THE BERKELEY GROUP HOLDINGS PLC

Shareholder briefing deck

DRAFT

May 2022

Remuneration proposals

Background

- The current remuneration structure has been in place since 2011 with some amendments made during this period; although the overall structure has broadly been maintained, focussing on delivery of long term shareholder returns:
    - Total shareholder returns to September 2021 are now c. £2.5 billion, c. 60% higher than the original 10 year commitment made in 2011 to return £1.7 billion to shareholders
    - This total includes the £450 million returned to shareholders in September 2021 via a B-share scheme, which included the first half of the surplus capital return (£229 million)
    - Ongoing annual shareholder return commitment of £280 million

- In 2019, the 2011 LTIP was extended until 2025 which was approved by shareholders with 57% support. Berkeley is seeking approval for a new policy at the 2022 AGM on 2 September 2022.

- Following the 2019 AGM, the Company responded immediately to shareholder feedback and introduced additional financial performance conditions to the 2011 LTIP as well as an additional surplus capital return condition, ahead of an EGM planned for March 2020. The EGM did not proceed due to Covid but the voting deadline had closed at this point, with over 95% of shareholder support registered for these changes. At the 2020 and 2021 AGMs, the DRR received 91% and 92% shareholder approval, respectively.

- The Remuneration Committee has undertaken a detailed exercise to review the Policy in the context of the business, market norms and shareholder expectations; against the backdrop of three key pillars:
    - Simplicity and transparency
    - Consistency of risk vs reward
    - Consistency of pay vs performance

Remuneration proposals
Strategy and unique operating model

- Berkeley's purpose is to create quality homes, strengthen communities and improve lives, using its sustained commercial success to make valuable and enduring contributions to society, the economy and natural world.

- To achieve this, the Company's long-term strategy is to invest in opportunities with the right risk-adjusted returns, while ensuring that its financial strength reflects the prevailing macro environment, and to make returns to the shareholders who support the Company to achieve its purpose, through either dividends and/or share buy-backs.

- This is a unique operating model and Berkeley is the only large UK homebuilder focused on the regeneration of complex large-scale brownfield projects at scale.

- Each of its sites takes many years to design, plan and deliver. Continuity of senior management and maintaining long-term trusted relationships is fundamental to maximising value in an environment characterised by the complexity and individual nature of each sites' operational challenges, the regulatory environment, and the differing requirements of individual stakeholders and boroughs.

- Led by the Executive team, we have built up the breadth of expertise, financial strength and holistic place-making approach needed to patiently transform these challenging sites into highly connected, accessible and welcoming neighbourhoods, where homes are conveniently served by a high concentration of new and existing local infrastructure and amenities. Reviving these under-used spaces is vital to re-energising our cities and town centres and creates an increasingly sustainable, socially inclusive and lower carbon model of modern living, in which land, energy, resources and infrastructure are used more efficiently and responsibly.

- This bespoke model is very different to the systemised model of the volume house-builders in its complexity and the length of time it takes to tackle this complexity and develop the trusted third party relationships that generate long-term sustainable value for all stakeholders.

- The current management team has proved that it can deliver long term performance, including superior returns to shareholders, and we therefore want to retain and motivate them to deliver as the business transitions to the next generation beyond 2025.

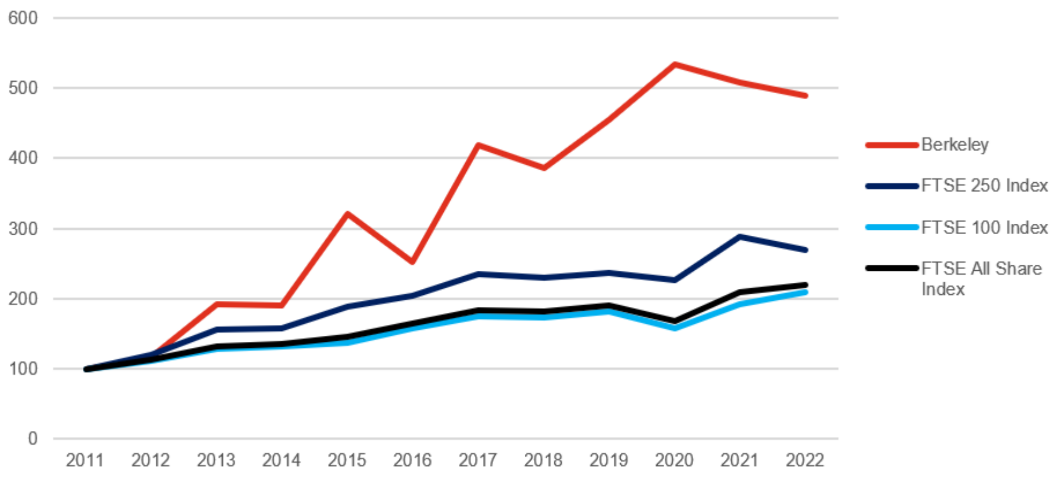
Remuneration proposals
Link to strategy

- New strategy launched in April 2021 – "*Our Vision 2030: Transforming Tomorrow*"
    - Leading by example, working with our local partners to transform our complex, brownfield sites into well-connected, nature-rich communities with quality mixed-tenure homes, maximising the positive impacts for all stakeholders
    - Sets 10 strategic priorities for the coming decade, including the next phase of our leading climate action and nature recovery programmes, and continuing our investment in modernising production and skills and training
    - Become one of the first 350 companies in the world to commit to limiting global warming by 1.5 degrees through adopting ambitious, independently verified science based greenhouse gas reduction targets.
- The Board has always striven to ensure the remuneration policy is as closely aligned to the Company's strategy as possible and rewards Executive Directors for enhancing value for shareholders over the long term. This has been successfully achieved through putting in place a reward structure that spans multiple years, reflective of Berkeley's uniquely long-term operating model and its focus on sustainable value creation, ahead of short-term annual profits.
- In addition to the 15% RoE underpin which ensures remuneration is linked to strong returns, the inclusion of the strategic underpin in the proposals signals the continued alignment of the business strategy and broader stakeholder outcomes with the remuneration policy.

Summary of performance – shareholder returns

Total shareholder returns of 389% from 2011 to end April 2022, compared to 109% for FTSE 100

The following chart shows Berkeley's Total Shareholder Return (TSR) performance against the FTSE 250, FTSE 100 and FTSE All Share indices since 2011.

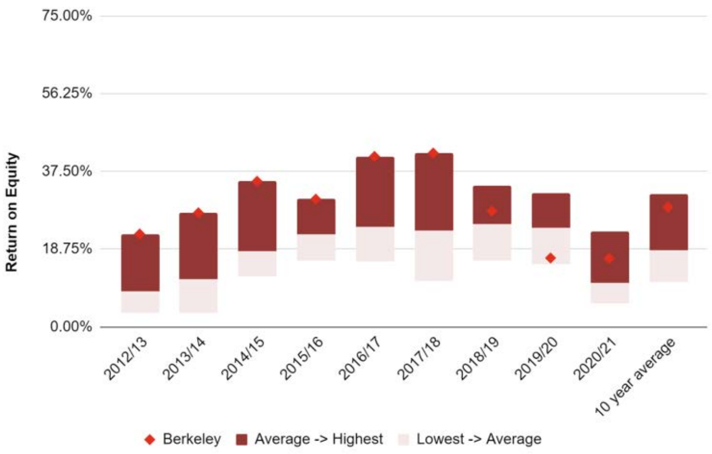


Cumulative shareholder payments of £2,480m since the introduction of the LTIP in September 2011

Year to 30 September	2011 - 2015	2016	2017	2018	2019	2020	2021
Shareholder payments	£582m	£273m	£278m	£278m	£279m	£280m	£510m
Cumulative	£582m	£855m	£1,133m	£1,411m	£1,690m	£1,970m	£2,480m

Summary of performance – financial performance

- Consistently strong RoE figures when compared with the sector, as illustrated by the chart
- We have increased the people working on our sites from 6,500 in 2011 to over 11,000 today
- Over the last 5 years, we have:
  - Delivered 18,500 homes, including 10% of London's new private and affordable homes
  - Supported 28,000 jobs in the economy on average each year
  - Delivered £2 billion in affordable housing subsidies and wider community and infrastructure benefits
  - Contributed £3.7 billion (including SDLT) to the UK economy through taxation, either directly or by its staff, customers and suppliers
  - Contributed £13.8 billion to UK GDP



Remuneration proposals

Rationale

- The long term nature of the 2011 LTIP has facilitated the retention of the Executive Directors; demonstrated by the tenure of the existing Executive team on the Board (with the business):
  - CEO - 21 years (28 years)
  - CFO - 7 years (16 years)
  - Whiteman - 12.5 years (26 years)
  - Tibaldi / Vallone - 4.5 years (22 / 31 years)
- Current LTIP will terminate in September 2025, which creates a "cliff edge". No opportunity for further variable remuneration beyond this under existing Policy.
- Poses risk to the business; significant time gap between final vesting of 2011 LTIP and realisation of value from any new arrangements and therefore clear need for a bridging arrangement.
- Management has demonstrated strong leadership of the business – it is vital to continue to retain and motivate the senior team to deliver significant returns to shareholders.
- Provide sufficient flexibility to be able to recruit new executives with an appropriately competitive and performance-orientated reward package.

Why a traditional structure is not appropriate

- Berkeley is a complex business in a cyclical sector. Each of its sites takes many years to design, plan and deliver. Continuity of senior management is fundamental to maximising value over in an environment characterised by the complexity and individual nature of each sites' operational challenges, the regulatory environment, the differing requirements of individual stakeholders and boroughs require that deep experience and the establishment of long-term trusted relationships.

- Accordingly, the Company wishes to maximise the delivery of long term performance by aligning the remuneration structures to the time horizon of the business strategy. As a consequence of this long term nature, a traditional plc incentive structure of an annual bonus and standard rolling 3 year long term incentive plan does not fit with the Company's purpose and facilitation of the delivery of the long term strategy.

- In particular, the operation of an annual bonus could give rise to incentivising short term gains at the cost of longer term sustainable growth.

- Being a complex and long term business means that we need to put in place remuneration arrangements that retain and incentivise an executive team with scarce skills given the business model. When performance is moderate or poor, the remuneration should be at a low cost to the business and against the market, and where performance is strong, our philosophy is to pay commensurately well against market levels.

- The concept of restricted shares and options is simple and transparent by nature; however in order to ensure reward is a fair reflection of business performance we have introduced a number of protections including the RoE and strategic underpins.

- The increasing exercise price mechanism applied to the options has been introduced to drive the right behaviours of the management team, to ensure that they are incentivised to continue with the Company's strategy of delivering long-term sustainable value for shareholders.

At a Glance – Link between OurVision 2030 and new Directors' Remuneration Policy

OurVision 2030 Priorities	
How we work	**What we create**
Employee experience - Heath & Safety - Diversity & Inclusion - Wellbeing and engagement **Modernised production** - Advanced manufacturing - Modern construction - Use of digital technology **Future skills** - Evolving industry image - Early careers and employee skills **Supply chain** - Collaboration - Materials strategy - CIPS certification **Shared value** - Sustainable returns - Value to society - The Berkeley Foundation	**Customers** - Experience - Digitalisation **Quality** - Quality and safe homes **Communities** - 90% of homes on brownfield land - Connectivity, social value and community plans **Climate action** - Science-Based Targets - Low carbon homes and operations - Net zero carbon by 2040 **Nature** - Overall environmental net gain by 2030

Remuneration link

Base salary, benefits and pension
- Modest fixed pay keeps costs low with upside for achievement against the priorities through variable pay

No bonus opportunity
- Not aligned with operation of and measurement of long term Vision

Restricted shares
- Alignment with longer term shareholder value
- Strategic underpin tests progress against the priorities of OurVision 2030 on aspects such as Climate action and Customers
- Rolling RoE underpin measured over 4 years tests sustainability of returns for investors per the Shared value priority
- Together with fixed pay, provides below market median remuneration to the extent that returns to shareholders are median (and hence the option award does not deliver significant value)

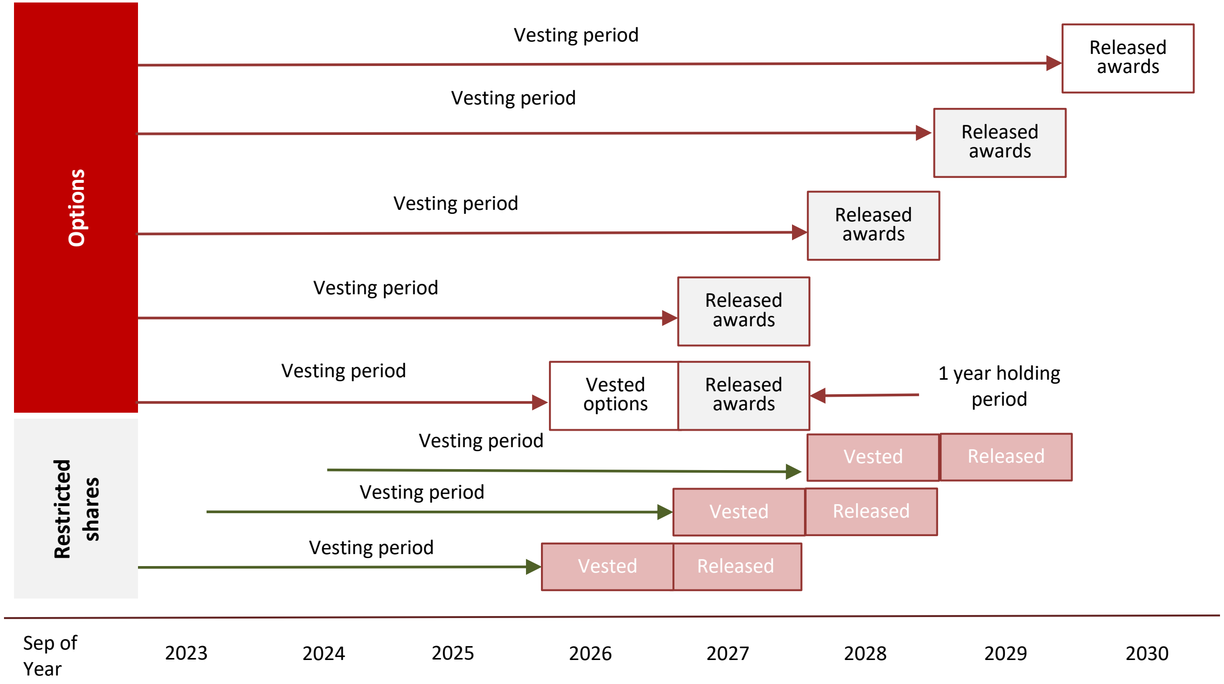
Option award
- Progress against OurVision 2030 reflected in ability to pay distributions and grow share price
- Vesting over 2026 to 2030 aligns reward to management with realisation of the Vision
- Level of potential upside reflects stretch in the priorities across the Vision

Shareholding requirements
- Enhanced to further align Executive Directors with shareholder value per the Shared value priority

Remuneration proposals
Summary of proposals

Element	Terms
Pension	- Reduce to 6% of salary in line with wider workforce (already committed to this change).
Restricted shares	- Annual awards of 175% of salary for CEO and 150% of salary for other Directors. - First awards granted in September 2022 with vesting in September 2026, with a further one year holding period. - Awards vest subject to an RoE underpin (average 15%). - A further strategic underpin will adjust the vesting downwards by 20% in the event of unsatisfactory progress against strategic and ESG priorities.
Options	- One-off grant in September 2022 of 1,000,000 options to CEO and 350,000 options to other EDs with an exercise price for both of £48.50, the price at which shareholders “sold” their shares under the B share consolidation. - Exercise price operates as a ratchet mechanism whereby price increases by £2.50 per year from FY28 onwards, but with shareholder returns being deducted from the exercise price from grant. - Vesting in five equal tranches between FY27 and FY31 (i.e. between 4 years and 8 years from grant), with holding restriction until at least 5 years from grant.
Cap	- Maintained at £8m for CEO, £3.25m for CFO and between £2.4m and £3.25m for other Executive Directors.
Existing LTIP	- No new awards or changes to vesting - legacy run-off awards previously approved..
Joiners	- Transition arrangements to be inserted into Policy that provide for initial Restricted Shares to vest and be sold earlier than 5 years.
Leavers	- Standard leaver provisions will apply, with only good leavers retaining their awards subject to time-prorating and vesting at usual dates.
Shareholding requirement	- Increased from 400% of salary for the CEO and 200% of salary for other Executive Directors, to 1,000% of salary for all Executive Directors to be achieved within a 10 year period. - An interim requirement equal to 400% of salary should be achieved within 5 years. - Post-cessation shareholding requirement maintained at 100% of actual shareholding (or requirement if lower) for 2 years post-cessation.

Remuneration proposals
High level construct



Summary of operation:

- Annual grants of Restricted Shares made from September 2022 with vesting after 4 years (plus one year holding period). Subject to Return on Equity and strategic underpins.
- One-off option awarded in September 2022 subject to exercise price at least equal to share price at grant, with vesting in tranches (released no earlier than 5 years from grant).
- Legacy LTIP awards continue to vest as normal subject to targets.

Remuneration proposals
Rationale

- These policy proposals are aligned to Group's strategy with a clear focus on achieving long-term, sustained shareholder value through the restricted shares and options.

- The approach retains the overall remuneration philosophy of a lower quartile "base level" of pay, through salary and pension, with the ROE and strategic underpins, and the exercise price for the option giving the following:

    - If the 15% ROE and ESG underpins are not hit, then the Executive Directors will only earn lower decile salary and pension;
    - If the 15% ROE and ESG underpins are met and shareholders receive broadly median shareholder returns, the Executive Directors will earn below median remuneration; and
    - Only if the underpins are met and shareholders receive upper quartile to upper decile shareholder returns can the Executive Directors earn at the upper end of the total potential reward.

- The quantum of restricted shares reflects the absence of annual bonus opportunity (in order to drive longer term rather than in-year performance) and together with fixed pay delivers remuneration that is aligned with market levels for market competitive performance.

- The share option element rewards long term returns to shareholders; this is a stretch element which provides leverage for participants to incentivise above market long term growth in value.

- The significantly increased shareholding requirement of 1,000% of salary over a ten year period facilitate the long term alignment of the executives' remuneration with the interests of shareholders and delivery of shareholder value.

Remuneration proposals
Illustrative remuneration - CEO

The tables below set out illustrations of potential levels of vesting for the CEO under existing and proposed arrangements for various levels of share price growth in excess of the dividend return (which is c. 6% based on a £2.50 dividend per share and current share price of c. £40), under the following assumptions:

- Shareholder returns of £2.50 per share per annum;
- Nil salary increases for the purpose of this illustration;
- Pension reduced to 6% for FY23 onwards;
- Share price of £40 as at grant in September 2022 (initial option price set equal to £48.50 with reduction for shareholder returns);
- Option price increases by £2.50 per year, with first increase applied for vesting in FY28;
- Legacy awards under current LTIP vest in full (based on .

Light orange highlighting indicates LTIP awards that are capped

0% p.a. share price growth (above dividend return) - *Total amount vesting under proposed: £34m*

Scenario	Element	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Current	Salary and pension	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m
	LTIP	£7.4m	£7.4m	£7.4m	-	-	-	-	-
	Total	**£8.0m**	**£8.0m**	**£8.0m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**
Proposed	Salary and pension	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m
	LTIP - existing	£7.4m	£7.4m	£7.4m	-	-	-	-	-
	RSP - new awards	-	-	-	£1m	£1m	£1m	£1m	£1m
	Options	-	-	-	£0.3m	£0.3m	£0.3m	£0.3m	£0.3m
	Total	**£8.0m**	**£8.0m**	**£8.0m**	**£1.9m**	**£1.9m**	**£1.9m**	**£1.9m**	**£1.9m**

Remuneration proposals
Illustrative remuneration - CEO

5% p.a. share price growth (above dividend return) - *Total amount vesting under proposed: £48m*

Scenario	Element	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Current	Salary and pension	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m
	LTIP	£7.4m	£7.4m	£7.4m	-	-	-	-	-
	Total	**£8.0m**	**£8.0m**	**£8.0m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**
Proposed	Salary and pension	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m
	LTIP - existing	£7.4m	£7.4m	£7.4m	-	-	-	-	-
	RSP - new awards	-	-	-	£1.2m	£1.2m	£1.2m	£1.2m	£1.2m
	Options	-	-	-	£2.0m	£2.5m	£3.0m	£3.6m	£4.1m
	Total	**£8.0m**	**£8.0m**	**£8.0m**	**£3.9m**	**£4.4m**	**£4.9m**	**£5.4m**	**£6.0m**

10% p.a. share price growth (above dividend return) - *Total amount vesting under proposed: £61m*

Scenario	Element	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Current	Salary and pension	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m
	LTIP	£7.4m	£7.4m	£7.4m	-	-	-	-	-
	Total	**£8.0m**	**£8.0m**	**£8.0m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**
Proposed	Salary and pension	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m
	LTIP - existing	£7.4m	£7.4m	£7.4m	-	-	-	-	-
	RSP - new awards	-	-	-	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m
	Options	-	-	-	£4.0m	£5.2m	£5.9m	£5.9m	£5.9m
	Total	**£8.0m**	**£8.0m**	**£8.0m**	**£6.3m**	**£7.3m**	**£8.0m**	**£8.0m**	**£8.0m**

Illustrative remuneration - CEO

Share price growth assumption	Total remuneration					
	FY27	FY28	FY29	FY30	FY31	Average
0% p.a. + dividends of £2.50 per share (RoE and ESG underpins not met)	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**	**£0.6m**
0% p.a. + dividends of £2.50 per share (RoE and ESG underpins met)	**£1.9m**	**£1.9m**	**£1.9m**	**£1.9m**	**£1.9m**	**£1.9m**
5% p.a. + dividends of £2.50 per share (RoE and ESG underpins met)	**£3.9m**	**£4.4m**	**£4.9m**	**£5.4m**	**£6.0m**	**£4.9m**
10% p.a. + dividends of £2.50 per share (RoE and ESG underpins met)	**£6.1m**	**£7.3m**	**£8.0m**	**£8.0m**	**£8.0m**	**£7.5m**

Share price growth assumption	Projected share price at FY31 vesting	Equivalent TSR over 8 years (including £2.50 dividend per share p.a.)	Position vs FTSE 100 long term TSR	Average total remuneration (FY27 to FY31)	Position vs FTSE 100 total remuneration
0% p.a. + dividends of £2.50 per share	£40	**5%**	**Just below median of 5.6%**	**£1.9m**	**Below median of £3.0m**
5% p.a. + dividends of £2.50 per share	£59	**9%**	**Between median and upper quartile**	**£4.9m**	**Above upper quartile of £4.6m**
10% p.a. + dividends of £2.50 per share	£86	**13%**	**Just below upper quartile of 13.6%**	**£7.5m**	**Just above upper decile of £7.4m**

Conclusion

- Questions?