information on the 2004(b) Long-Term Incentive Plan.

C4 THE BERKELEY GROUP HOLDINGS PLC PROFIT AND LOSS ACCOUNT

The Berkeley Group Holdings plc has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The profit for the year dealt with in the accounts of the Company is £67,859,000 (2007: £77,459,000).

In accordance with paragraph 4 of FRS 22, The Berkeley Group Holdings plc has not presented the Earnings per Share for the Company profit and loss account.

C5 INVESTMENTS

	£'000
Investments in shares of subsidiary undertaking at cost at 1 May 2007	1,381,471
Additions	3,185
Investment in shares of subsidiary undertaking at cost at 30 April 2008	**1,384,656**

Details of principal subsidiaries are given within Note 27 on pages 73 and 74.

C6 DEBTORS

	2008 £'000	2007 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other debtors	**8,133**	6,337
	8,133	6,337

Other debtors comprise deferred tax assets of £8,133,000 (2007: £6,337,000) arising from short-term timing differences. The movements on the deferred tax asset are as follows:

	£'000
At 1 May 2007	6,337
Credit to profit and loss account	1,796
At 30 April 2008	**8,133**

C7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other taxes and social security	**9,975**	10,802
Amounts owed to subsidiary undertakings	**802,575**	634,858
	812,550	645,660

All amounts included above are unsecured. Amounts owed to subsidiary undertakings are at floating interest rates linked to LIBOR and have no fixed repayment date.

C8 SHARE CAPITAL

	2008 No. '000	2007 No. '000	2008 £'000	2007 £'000
AUTHORISED				
Ordinary Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2004 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2006 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2008 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
2010 B Shares of 5p each	**185,000**	185,000	**9,250**	9,250
Together comprised in Units	**185,000**	185,000	**46,250**	46,250
Redeemable preference shares of £1 each	**50**	50	**50**	50

	2008 No. '000	2007 No. '000	2008 £'000	2007 £'000
ALLOTTED, CALLED-UP AND FULLY PAID				
Ordinary Shares of 5p each	**120,821**	120,821	**6,041**	6,041
2004 B Shares of 5p each	**–**	–	**–**	–
2006 B Shares of 5p each	**–**	–	**–**	–
2008 B Shares of 5p each	**–**	120,821	**–**	6,041
2010 B Shares of 5p each	**120,821**	120,821	**6,041**	6,041
Together comprised in Units	**120,821**	120,821	**12,082**	18,123

The share capital of the Company can only be held and transferred in the form of Units (each Unit comprising one Ordinary Share of 5p, one 2004 B share of 5p, one 2006 B share of 5p, one 2008 B share of 5p and one 2010 B share of 5p), hereafter referred to as "Units", which have the following rights and are subject to the following restrictions.

Ordinary Shares of 5p: each share is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and, subject to the rights of each class of B share on a winding-up, is entitled to participate in the assets of the Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C8 SHARE CAPITAL CONTINUED

2004 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share and was entitled to a return of £5 per share on redemption on 3 December 2004. These shares were redeemed on 3 December 2004 for £604,103,000.

2006 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share and was entitled to a return of £2 per share on redemption on 8 January 2007. These shares were redeemed on 8 January 2007 for £241,641,000.

2008 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share and was entitled to a return of £2 per share on redemption on 4 January 2008. These shares were redeemed on 4 January 2008 for £241,641,000.

2010 B Shares: each share is a non-voting redeemable share in the capital of the Company, having a nominal value of 5p per share, and is entitled to a return of £3 per share five days following the 2010 Record Date, if the Company's distributable profits are sufficient to enable such a distribution and if the Directors, in their absolute discretion, resolve that the making of such payment is in the best interests of the Company. By resolution of the Directors, payment will be made by means of redemption of the Shares, or by payment of a Special Dividend. The 2010 Record Date shall be such business day as the Directors may determine within one calendar month of such a resolution being passed, provided that the 2010 Record Date must fall at least six business days before 31 January 2011.

Any B Shares outstanding after 31 January 2011 shall be redeemed by the Company, whether or not any special dividend has been paid on them, at any time for £1 in aggregate. On a winding up, each B share is entitled to the sum of 5p and, save as provided above, hold no further rights of participation in the profit or assets of the Company.

C9 RESERVES

	Share premium £'000	Capital redemption reserve £'000	Retained profit £'000	Total £'000
At 1 May 2007	264	12,132	711,763	724,159
Retained profit	–	–	67,859	67,859
Redemption of shares	–	6,041	(241,641)	(235,600)
Credit in respect of employee share schemes	–	–	11,940	11,940
At 30 April 2008	**264**	**18,173**	**549,921**	**568,358**

C10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Retained profit	**67,859**	77,459
Redemption of shares	**(241,641)**	(241,641)
Credit in respect of employee share schemes	**11,940**	5,610
	(161,842)	(158,572)
Opening equity shareholders' funds	**742,282**	900,854
Closing equity shareholders' funds	**580,440**	742,282

C11 CONTINGENT LIABILITIES

The Company has no contingent liabilities (2007: £nil).

C12 RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of The Berkeley Group Holdings plc or investees of The Berkeley Group Holdings plc. Disclosures in respect of transactions with Directors of the Company are set out in Note 26 of the consolidated financial statements.

FIVE YEAR SUMMARY

Years ended 30 April	**2008 IFRS (i) £'000**	2007 IFRS (i) £'000	2006 IFRS (i) £'000	2005 IFRS (i) £'000	Transition to IFRS £'000	2005 UK GAAP (ii) £'000	2004 UK GAAP (ii) £'000
INCOME STATEMENT							
Revenue (excluding joint ventures)	**991,465**	918,410	917,926	794,461	(275,856)	1,070,317	1,272,443
Operating profit – Group							
– residential housebuilding	**197,553**	170,097	156,846	146,026	(44,461)	190,487	198,586
– commercial and other	**8,465**	6,975	4,029	8,986	(96)	9,082	14,215
– merger expenses	**–**	–	–	(1,633)	–	(1,633)	–
	206,018	177,072	160,875	153,379	(44,557)	197,936	212,801
Share of operating profit of joint ventures	**–**	–	–	–	(15,244)	15,244	21,924
Share of post tax results of joint ventures	**(2,416)**	6,798	11,562	10,358	10,358		
Finance costs – net	**(9,294)**	4,180	(7,336)	(8,281)	2,008	(10,289)	(4,958)
Profit before taxation	**194,308**	188,050	165,101	155,456	(47,435)	202,891	229,767
Taxation	**(56,481)**	(52,505)	(43,736)	(41,439)	16,809	(58,248)	(67,747)
Profit after taxation	**137,827**	135,545	121,365	114,017	(30,626)	144,643	162,020
Profit from discontinued operations	**–**	–	80,782	24,941	24,941	–	–
Retained profit	**137,827**	135,545	202,147	138,958	(5,685)	144,643	162,020
Earnings per share	**114.2p**	112.6p	168.4p	116.2p	(4.8p)	121.0p	130.4p
Dividends per share	**–**	–	–	16.5p	16.5p	–	22.3p
BALANCE SHEET							
Capital employed	**685,956**	700,613	616,605	876,549	(48,073)	924,622	997,424
Net cash/(debt)	**(4,549)**	80,962	220,585	(255,140)	–	(255,140)	145,186
Shareholders' funds	**681,407**	781,575	837,190	621,409	(48,073)	669,482	1,142,610
Net assets per share	**564p**	649p	697p	518p	(40p)	558p	944p
RATIOS AND STATISTICS							
Return on capital employed (note iii)	**29.3%**	28.1%	24.0%	22.0%	(0.2%)	22.2%	21.4%
Return on shareholders' funds (note iv)	**18.8%**	16.7%	16.6%	15.9%	(0.1%)	16.0%	14.7%
Dividend cover	**–**	–	–	–	–	–	6.1
Units sold	**3,167**	2,852	3,001	2,292	(1,278)	3,570	3,805

Note i: Information relating to 2008, 2007, 2006 and 2005 is presented under IFRS.

Note ii: Information relating to 2004 is presented under UK GAAP, as directed by IFRS 1. 2005 is also presented under UK GAAP for comparison purposes. The main adjustments that would be required to comply with IFRS would be those set out in Note 29 to the Group Financial Statements in the 2006 Annual Report, including the impact of IAS 18 "Revenue recognition", IAS 10 "Events after the balance sheet date", IAS 19 "Employee benefits" and IAS 2 "Inventory". In addition, under IFRS, discontinued operations are excluded from individual lines in the income statement, and included in the line Profit from discontinued operations. This applies to the Crosby business which was disposed in the year ended 30 April 2006.

Note iii: Calculated as profit before interest and taxation (including joint venture profit before tax) divided by the average shareholders' funds adjusted for net debt/cash.

Note iv: Calculated as profit after taxation as a percentage of the average of opening and closing shareholders' funds.

FINANCIAL DIARY

Annual General Meeting and Interim Management Statement	28 August 2008
Half Year End	31 October 2008
Interim Report for six months to 31 October 2008	5 December 2008
Interim Management Statement	March 2009
Preliminary Announcement of results for the year 30 April 2009	June 2009
Publication of 2008/09 Annual Report	July 2009

REGISTERED OFFICE AND ADVISORS

Registered office and principal place of business
Berkeley House,
19 Portsmouth Road,
Cobham,
Surrey KT11 1JG
Registered number: 5172586

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34 Beckenham Road,
Beckenham,
Kent BR3 4TU
Tel: 0870 162 3100

Corporate broker and financial advisor
UBS Investment Bank

Share price information
The Company's share capital is listed on the London Stock Exchange.
The latest share price is available via the Company's website at
www.berkeleygroup.co.uk

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Skadden, Arps, Slate Meager & Flom (UK) LLP

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