22 August 2025

YOUR VOTE IS IMPORTANT. PLEASE ACT NOW.

Dear Shareholder

As you may be aware, ISS, a proxy advisory firm, has issued voting recommendations on the upcoming AGM of The Berkeley Group Holdings plc ("Berkeley") to be held on 5 September 2025.

In its report, ISS recommends that its clients vote against resolutions 3 ("Approve Remuneration Policy"), 4 ("Approve Performance Share Plan"), and 6 ("Re-elect Rob Perrins as Director"). We do not agree with its assessments of and recommendations on these issues, as we strongly believe that the resolutions are in the best interests of Berkeley and its shareholders.

Remuneration (Resolutions 3 and 4)

The proposed new policy moves Berkeley from a period of bespoke remuneration policies, comprising low base salaries and high total remuneration potential from equity-based variable incentives to a market standard. This is something that ISS has advocated consistently in the past, recommending shareholders vote against previous bespoke policies, and we are pleased now to note that ISS supports the proposed approach.

However, ISS is recommending shareholders vote against the adoption of the new policy on the basis that they consider the "remuneration opportunities…will be materially higher than sector peers". We do not believe this is the case.

Going forward, Richard Stearn's package as CEO, provided the proposed Board changes are supported by shareholders, will be in the bottom quartile of the CEO pay benchmark primarily as his salary will be positioned significantly below the CEO market median. It is more challenging to state that Rob Perrins as Executive Chair (if supported by shareholders) would be paid materially higher than peers as there are only limited examples across the FTSE, but the Committee is satisfied that the proposed package for Rob (which precludes his participation in the new annual bonus) is appropriate, being around the lower quartile of a CEO benchmark.

ISS also suggests that the new pay structure is a significant increase over the current; we fundamentally disagree with this interpretation on the basis that ISS is ignoring a significant component of the current policy. Under the current (2022) remuneration policy awards were granted annually under a Restricted Stock Plan ('RSP') and on a one-off basis (in February 2023) under the LTOP. Berkeley is changing its approach to variable incentives by proposing to introduce an annual bonus and a Performance Share Plan ('PSP'), both of which are structured to be entirely consistent with FTSE norms. In its report ISS has not included in any of its comparisons any value attributed to the one-off LTOP grant on the basis that "one-off awards…are typically left out of remuneration comparisons".

We find this argument surprising given that one-off awards, by their very nature, replace annual grants, and are used to retain and motivate participants over their (generally long) vesting period

(and not just the year in which they are granted, which is implied by ISS). Furthermore, in its review of the existing policy at the 2022 AGM ISS raised concerns over the then-proposed "significant" quantum of the LTOP awards, and therefore to disregard them now is not consistent. On page 130 of the annual report we provide a fair comparison of the existing and proposed remuneration policies (noting this is on the basis of no changes to the Board structure) and this clearly shows that the vest-date value of awards under the proposed policy is likely to be lower than under the existing policy, and considerably more variable than the remuneration of recent years.

Re-election of Rob Perrins as a Director (Resolution 6)

As required by the UK Corporate Governance Code, where in exceptional circumstances such an appointment is proposed, we have consulted with our major shareholders on the appointment of Rob as Executive Chair, and are disappointed that ISS has taken this position, as we strongly believe the proposed changes are in the best interests of the Company and its shareholders.

This is a pivotal moment in Berkeley's history, as our current CFO, Richard Stearn, transitions into the role of CEO and the Company embarks upon its new ten-year strategy, put in place in December 2024. The Board is very conscious of the complexity of today's operating environment in our industry, the role of housing in the Government's growth agenda and the importance of the current executive team in maintaining Berkeley's unique business model and culture to drive long-term value for shareholders, while also recognising the need to formulate and execute a successful succession strategy.

Rob Perrins has been Berkeley's CEO since 2009 and has overseen a period of exceptionally strong performance and value creation. He has deep industry knowledge, well-established relationships with national and local political leaders, and an unparalleled understanding of the Company's business model, culture, and values. His continued leadership, through the role of Executive Chair, will foster the commitment of the senior leadership team during this period of change and ensure effective stewardship of the Berkeley 2035 strategy.

The appointment of Rob as Executive Chair provides assurance to key stakeholders, including employees, investors, and government partners, of continuity in leadership at a time of significant change. It resolves succession in a way that retains the Berkeley culture and values, the importance of which is recognised by shareholders and other stakeholders alike. At the same time, it brings clarity to the future structure of the senior leadership team and paves the way for emerging talent. The Board set out in full its rationale for the changes in its announcement on 20 June following extensive feedback from shareholders as to the importance of retaining the current Executive team in the business. We are pleased that ISS considers this to be a cogent rationale.

We acknowledge the concerns detailed by ISS but believe the mitigating factors we present are compelling reasons for shareholders to support Rob's re-election to the Board. Among them, the strength of the Non-Executive Directors on the Board that will be further enhanced by the appointment of Richard Dakin at the conclusion of the AGM and of a further high calibre, Non-Executive Director with extensive industry and public company experience, anticipated to be announced early in 2026.

The UK Corporate Governance Code states that it does “not set out a rigid set of rules” but instead advocates a principles-based approach through “comply or explain” reporting. As reiterated in the 2024 Code, companies are expected to focus on the impact of their governance arrangements — not simply the form — and to demonstrate how these arrangements deliver effective outcomes. We support this flexible approach and believe Berkeley has acted in full accordance with it.

In our view, the proposed appointment of Rob Perrins as Executive Chair represents an exceptional but necessary step in ensuring continuity, stability, and long-term value creation. It reflects shareholder feedback, complies with the UK Code’s principles-based flexibility, and supports the effective delivery of Berkeley’s next phase of strategic growth and we are therefore disappointed that ISS, having recognised the rationale for the appointment, has recommended shareholders vote against the re-election of Rob as a director which we believe would not be in the best interest of the Company.

Conclusion

We recognise that the remuneration resolutions represent a significant change from how executives have been remunerated at Berkeley in the past. However, we have a strong belief that this revised approach will ensure that remuneration reinforces the drivers of financial success for Berkeley, be more motivational for the management team over the Policy period and be better suited to attracting new senior hires.

The appointment of Rob Perrins to Executive Chair, provides vital leadership continuity at a pivotal moment for Berkeley, as we begin implementing the Berkeley 2035 strategy. Rob’s deep knowledge of the business and strong relationships with external stakeholders will help safeguard the Company’s culture and values while supporting the next generation of leadership.

We believe these resolutions are in the best interests of all shareholders and urge shareholders to support them in full at the Annual General Meeting on 5 September 2025.

The Board welcomes any further views and discussion on this agenda item ahead of and during the AGM. If you would like to discuss the proposals with us, please contact victoria.mee@berkeleygroup.co.uk.

Yours sincerely,

Rachel Downey
Senior Independent Director

Natasha Adams
Chair of Remuneration Committee