

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from a stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in The Berkeley Group Holdings plc, please forward this document, together with the accompanying documents, including the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

A Form of Proxy for the Extraordinary General Meeting is enclosed. Whether or not you intend to be present at the meeting, please complete the Form of Proxy and return it in accordance with the instructions printed on it so as to reach the Company's registrar no later than 2.00 pm on 21 February 2017. Alternatively, you can register your proxy vote electronically if you are a CREST member by using the service provided by Euroclear. Further details are given in the notes to this document on page 13. Completion and return of the Form of Proxy will not prevent you from attending and voting at the meeting in person, should you so wish.



The Berkeley Group Holdings plc

(incorporated and registered in England and Wales under number 5172586)

Notice of Extraordinary General Meeting

To be held on

23 February 2017

Contents**Page**

Letter from the Chairman of The Berkeley Group Holdings plc	1
Letter from the Chairman of the Remuneration Committee of The Berkeley Group Holdings plc	3
Notice of Extraordinary General Meeting	12
Notes to the Notice of Extraordinary General Meeting	13
Appendix 1	15
- Directors' Remuneration Policy	
Appendix 2	28
- Amendments to the rules of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan (the "2011 LTIP")	



The Berkeley Group Holdings plc

(Registered in England and Wales, No. 5172586)
Berkeley House, 19 Portsmouth Road,
Cobham, Surrey KT11 1JG

23 January 2017

To the holders of ordinary shares of The Berkeley Group Holdings plc

Dear Shareholder,

Extraordinary General Meeting

Introduction

This letter provides details of the Extraordinary General Meeting of The Berkeley Group Holdings plc (the “Company” or “Berkeley”) which I am pleased to invite you to attend. It is your opportunity to meet with your Directors and to question them about issues that concern the Company.

I therefore encourage you to attend. In any event, please complete the enclosed Form of Proxy as soon as possible which should arrive at the Company’s Registrars no later than 2.00 pm on 21 February 2017. Please write to me at the above address if you would like to ask a specific question at the meeting.

Please note that if you appoint a proxy by returning your Form of Proxy, you may still attend, speak and vote at the Extraordinary General Meeting in person if you wish to do so.

The Extraordinary General Meeting will be held at The Woodlands Park Hotel, Woodlands Lane, Stoke D’Abernon, Cobham, Surrey KT11 3QB on 23 February 2017 at 2.00 pm.

Summary of Resolutions

The full form of the Resolutions is set out in the Notice of the Extraordinary General Meeting accompanying this letter. However, by way of a summary, we will be proposing the following: (a) that the Directors’ Remuneration Policy as described in Appendix 1 be approved; (b) that the Directors be authorised to amend the rules of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan in the manner described in Appendix 2; (c) that the limit on Non-executive Directors’ fees contained in the Company’s Articles of Association be amended; and (d) that a transaction between the Company and one of its Directors Mr S Ellis, be approved.

Resolution 1

Resolution 1 seeks shareholders’ approval for the new Directors’ Remuneration Policy (“Remuneration Policy”) described in Appendix 1 to the Notice of the Extraordinary General Meeting of the Company dated 23 January 2017. A policy for Directors’ remuneration must be put to shareholders at least every three years and it is intended that, if approved by shareholders, the Remuneration Policy will apply from the date of approval to the date of the third anniversary of this approval.

Resolution 2

Resolution 2 seeks authority for the Directors to amend the rules of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan in the manner described in Appendix 2 to the Notice of the Extraordinary General Meeting of the Company dated 23 January 2017.

Resolution 3

Resolution 3 seeks Shareholders’ approval to increase the limit to the aggregate annual fees payable to Non-executive Directors contained in article 88.1 of the Company’s Articles of Association (the “Articles”). The current limit in the Articles is set at £500,000 (or such larger amount as the Company may by ordinary resolution determine), and was originally adopted on 10 September 2008. It is important that the Board retains sufficient flexibility for the future and it is therefore proposed to increase the limit to £1,000,000 (or such larger amount as the Company may by ordinary resolution determine) to provide sufficient headroom for future years. Article 88.1 provides for the limit in the Articles to be increased by an ordinary resolution of the Company.

The Board has no current plans to change its approach to the fees paid to Non-executive Directors and any such fees must in any event be paid in accordance with the Company’s Remuneration Policy as approved by shareholders.

Resolution 4

Mr S Ellis, a Director of the Company, contracted to purchase plot 6.4.1 and a car parking space, 190 Strand from St Edward, a joint venture between the Prudential Assurance Company and the Company, for £2,285,000.

As this transaction is in excess of £100,000, it constitutes a substantial property transaction with a Director of the Company under sections 190 and 191 of the Companies Act 2006 and is therefore conditional on the approval of shareholders, which will be sought at the Extraordinary General Meeting.

The agreement between St Edward and Mr Ellis is a standard form sale and purchase agreement used by St Edward on its 190 Strand development, save that it is conditional on shareholder approval.

Voting at the meeting

At the meeting itself, all resolutions will be put to a vote by way of a show of hands. Further details on voting are set out in the notes to the notice of the Extraordinary General Meeting.

Voting by proxy

If you would like to vote on the resolutions but cannot come to the Extraordinary General Meeting, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the Extraordinary General Meeting by using one of the methods set out in the notes to the notice of the Extraordinary General Meeting on pages 13 to 14 of this document.

Shareholders are requested, whether or not they propose to attend the Extraordinary General Meeting, to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon, as soon as possible to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF so as to arrive as soon as possible but in any event by no later than 2.00 pm on 21 February 2017. The lodging of Forms of Proxy will not prevent shareholders from attending and voting in person should they so wish.

Recommendation

The Board considers the resolutions are in the best interests of the Company and its shareholders as a whole and are therefore likely to promote the success of the Company. The Board recommends unanimously that you vote in favour of the proposed Resolutions and intend to vote in favour of the proposed Resolutions in respect of their own beneficial shareholdings in the Company.

Yours faithfully

A W Pidgley, CBE
Chairman



The Berkeley Group Holdings plc

(Registered in England and Wales, No. 5172586)
Berkeley House, 19 Portsmouth Road,
Cobham, Surrey KT11 1JG

23 January 2017

To the holders of ordinary shares of The Berkeley Group Holdings plc

Dear Shareholder,

Proposed Directors' Remuneration Policy and amendment of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan (the '2011 LTIP')

Background

The current remuneration policy is due for renewal in 2017. The Remuneration Committee is seeking approval for a new policy in the first quarter of 2017 to reflect a change required to The Berkeley Group Holdings Plc 2011 Long Term Incentive Plan as a result of the adjustment to the delivery of the corporate strategy.

Overview of Strategy

In December 2015, Berkeley enhanced its 10 year Shareholder Returns Programme from £13.00 per share to £16.34, with the remaining £12.00 per share to be delivered through dividend payments of £2.00 per share each year through to 2021. As of today a further £10.00 per share remains to be delivered. This is £1.4 billion of the £2.2 billion total 10 year return. It should be noted that the Remuneration Committee views the requirement to deliver a further £10.00 from a current NAVPS of £14.00 as challenging.

Having delivered pre-tax profits of £0.5 billion last year, Berkeley is on target to deliver the £2.0 billion three year cumulative PBT target announced 18 months ago for the period ending 30 April 2018. Strong forward sales and resilient current trading have enabled the Board to announce a new five year target to deliver at least £3.0 billion of pre-tax profit in the period beginning 1 May 2016.

The next £1.00 of £2.00 per annum shareholder returns has been announced in line with the plan – this and future returns are to be delivered through dividends or share buy-backs, not solely dividends. This reflects the Board's opinion that, at certain price points, the Company is materially undervalued and share buy-backs will be in the interests of all shareholders in these circumstances.

Rationale for Revision to Strategic Delivery

Since the enhancement to the Shareholder Returns Programme last year, Berkeley has continued to deliver strong financial results, together with ongoing investment for the future. At this point in the cycle, the Company has sufficient visibility both to reiterate the existing earnings guidance and announce a new target to deliver at least £3.0 billion of PBT in the five years beginning 1 May 2016.

The current heightened macro uncertainty has led to significant market volatility and there is a dislocation between this and both the underlying market conditions and the strength of Berkeley's operating model, which is preventing the market from recognising the long-term value of Berkeley. Consequently, the Board is introducing flexibility which enables shareholder returns to be delivered through a combination of both dividend payments and share buy-backs, as opposed to solely dividends. This recognises that, at certain price points, the Board is of the opinion that the Company is materially undervalued and share buy-backs will be in the best interests of the shareholders.

In bringing these changes into effect, the Board has determined that the payments should be re-characterised from being a value per share, to be an absolute value per annum. This ensures the same quantum of cash will be returned as previously anticipated, but to a concentrated number of shareholders, to the extent share buy-backs occur. The absolute value will be increased by £2.00 per annum for each share issued or re-issued by the Company after the Extraordinary General Meeting.

This revised mechanism should ensure that the value embedded in the business is not overlooked by the market.

In February and August each year, the Company will announce the dividend to be paid in March and September, respectively. For each relevant six month period, this will be calculated as the absolute value amount to be delivered, less any share buy-backs undertaken during that relevant period.

Summary of changes to the Proposed Remuneration Policy

Subject to shareholder approval the change to include share buy-backs made on or after 1 October 2016 in the 2011 LTIP performance measurement will be implemented immediately following the Extraordinary General Meeting; while the other changes to the current remuneration policy such as the 2011 LTIP Cap, the Total Remuneration Cap and the change to the remuneration of the Executive Chairman will apply from the beginning of the 2017/18 financial year commencing on 1 May 2017.

Buy-Backs included in LTIP Performance Measurement

The Remuneration Committee is proposing to allow the £2.00 per share returns required each year for a tranche of the LTIP options to vest to be provided through a combination of dividends and share buy-backs. Where the return is provided through buy-backs the shares will be cancelled (unless retained to be reissued from treasury in lieu of an obligation to issue shares). It should be noted that share buy-backs do not reduce the exercise price of the options. Currently option vesting and the exercise price payable under the 2011 LTIP are determined by dividends paid and payable (number of options vesting) and dividends paid (exercise price). Share buy-backs under the rules of the 2011 LTIP do not currently apply to satisfy the tranche payment milestones resulting in a potential misalignment of management interests with shareholders as there is a potential disincentive to undertake share buy-backs.

The purpose of the proposed amendment is to remove this potential disincentive and ensure complete alignment by allowing the cost of share buy-backs to be included in determining the satisfaction of tranche milestone payments under the terms of the LTIP. The effect of the proposed amendment is to allow the LTIP tranches to vest where milestone payments are met by a combination of share buy-backs and dividend payments but not to change the exercise price of options which will remain based solely on dividends paid.

The rationale for not including buy-backs in the reduction of the exercise price is that this would result in a potential enhancement of value from that agreed with shareholders on approval of the amended 2011 LTIP in February 2016, as the exercise price would be reduced whilst the value of these options would increase (as they represent an increased percentage of the fully diluted share capital).

It should be noted that shares acquired through buy-backs may be cancelled or held in treasury. Retaining shares in treasury avoids the need to list and issue new shares to satisfy future share plan exercises. Any shares issued, either through the listing of new shares, or from treasury, will increase the next annual return by £2.00 per share as appropriate.

Summary

The rationale for the change is:

- the flexibility will allow the Board to consider opportunistic share buy-backs where this is considered to create value over the long term;
- shareholders will benefit from shares acquired for less than the Board's assessment of their underlying value;
- if shares cannot be acquired at the "right price" the principles of the current strategic framework are preserved.

Caps on LTIP Value and Total Remuneration (commencing 1 May 2017)

The Remuneration Committee has introduced remuneration caps on the value provided under the new Remuneration Policy each year. This is in addition to the global cap on benefits from the 2011 LTIP introduced at the February 2016 EGM. The following table shows:

- the LTIP Cap and the Total Remuneration Cap (referred to together as the "Caps"); and
- the potential value forgone as a result of the operation of the Caps based on the following:
 - the existing shareholder returns programme whereby the returns are made solely through dividends;
 - over the seven year period over which the Caps operate;
 - using assumed share prices:

	LTIP Cap p.a. (£'000)	Other Elements (Salary, Bonus & Pension) (£'000)	Total Remuneration Cap p.a. (£'000)	Value forgone from Current Position @£25 share price	Value forgone from Current Position @£30 share price
A W Pidgley	8,000	200	8,200	42%	50%
R C Perrins	5,500	2,500	8,000	37%	47%
R J Stearn	2,000	1,250	3,250	1%	11%
K Whiteman	2,000	1,250	3,250	1%	14%
S Ellis	3,750	1,250	5,000	14%	28%

Notes

- The Total Remuneration Cap covers Salary, Bonus, Pension and LTIP options. The LTIP Cap covers the value at vesting of LTIP options and is a separate cap within the overall Total Remuneration Cap. In the operation of the LTIP Cap where options have vested as a result of the performance conditions being met but the value is capped in a given year, the balance of the options will be banked and carried forward. This banked balance will still be subject to continued employment but will become exercisable at the next vesting date provided the Caps are not exceeded. This process will continue until 2023 at which point any banked options which have not become exercisable will lapse. The Remuneration Committee has extended the period over which banked options become exercisable to 2023 to provide a longer lock-in of participants and a potential saving to the Company. The LTIP Cap provides an extension of two years from when the 2011 LTIP currently finishes in 2021.

- Executive Chairman – In respect of the 2017/18 financial year and ongoing the Remuneration Committee has determined under the proposed Remuneration Policy that the only remuneration payable to the Executive Chairman other than a fee of £200,000 p.a. will be provided through the award that was granted to him under the 2011 LTIP (provided the performance conditions are met). There will be no entitlement to other salary, pension or bonus. The Remuneration Committee believes that the Executive Chairman should primarily be rewarded through the equity incentives which reflect both the historic value he has helped create and his ongoing strategic role with the Company to ensure an alignment of his interests with shareholders. The Remuneration Committee felt that in respect of the other Executive Directors who are responsible for the operation of the Company and implementation of the strategy that all elements of the proposed Remuneration Policy should be provided.
- See notes to this letter for further details and illustrations of the operation of the LTIP Cap.

Rationale for the Caps

The Remuneration Committee took into account the following in deciding to introduce the Caps on remuneration:

- The level of reward provided under the 2004(b) LTIP and the 2009 LTIP (the 2011 LTIP's predecessors) has been materially greater than was envisaged at the time that these plans were put to shareholders for approval. This has been due to a number of factors including the very strong performance of the Company over this period and also the substantial rise in the Company's share price which has been a consequence of this performance.
- In addition, the potential benefit from the 2011 LTIP is also likely to exceed the original expectations.
- The executive remuneration environment has become ever more challenging over the years. Quantum and the perceived inequality of executive remuneration has again become a sensitive matter. While the Remuneration Committee does not believe that shareholders would dispute the strong performance of the Company over this period, the Remuneration Committee is sensitive that the Company has to a degree become a victim of its own success and that the potential remuneration payable at the top end of the current range may have reached the point of being simply too high irrespective of performance and therefore potentially unfair to other stakeholders.

One of the strengths of Berkeley's approach to remuneration has been to lead and anticipate rather than react. The introduction of the Caps are particular to Berkeley and the Company is not making any statement as to their appropriateness more generally; however the Remuneration Committee wishes to lead in the remuneration arena, reacting to the changed environment around executive remuneration.

Impact of 2011 LTIP Amendments

The proposed amendments to the 2011 LTIP have the following effects:

- the flexibility to achieve the tranche payment targets through a mixture of dividends and share buy-backs (shares bought back will be cancelled unless retained to be reissued from treasury in lieu of an obligation to issue new shares);
- the total value a participant can receive under the 2011 LTIP on an annual basis is capped;
- the IFRS 2 cost to the Company of the amended 2011 LTIP is neutral. In addition, where the Caps operate the Company will save employers' national insurance contributions to the extent that the full value of the options does not vest;
- the dilutive cost to shareholders reduces due to the introduction of the individual participant caps on potential benefits from the 2011 LTIP; this taken together with the changes made in February 2016 and reallocations since the inception of the 2011 LTIP, reduces the maximum number of shares capable of vesting under the 2011 LTIP to 50% lower than originally anticipated (this is based on a share price of £25);
- The practical life of the 2011 LTIP is potentially extended from 2021 to 2023 due to the roll forward of shares which have been earned but are caught by the annual Caps;
- Shareholders are locking-in management for an additional 2 years.

Position of Participants

The proposed implementation of the LTIP Cap requires the consent of participants, which the Remuneration Committee has received subject to shareholder approval of the proposals, as they reduce the potential value of the existing options compared to the current position; by:

- capping the value that can be received; and
- lapsing options earned as a result of the satisfaction of the performance condition but which while banked have not become exercisable prior to 2023.

Other Elements of the Proposed Remuneration Policy

The Remuneration Committee is not proposing any other material changes to the previous policy approved by shareholders at the 2014 Annual General Meeting of the Company (see Appendix 1 for the full proposed new Remuneration Policy).

Shareholder Consultation

The Remuneration Committee consulted with its main shareholders as well as the main shareholder representative bodies prior to finalising the proposed amendments to the Remuneration Policy and the 2011 LTIP. The Remuneration Committee is grateful for the significant degree of engagement with the Company and its advisers shown by those shareholders consulted throughout the consultation process, and for their comments and feedback. At the end of this process the Remuneration Committee is pleased that the majority of shareholders consulted have indicated they are supportive of the amendments.

Operation of the Remuneration Policy in the Current Financial Year

I would like to take this opportunity of updating you on the actual and likely remuneration outcomes for the current financial year.

First Vesting under the 2011 LTIP

The first vesting of options under the 2011 LTIP occurred on 30 September 2016. The maximum level of options capable of vesting was 33% of the total grant provided that £6.34 of dividends had been paid to shareholders by this date. This performance condition was met in full and therefore 33% of options vested. The single total figure of remuneration disclosure that will be included in the Annual Report on Remuneration for the year ending 30 April 2017 for each of the Executive Directors is set out below:

	Value of gain to be included in single total figure of remuneration disclosure
A W Pidgley	£26,070,000
R C Perrins	£26,070,000
R J Stearn	£4,975,866
K Whiteman	£5,214,000
S Ellis	£11,731,500

Bonus Plan

At this point in the financial year the Company is on target to achieve the maximum Group ROE and NAV performance. If this is maintained for the full financial year this level of performance would result in maximum bonuses being earned.

Other Elements of Remuneration

The Company has implemented the existing policy for this financial year as set out in the Statement of Implementation of Remuneration Policy contained in the Annual Report on Remuneration for the year ended 30 April 2016.

Conclusion

I will be attending the Extraordinary General Meeting of the Company and will be available to answer any shareholder questions on the contents of this document or more broadly in relation to the Company's executive remuneration.

Yours faithfully,

Glyn Barker

Chairman of the Remuneration Committee

NOTES**Illustration of the Potential Application of the Caps**

This note contains the following tables:

- the elements of remuneration subject to the Caps; and
- the potential value that could be lost as a result of the operation of the Caps for various assumptions about how the £2.00 per share tranche payment each year under the 2011 LTIP is delivered. This includes the impact of share buy-backs being counted towards the £2.00 per share tranche payment but only dividends reducing the exercise price of the options granted under the 2011 LTIP.

Calculation of the Caps

The following table sets out the proposed methods of calculation of the Caps. One of the key objectives of the operation of the Caps is to line up with the required disclosure under the directors' remuneration reporting regulations for the table setting out the single total figure of remuneration:

Element of Remuneration	Calculation for the Caps
Salary	The amount paid to the relevant Executive Director for the financial year being reported on.
Bonus	100% of the bonus contribution earned for the financial year being reported on is disclosed in the single total figure of remuneration table in the bonus column for that year.
Pension	The value of the pension contribution paid in respect of the financial year being reported on is disclosed in the column in the single total figure of remuneration table for pension.
2011 LTIP	Where the performance period for a tranche of the 2011 LTIP is completed in the financial year being reported on the value of the element of the LTIP options at the date of vesting is disclosed in the 2011 LTIP column in the single total figure of remuneration table.

Operation of the Caps

The following table sets out the proposed operation of the Caps:

Cap	Operation
Total Remuneration Cap	<p>The elements of remuneration subject to the Total Remuneration Cap are:</p> <ul style="list-style-type: none"> • Salary; • Bonus; • Pension; and • 2011 LTIP (also subject to the separate LTIP Cap). <p>Where the total remuneration would exceed the Total Remuneration Cap it will be reduced in the following order until the Total Remuneration Cap is reached:</p> <ul style="list-style-type: none"> • 2011 LTIP (see separate section setting out the operation of the 2011 LTIP Cap); • Bonus. <p>The Caps have been set at a level so that currently there will be no requirement for there to be a reduction in other elements of remuneration (salary and pension).</p>

Cap	Operation
LTIP Cap	<p>1. The potential value of the tranche of the 2011 LTIP options at the relevant date of vesting is the amount subject to the LTIP Cap. In all cases the performance conditions will have been satisfied or the tranche will lapse. LTIP Cap = (A) For example: £2,000,000</p> <p>2. This potential gain in the tranche of options at the date of vesting is calculated as follows: Number of options capable of vesting x (market price of a share on the date of vesting – exercise price) = (B) For example: Number of options capable of vesting is 130,000 x (market price of £30 – exercise price of £8 = £22) = £2,860,000 gain</p> <p>3. Where (B) is greater than (A) the excess value will be converted into a number of options by dividing it by the gain per share (€30 – €8) = €22 calculated at the date of vesting. These options will be banked. For example: (£2,860,000 (B) – (£2,000,000 (A)))/£22 = 39,091 options</p> <p>4. The number of options calculated under 3 equivalent to the excess value will be banked and subject to the following terms:</p> <ol style="list-style-type: none"> there are no further performance conditions to be satisfied; they remain subject to an employment condition until they become exercisable; they will become exercisable at the next vesting date in part or in full up to the value of the LTIP Cap for that financial year taking into account options vesting in respect of that year's 2011 LTIP tranche using the above methodology. In addition: <ol style="list-style-type: none"> where the relevant tranche for that year does not vest (i.e. where the performance conditions have not been met for that tranche) this does not affect the potential exercise of options in the bank; this process will continue until all banked options have become exercisable or until 30 September 2023 at which point any banked options not yet exercisable will lapse. <p>5. The above calculations will be performed at each vesting date for a tranche of options under the 2011 LTIP. It is, therefore, possible that options may be banked in a number of years. For example: At the next vesting date the number of options capable of vesting in respect of that tranche of the 2011 LTIP options is 130,000. The banked balance of options is 39,091. The market price on the potential date of vesting is £20. The exercise price is £6. The gain per share subject to each option is £20 – £6 = £14. Therefore: The tranche of the 2011 LTIP options in respect of that year vests in full 130,000 x (£20 – £6 = £14) = £1,820,000 gain; This leaves the following unused element of the LTIP Cap £2,000,000 – £1,820,000 = £180,000; Therefore the following number of options will become exercisable from the bank £180,000 / £14 = 12,857. The balance of the bank at the end of the year will therefore be 39,091 – 12,857 = 26,234 options.</p> <p>At the next vesting date the number of options capable of vesting in respect of that tranche of the 2011 LTIP options is 130,000. The banked balance of options is 26,234. The market price on the potential date of vesting is £25. The exercise price is £4. The gain per share subject to each option is £25 – £4 = £21. Therefore: The tranche of the 2011 LTIP options in respect of that year vests in full 130,000 x (£25 – £4 = £21) = £2,730,000 gain; The LTIP Cap applies to this tranche of the 2011 LTIP with the number of options being exercisable restricted to £2,000,000/£21 = 95,238 options;</p> <p>This means that the banked balance will increase by 34,762 options (£2,730,000 – £2,000,000/£21) giving a total banked balance of 34,761 + 26,234 = 60,995 options.</p>

Dividend/Share Buy-Back Scenarios

The following table sets out illustrations of various combinations of providing the £2.00 return to shareholders for each tranche under the 2011 LTIP awards

	Original scenario		Scenario 1		Scenario 2		Scenario 3	
	Div £2	SBB £0	Div £1	SBB £1	Div £0.5	SBB £1.5	Div £0	SBB £2
Years	Cumulative dividend paid	Exercise price	Cumulative dividend paid	Exercise price	Cumulative dividend paid	Exercise price	Cumulative dividend paid	Exercise price
Sept 17	8.34	8.00	7.34	9.00	6.84	9.50	6.34	10.00
Sept 18	10.34	6.00	8.34	8.00	7.34	9.00	6.34	10.00
Sept 19	12.34	4.00	9.34	7.00	7.84	8.50	6.34	10.00
Sept 20	14.34	2.00	10.34	6.00	8.34	8.00	6.34	10.00
Sept 21	16.34	0.00	11.34	5.00	8.84	7.50	6.34	10.00

Div = dividend

SBB = share buy-back

Impact of Caps on Participants

The following tables show for each participant the option values which would vest and be included in the single total figure of remuneration disclosure in future Annual Reports on Remuneration; assuming the four shareholder return scenarios set out in the table above over the extended life of the 2011 LTIP and for different share prices. These tables show the impact of the Caps and the extended period over which banked options can become exercisable. In addition, the tables show the value lost as a result of both the 2011 LTIP Cap and the Total Remuneration Cap.

A W Pidgley (£8m LTIP Cap, £8.2m Total Remuneration Cap)

£'000	Original scenario (Div £2, SBB £0)				Scenario 1 (Div £1, SBB £1)				Scenario 2 (Div £0.50, SBB £1.50)				Scenario 3 (Div £0, SBB £2)			
	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00
Share price	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00
Sept 17	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sept 18	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sept 19	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sept 20	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sept 21	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sept 22	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sept 23	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	7,275	8,000	8,000	8,000	2,250	8,000	8,000	8,000
Total lapsed value from LTIP	£14,350	£22,725	£31,100	£47,850	£4,300	£12,675	£21,050	£37,800	£0	£7,650	£16,025	£32,775	£0	£2,625	£11,000	£27,750
Total lapsed value from salary, bonus & pension	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590	£26,590
Total lapsed value (Total Remuneration)	£40,940	£49,315	£57,690	£74,440	£30,890	£39,265	£47,640	£64,390	£26,590	£34,240	£42,615	£59,365	£26,590	£29,215	£37,590	£54,340

R C Perrins (£5.5m LTIP Cap, £8m Total Remuneration Cap)

£'000	Original scenario (Div £2, SBB £0)				Scenario 1 (Div £1, SBB £1)				Scenario 2 (Div £0.50, SBB £1.50)				Scenario 3 (Div £0, SBB £2)			
	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00
Share price	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 17	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 18	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 19	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 20	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 21	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 22	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Sept 23	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Total lapsed value from LTIP	£31,850	£40,225	£48,600	£65,350	£21,800	£30,175	£38,550	£55,300	£16,775	£25,150	£33,525	£50,275	£11,750	£20,125	£28,500	£45,250
Total lapsed value from salary, bonus & pension	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201	£201
Total lapsed value (Total Remuneration)	£32,051	£40,426	£48,801	£65,551	£22,001	£30,376	£38,751	£55,501	£16,976	£25,351	£33,726	£50,476	£11,951	£20,326	£28,701	£45,451

R J Stearn (£2m LTIP Cap, £3.25m Total Remuneration Cap)

£'000	Original scenario (Div £2, SBB £0)				Scenario 1 (Div £1, SBB £1)				Scenario 2 (Div £0.50, SBB £1.50)				Scenario 3 (Div £0, SBB £2)			
	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00
Share price	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,918	2,000	2,000	2,000
Sept 17	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,918	2,000	2,000	2,000
Sept 18	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,918	2,000	2,000	2,000
Sept 19	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,918	2,000	2,000	2,000
Sept 20	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,918	2,000	2,000	2,000
Sept 21	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,918	2,000	2,000	2,000
Sept 22	2,000	2,000	2,000	2,000	1,509	2,000	2,000	2,000	568	2,000	2,000	2,000	-	1,189	2,000	2,000
Sept 23	1,427	2,000	2,000	2,000	0	1,108	2,000	2,000	0	149	1,747	2,000	0	0	788	2,000
Total lapsed value from LTIP	£0	£1,026	£2,624	£5,821	£0	£0	£706	£3,903	£0	£0	£0	£2,944	£0	£0	£0	£1,985
Total lapsed value from salary, bonus & pension	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206	£206
Total lapsed value (Total Remuneration)	£206	£1,232	£2,830	£6,027	£206	£206	£912	£4,109	£206	£206	£206	£3,150	£206	£206	£206	£2,191

K Whiteman (£2m LTIP Cap, £3.25m Total Remuneration Cap)

£'000	Original scenario (Div £2, SBB £0)				Scenario 1 (Div £1, SBB £1)				Scenario 2 (Div £0.50, SBB £1.50)				Scenario 3 (Div £0, SBB £2)			
	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00
Share price																
Sept 17	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sept 18	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sept 19	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sept 20	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sept 21	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sept 22	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,055	2,000	2,000	2,000	50	1,725	2,000	2,000
Sept 23	2,000	2,000	2,000	2,000	60	1,735	2,000	2,000	0	730	2,000	2,000	0	0	1,400	2,000
Total lapsed value from LTIP	£70	£1,745	£3,420	£6,770	£0	£0	£1,410	£4,760	£0	£0	£405	£3,755	£0	£0	£0	£2,750
Total lapsed value from salary, bonus & pension	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57
Total lapsed value (Total Remuneration)	£128	£1,803	£3,478	£6,828	£57	£58	£1,468	£4,818	£57	£57	£463	£3,813	£57	£57	£57	£2,808

S Ellis (£3.75m Cap, £5m Total Remuneration Cap)

£'000	Original scenario (Div £2, SBB £0)				Scenario 1 (Div £1, SBB £1)				Scenario 2 (Div £0.50, SBB £1.50)				Scenario 3 (Div £0, SBB £2)			
	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00	25.00	27.50	30.00	35.00
Share price																
Sept 17	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sept 18	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sept 19	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sept 20	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sept 21	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sept 22	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Sept 23	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	2,374	3,750	3,750	3,750	113	3,750	3,750	3,750
Total lapsed value from LTIP	£5,408	£9,176	£12,945	£20,483	£885	£4,654	£8,423	£15,960	£0	£2,393	£6,161	£13,699	£0	£131	£3,900	£11,438
Total lapsed value from salary, bonus & pension	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284	£284
Total lapsed value (Total Remuneration)	£5,691	£9,460	£13,229	£20,766	£1,169	£4,937	£8,706	£16,244	£284	£2,676	£6,445	£13,982	£284	£415	£4,184	£11,721



**The Berkeley Group Holdings plc
(the “Company”)**

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the Company will be held at The Woodlands Park Hotel, Woodlands Lane, Stoke D’Abernon, Cobham, Surrey KT11 3QB on 23 February 2017 at 2.00 pm for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolutions

1. To approve the Directors’ Remuneration Policy as set out in Appendix 1 to the Notice for the Extraordinary General Meeting of the Company dated 23 January 2017.
2. THAT the Directors be and are hereby authorised to amend the rules of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan in the manner described in Appendix 2 to the Notice for the Extraordinary General Meeting of the Company dated 23 January 2017, and the Directors be and are hereby authorised to do all acts and things as are or may be necessary or expedient to carry the same into effect, notwithstanding that the Directors may be interested in the same.
3. THAT the aggregate fees contained in article 88.1 of the Company’s Articles of Association be increased to an aggregate of £1,000,000 (or such larger amount as the Company may by ordinary resolution determine) per annum.
4. THAT the sale of plot 6.4.1 and a car parking space at 190 Strand by St Edward for the sum of £2,285,000 to Mr S Ellis, a Director of the Company, be hereby approved.

By Order of the Board

G E M Parsons
Company Secretary
23 January 2017

Registered Office:
Berkeley House
19 Portsmouth Road
Cobham
Surrey KT11 1JG

Registered in England and Wales, No. 5172586

NOTES

1. Voting record date

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 311(3) of the Companies Act 2006 (the "Act"), the Company specifies that in order to have the right to attend and vote at the Extraordinary General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at close of business on 21 February 2017, or, in the event of any adjournment, at close of business on the date which is two business days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. Proxies

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the Extraordinary General Meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A Form of Proxy for the meeting is enclosed. Details of how to appoint a proxy are set out in the notes to the Form of Proxy.

To be valid any Form of Proxy or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by the Company's registrar Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF no later than 2.00 pm. on 21 February 2017. If you are a CREST member, see note 4 below.

Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

3. Nominated Persons

A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

4. CREST

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number - RA10) by 2.00 pm on 21 February 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommend that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

5. Corporate Representatives

A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.

6. Questions

Any member attending the Extraordinary General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

7. Voting at the meeting

Voting on Resolutions 1 to 4 will be conducted on a show of hands. As soon as practicable following the Extraordinary General Meeting, the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: www.berkeleygroup.co.uk

8. Total voting rights

As at 16 January 2017 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 140,157,183 ordinary shares of 5p each. The Company holds 912,258 ordinary shares in treasury and is not permitted to exercise voting rights in respect of those shares. Therefore the total voting rights in the Company are 139,244,925.

The contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting, details of the total voting rights that members are entitled to exercise at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.berkeleygroup.co.uk.

9. This notice

A copy of this notice, and other information required by section 311A of the Act, can be found at www.berkeleygroup.co.uk

10. Documents on display

Copies of Executive Directors' service agreements, copies of the terms and conditions of appointment of Non-executive Directors and a copy of the Company's articles of association are available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the Extraordinary General Meeting (Saturdays, Sundays and public holidays excepted) and will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.

A copy of the amended rules of The Berkeley Group Holdings plc 2011 Long-Term Incentive Plan are available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the Extraordinary General Meeting (Saturdays, Sundays and public holidays excepted) and will be available for inspection at the place of the Extraordinary General Meeting for at least 15 minutes prior to and during the meeting.

11. Electronic address

You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the Chairman's letter and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

APPENDIX 1



The Berkeley Group Holdings plc (the “Company”)

(Registered in England and Wales, No. 5172586)
Berkeley House, 19 Portsmouth Road,
Cobham, Surrey KT11 1JG

DIRECTORS’ REMUNERATION POLICY

This Appendix 1 contains details of the Company’s Directors’ Remuneration Policy (“**Remuneration Policy**”) that will govern the Company’s future remuneration and loss of office payments. The Remuneration Policy described in this Appendix 1 is intended to apply for three years and will be applicable from the Company’s Extraordinary General Meeting in February 2017 subject to approval by shareholders at the Extraordinary General Meeting (“**Policy Period**”). The Remuneration Policy will be displayed on the Company’s website, in the investor relations area, immediately after the February 2017 Extraordinary General Meeting. The Remuneration Committee (“**Committee**”) has established the Remuneration Policy on the remuneration of the Executive Directors; the Board has established the Remuneration Policy on the remuneration of the Non-executive Directors.

Subject to shareholder approval the change to include buy-backs made on or after 1 October 2016 in the 2011 LTIP performance measurement will be implemented immediately following the Extraordinary General Meeting; while the other changes to the current Remuneration Policy such as the 2011 LTIP Cap, the Total Remuneration Cap and the change to the remuneration of the Executive Chairman will apply from the beginning of the 2017/18 financial year commencing on 1 May 2017.

REMUNERATION POLICY

The objective of the Company’s Remuneration Policy is to encourage, reward and retain the current Executive Directors and ensure their actions are aligned with the Company’s strategy. The core philosophies of the Remuneration Policy are:

- **Fixed remuneration:** The Committee sets salaries for the Executive Directors based on their experience, role, individual and corporate performance. Salaries on appointment to the Board may be set below that of the comparator group referred to below and subsequently, based on appropriate levels of individual and corporate performance, may be increased with experience gained over time.
- **Annual performance related pay:** The Committee believes that shareholders’ interests are best served by remuneration packages that have a large emphasis on performance-related pay which encourage the Executive Directors to focus on delivering the business strategy.
- **Long-term sustainable performance:** The long-term incentives which now extend to 2023 have been designed to lock in the executive team for a far longer period than is typical in most publicly listed companies. This helps to ensure that the executive team are focused on generating long-term sustainable value for shareholders, not just on meeting short term performance targets.
- **Substantial equity holdings:** In order to align the interests of Executive Directors and shareholders, the reward strategy is designed so that, provided performance is delivered, the executive team become (in relation to their overall compensation) material shareholders in the Company.
- **Remuneration caps:** The Committee is cognisant of the broader environment regarding executive remuneration and the potential concerns regarding the quantum available to Executive Directors notwithstanding the level of performance and growth which may have been achieved by the Company. The Committee considers the use of remuneration caps to be an appropriate response to these challenges.

The Remuneration Policy is also designed to enable the Company to recruit and retain Non-executive Directors of the requisite calibre.

REMUNERATION POSITIONING

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

Base salary	Benefits	Pension	Annual bonus	Long-term incentives
Experience & Role	Market practice	Lower quartile	Upper decile	Upper decile

For the purposes of benchmarking remuneration the Committee used the following comparator group of companies for the 2016/17 financial year.

Balfour Beatty PLC	Bovis Homes Group PLC	Kier Group plc	Redrow PLC
Barratt Developments PLC	Crest Nicholson Holdings plc	McCarthy & Stone plc	Taylor Wimpey PLC
Bellway PLC	Galliford Try plc	Persimmon PLC	

The Committee also considers remuneration in the FTSE 250 as an additional benchmark to the main comparator group set out above due to its relatively small number of constituent companies. On an annual basis the Committee will review the comparator groups to ensure that they remain appropriate.

REMUNERATION POLICY DISCRETION

The Committee has discretion in several areas as set out in this Remuneration Policy. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders. In addition, the Committee has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where it would, in the opinion of the Committee, be disproportionate to seek or await shareholder approval.

FUTURE POLICY - EXECUTIVE DIRECTORS

The table below sets out the key elements of the Remuneration Policy for Executive Directors:

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Base salary			
To recruit and retain Executive Directors of the appropriate calibre and experience to achieve the Company's business strategy.	<p>An Executive Director's basic salary is set on appointment and reviewed annually (effective from 1 May each year) or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers:</p> <ul style="list-style-type: none"> the Executive Director's experience and responsibilities; the performance of the individual Executive Director and the Group; pay and conditions throughout the Group; general salary rises to employees; the economic environment; and when the Committee determines a benchmarking exercise is appropriate, levels of base salary for similar positions with comparable status, responsibility and skills in companies in the comparator groups used for remuneration benchmarking. <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.</p>	<p>Typically, the base salaries of Executive Directors in post at the start of the Policy Period and who remain in the same role throughout the Policy Period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group.</p> <p>The exceptions to this rule may be where:</p> <ul style="list-style-type: none"> an individual is below market level and a decision is taken to increase base pay to reflect proven competence in role; or there is a material increase in scope or responsibility to the Executive Director's role. <p>The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to the Company and validated against other companies in the industry, so that they are competitive against the market.</p> <p>The Committee intends to review the comparators periodically and may add or remove companies from the comparator group as it considers appropriate. Any changes to the comparator group will be set out in the section headed "Implementation of Remuneration Policy In The Following Financial Year".</p> <p>The Total Remuneration Cap referred to below may apply to salary.</p>	<p>There are no performance conditions on salary. However, the performance of the individual and the Company are reflected in the salary they are paid.</p> <p>No recovery provisions apply.</p>
Pension			
To provide competitive levels of retirement benefits.	<p>The Company provides either a contribution to a pension arrangement or a payment in lieu of pension.</p> <p>All payments in lieu of pension are subject to income tax and national insurance.</p> <p>Pension is not included in salary figures for the purposes of determining any other benefit entitlement.</p>	<p>The maximum pension contribution allowance for Executive Directors will be 20% of salary.</p> <p>The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year the pension contributions for that year for each of the Executive Directors.</p> <p>The Total Remuneration Cap referred to below may apply to pension.</p>	<p>No performance or recovery provisions apply.</p> <p>Note The maximum pension contribution has been reduced from 25% of salary to 20%</p>
Benefits			
To provide competitive levels of employment benefits.	<p>Benefits include a fully expensed car or car allowance alternative, and medical insurance.</p> <p>The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment.</p>	<p>The maximum level of benefit is the cost of providing the relevant benefits; levels are determined by market rates.</p>	<p>No performance or recovery provisions apply.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Annual bonus			
<p>The annual bonus plan (“Bonus Plan”) aligns reward to the key objectives linked to short to medium term performance whilst ensuring that there is a balance between incentivising the Executive Directors, providing a sustainable ongoing level of return to shareholders and ensuring the long term sustainability of the Company.</p>	<p>Annual performance conditions and targets are set at the beginning of the plan year.</p> <p>As well as determining the performance conditions, targets and relative weighting, the Committee will also determine, within the approved range, the level of maximum bonus at the beginning of the plan year. Upon assessment of performance by the Committee, a contribution will be made by the Company into the participant’s plan account and 50% of the cumulative balance will be paid immediately in cash or shares. Any remaining balance will be converted into shares or notional shares.</p> <p>100% of the remaining balance in year 6 will be paid in shares to the participant.</p> <p>During the six-year plan period, 50% of the retained balance is at risk of forfeiture based on a minimum level of performance determined annually by the Committee.</p> <p>Details of the performance conditions, weightings, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration.</p> <p>The Company will set out in the section headed “Implementation of Remuneration Policy In The Following Financial Year” the performance conditions weightings and targets.</p> <p>Dividends paid during a financial year will be added to a participant’s plan account on an annual basis.</p> <p>Malus and clawback provisions apply.</p>	<p>The maximum bonus opportunity is 300% of salary for any plan year.</p> <p>At threshold performance no bonus can be earned.</p> <p>At target performance 50% of the maximum bonus can be earned.</p> <p>Bonus is earned on a straight line basis between points.</p> <p>The Total Remuneration Cap may apply to annual bonus.</p> <p>Note In operation of the Bonus Plan the following maximums are currently applied:</p> <ul style="list-style-type: none"> • A W Pidgley 300% (although under new Policy there will be no bonus opportunity); • R C Perrins 300%; • R J Stearn 200% • K Whiteman 200% • S Ellis 220% 	<p>An award under the Bonus Plan may be subject to satisfying financial, strategic, operational, and personal performance conditions and targets measured over a period of one financial year.</p> <p>A minimum of 50% of the bonus shall be based on financial performance conditions.</p> <p>The current performance condition is a matrix of Return on Equity (ROE) and Net Asset Value (NAV).</p> <p>There is a risk adjustment mechanism built into the operation of the Bonus Plan. If the threshold levels of ROE or NAV are not met for any financial year during the six years of operation of the Bonus Plan up to 50% of a participant’s plan account will be forfeited. This adjustment mechanism ensures that:</p> <ul style="list-style-type: none"> • performance must be maintained over the six years of operation of the Bonus Plan or the value in the participant’s plan account will not increase; • if there is a material deterioration in performance, 50% of the balance of the participant’s account will be forfeited. <p>In exceptional circumstances the Committee retains the discretion to:</p> <ul style="list-style-type: none"> • change the performance conditions and targets and the weighting attached to the performance conditions and targets part-way through a performance year if there is a significant and material event which causes the Committee to believe the original conditions, weightings and targets are no longer appropriate; • make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance conditions, if the Committee believe that the bonus outcomes are not a fair and accurate reflection of business performance. <p>Any adjustments or discretion applied by the Committee will be fully disclosed in the following year’s Annual Report on Remuneration.</p> <p>The Committee intends to provide full prospective and retrospective disclosure of performance targets.</p>
Long-Term Incentive Plan			
<p>No plan available for new grants during the Policy Period to current Executive Directors.</p>	<p>The maximum number of shares which can be granted under The Berkeley Group Holdings plc 2011 Long-Term Incentive Plan (the “2011 LTIP”) is 19,616,503 shares. No additional awards can be made to the current Executive Directors during the Policy Period. No other Long Term Incentive Plan arrangement will be implemented by the Company during the Policy Period.</p>		
Minimum Shareholding Requirement			
<p>To ensure that Executive Directors’ interests are aligned with those of shareholders over a longer time horizon.</p>	<p>The Committee operates a system of shareholding guidelines to encourage long-term share ownership by the Executive Directors.</p> <p>This should be achieved within five years of appointment for Executive Directors.</p>	<p>In the case of the Group Chairman and Group Managing Director this is 400% of base salary, for other Executive Directors 200% of base salary. The Committee retains the discretion to increase shareholding requirements.</p>	<p>None</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment																						
Total Remuneration Cap																									
<p>To achieve a balance between the need to reward and incentivise the Executive Directors to implement the Company strategy and the interests of other stakeholders in the Company.</p>	<p>Individual caps will limit the amount of total remuneration that has been earned over the financial year and is capable of being paid out. Individual Total Remuneration Caps are in addition to the LTIP Cap, details of which are set out in the table showing the provisions of the "Elements Of Previous Policy That Will Continue To Apply" on page 20 below.</p> <p>The elements of remuneration subject to the Total Remuneration Cap are:</p> <ul style="list-style-type: none"> • salary; • bonus; • pension; and • 2011 LTIP (also subject to a separate LTIP Cap). <p>Where the total remuneration would exceed the Total Remuneration Cap it will be reduced in the following order until the Total Remuneration Cap is reached:</p> <ul style="list-style-type: none"> • 2011 LTIP (see separate section setting out the operation of LTIP Cap); and • bonus. <p>Although salary and pension are also included in the calculation of the Total Remuneration Cap, the Caps have been set such that current salary and pension would not be reduced.</p> <p>Benefits are not included in the Total Remuneration Cap as they are not material in the context of the overall package and vary based on the individual circumstances of the relevant Executive Director.</p>	<p>The Total Remuneration Cap for the Executive Directors commencing on 1 May 2017 are set out below:</p> <table border="1" data-bbox="676 405 1070 611"> <thead> <tr> <th colspan="2">Total Remuneration Cap p.a. (£)</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>8,200,000</td> </tr> <tr> <td>R C Perrins</td> <td>8,000,000</td> </tr> <tr> <td>R J Stearn</td> <td>3,250,000</td> </tr> <tr> <td>K Whiteman</td> <td>3,250,000</td> </tr> <tr> <td>S Ellis</td> <td>5,000,000</td> </tr> </tbody> </table> <p>The following table sets out the method of calculation of the Total Remuneration Cap. One of the key objectives of the operation of the Total Remuneration Cap is to align with the disclosure requirements under the directors' remuneration reporting regulations for the single total figure of remuneration table:</p> <table border="1" data-bbox="676 813 1070 1644"> <thead> <tr> <th>Element of Remuneration</th> <th>Calculation for the Total Remuneration Cap</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>The amount paid to the relevant Executive Director for the financial year being reported on.</td> </tr> <tr> <td>Bonus</td> <td>100% of the bonus contribution earned for the financial year being reported on as disclosed in the single total figure of remuneration table in the bonus column for that year.</td> </tr> <tr> <td>Pension</td> <td>The value of the pension contribution paid in respect of the financial year being reported on as disclosed in the column in the single total figure of remuneration table for pension.</td> </tr> <tr> <td>2011 LTIP</td> <td>Where the performance period for a tranche of the LTIP is completed in the financial year being reported on the value of the element of the LTIP options at the date of vesting is disclosed in the LTIP column in the single total figure of remuneration table.</td> </tr> </tbody> </table> <p>The Committee will determine, on a case by case basis, whether and how to apply the Total Remuneration Cap for newly appointed Executive Directors.</p>	Total Remuneration Cap p.a. (£)		A W Pidgley	8,200,000	R C Perrins	8,000,000	R J Stearn	3,250,000	K Whiteman	3,250,000	S Ellis	5,000,000	Element of Remuneration	Calculation for the Total Remuneration Cap	Salary	The amount paid to the relevant Executive Director for the financial year being reported on.	Bonus	100% of the bonus contribution earned for the financial year being reported on as disclosed in the single total figure of remuneration table in the bonus column for that year.	Pension	The value of the pension contribution paid in respect of the financial year being reported on as disclosed in the column in the single total figure of remuneration table for pension.	2011 LTIP	Where the performance period for a tranche of the LTIP is completed in the financial year being reported on the value of the element of the LTIP options at the date of vesting is disclosed in the LTIP column in the single total figure of remuneration table.	
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NOTES TO THE FUTURE POLICY TABLE

CHANGES TO REMUNERATION POLICY FROM PREVIOUS POLICY

The changes to the existing policy that was approved at the 2014 AGM are set out below:

- the maximum pension contribution has been reduced from 25% of salary to 20%.
- a new Total Remuneration Cap and LTIP Cap will apply to amounts earned during the financial year commencing 1 May 2017.

In respect of the 2017/2018 financial year and ongoing the Committee has determined under the proposed Remuneration Policy that the only remuneration payable to the Executive Chairman other than a salary of £200,000 pa will be provided through the options that were granted to him under the 2011 LTIP (provided the performance conditions are met). There will be no entitlement to other salary, pension or bonus.

RATIONALE BEHIND SELECTION OF PERFORMANCE CONDITIONS AND TARGETS FOR BONUS PLAN

The Bonus Plan performance conditions provide direct alignment with the short to medium-term strategic objectives of the Company. The selected performance conditions are currently Return on Equity (ROE) and Net Asset Value (NAV). These performance conditions were chosen to ensure the Executive Directors are focused on the strategic drivers of the business taking into account the changes made to the Group's strategic delivery.

The following table summarises the factors taken into account by the Committee when selecting the performance conditions for the Bonus Plan:

Return on Equity	<ul style="list-style-type: none"> • This performance condition was selected because it focuses the Executive Directors on delivering a sustainable ongoing return to shareholders. • The rationale behind the selection of ROE included: <ul style="list-style-type: none"> - ROE is a compound measure and therefore if shareholder funds are reinvested and not returned, earnings growth will be compounded to achieve the targets; - longer term, ROE is aligned to shareholders' interests and if the Company raises further equity in the future, the investment decision is clearly set out; and - ROE as a measure highlights the inefficiency of retaining surplus cash on the balance sheet. In order to deliver the target level of returns this will encourage the Company to invest or make returns to shareholders.
Net Asset Value Growth	<ul style="list-style-type: none"> • It is important that the Bonus Plan provides the appropriate dynamic tension between delivering the ROE required whilst ensuring the long-term sustainability of the Company. The Committee believes that a Net Asset Value Growth condition provides this balance. NAV Growth will help to ensure that: <ul style="list-style-type: none"> - future returns to shareholders must be generated from earnings and not by cannibalising shareholders' existing assets i.e. the ROE generated is from trading performance rather than diminishing the asset base of the Company; - there is encouragement to make a broad investment in the business to grow the rump value after the return payments rather than solely to invest in land; - it provides an incentive to make the payment of returns to shareholders regularly over the period rather than in uneven amounts as it is unlikely that the NAV Growth target would be met in the year of uneven payments - shareholders are protected from material land write-downs if the market deteriorates; - there is an underpin to the share price providing the opportunity for shareholders to receive the cash return whilst retaining a material capital value in the shares. <p>The Committee will be mindful to ensure that there is no incentive to delay return payments to achieve the NAV Growth target by taking into account payments due when determining whether the NAV Growth target is met for a particular year.</p>

Level of targets – The Committee believes that taking into account market conditions and the Company's strategy, the targets are suitably challenging given the incentive opportunity that can be earned. The ROE targets reflect the Company's expectations on revenue performance over the next period. The NAV Growth targets are set at a level that ensures that they provide the appropriate balance with the requirement to provide returns to shareholders whilst maintaining the Company's asset base.

The targets set have to take into account an appropriate level of risk. The Bonus Plan allows a close tailoring by the Committee of the performance conditions to the budget and performance of the Company for each financial year.

RECOVERY PROVISIONS

Under the terms of the Bonus Plan, there is a risk adjustment mechanism built in so that should threshold levels of performance not be achieved, 50% of the balance of the participant's account will be forfeited. No recovery provisions apply to salary, benefits and pension.

Malus and Clawback

Malus provisions apply to both the Bonus Plan and 2011 LTIP. Malus is the adjustment of Bonus Plan contributions or the balance in participants' Bonus Plan accounts or unvested 2011 LTIP options because of the occurrence of one or more circumstances set out below. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of payments made under the Bonus Plan or vested 2011 LTIP options as a result of the occurrence of one or more circumstances set out below. Clawback may apply to all or part of a participant's payment under the Bonus Plan or 2011 LTIP options and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of options or bonuses.

The following table sets out the periods during which malus and clawback may be effected.

	Bonus Plan	2011 LTIP
Malus	Up to the date of a payment.	Any time prior to exercise.
Clawback	Three years post the date of any payment.	Two years from the date of exercise.

The malus and clawback events that apply to the Bonus Plan are set out below:

- where the participant has benefitted from wilful negligence; and/or
- there has been a material misstatement of results; and/or
- the participant has caused serious reputational damage to the Company; and/or
- the participant is responsible for serious individual wrongdoing such as a material breach of any applicable code of conduct adopted by the Company; and/or
- the participant's actions amount to gross misconduct; and/or
- the performance conditions have been calculated incorrectly.

The malus and clawback events that apply to the 2011 LTIP are set out below:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company which has a material effect on the value of the options; and/or
- the discovery that the measurement of any performance condition or target in respect of the vesting of an option was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which amounts to fraud or gross misconduct capable of summary dismissal.

The Committee believes that it has sufficient powers under the rules of the relevant plans to enforce these provisions.

DIFFERENCES IN REMUNERATION POLICY FOR ALL EMPLOYEES

The Company seeks to establish remuneration packages that will attract, retain and motivate high quality employees. Salary and benefit packages for all employees are linked to both individual and business performance.

The Company's business comprises of a number of operating Divisions. The annual and longer term cash based compensation arrangements for these other senior employees of the Company are therefore linked to the performance of the relevant Division for which they work. Some elements of the cash bonus plans are annual while other elements are deferred to ensure long-term consistent delivery by each Division with part of such longer term awards linked to the performance of the Company. It is the view of both the Committee and the Board as a whole that these arrangements are very effective in ensuring the delivery of Divisional performance for which these senior employees are responsible. All other eligible employees participate in bonus plans, which, together with salary reviews linked to business performance, enable all employees to share in the success of the Group.

ELEMENTS OF PREVIOUS POLICY THAT WILL CONTINUE TO APPLY

The subsisting options detailed on the next page will continue to operate on the terms and conditions set out in the 2011 LTIP rules, as approved by shareholders. Full details of the subsisting options are set out in previous years' Annual Reports on Remuneration. Options under these arrangements do not form part of the ongoing Remuneration Policy; however payments may be made in the future subject to the achievement of the relevant performance conditions.

LTIP 2011

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment																																																												
Options granted under the Berkeley Group Holdings plc 2011 Long-Term Incentive Plan (2011 LTIP) (as amended)																																																															
<p>To align Executive Directors' interests with those of shareholders by focusing on creating sustainable superior returns to shareholders over a 10 year period</p>	<p>The 2011 LTIP is a ten year plan which directly supports the Company's corporate strategy.</p> <p>The 2011 LTIP aims to make returns to shareholders in cash over a sustained period, ensuring that the Group remains at the right size and balances investment and returns to shareholders.</p> <p>Options vest in annual tranches based on cumulative return targets. The exercise price of options will be £16.34 per share less an amount equal to the value of all dividends paid between the date of approval of the 2011 LTIP and 30 September 2021, provided the exercise price cannot be less than zero.</p> <p>Individual caps (LTIP Caps) will limit the amount of an option that is capable of exercise. Any options that are vested but not exercisable due to the LTIP Cap, will be banked and be capable of exercise in subsequent years subject to the operation of the LTIP Cap in those years. The period over which banked options can become exercisable has been extended for an additional two years (2022 and 2023) after the end of the original performance period (2021). Any banked options which have not become exercisable by 2023 will lapse.</p> <p>The total value of all options granted under the 2011 LTIP is subject to a global cap at vesting based on the following formula: Number of shares subject to the 2011 LTIP x £35 per share. The value of an option for the purpose of the cap is calculated as the gain on vesting (market price of a share on vesting less the exercise price x number of shares vesting). The global cap is allocated proportionately to each vesting. Any element of unused global cap will roll forward to the next vesting.</p> <p>Any shares acquired through the exercise of options under the 2011 LTIP are subject to a restriction that no more than 10% of these shares are eligible to be sold each year until 30 September 2023 at which point the sale restriction falls away. This limit is cumulative so if no shares are sold in a year that number can be sold in a subsequent year as well as the shares eligible for sale in respect of that year.</p> <p>Malus and clawback provisions apply.</p>	<p>No new options will be granted under the 2011 LTIP to the current Executive Directors. On recruitment, a new Executive Director will be eligible to participate in the 2011 LTIP subject to availability for new grants.</p> <p>The maximum number of shares capable of being granted to all participants is 19,616,503 shares.</p> <p>Options were granted to the current Executive Directors as follows:</p> <table border="1" data-bbox="619 555 1035 734"> <thead> <tr> <th>Executive Director</th> <th>Number of shares</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>5,000,000</td> </tr> <tr> <td>R C Perrins</td> <td>5,000,000</td> </tr> <tr> <td>R J Stearn</td> <td>954,328</td> </tr> <tr> <td>S Ellis</td> <td>2,250,000</td> </tr> <tr> <td>K Whiteman</td> <td>1,000,000</td> </tr> </tbody> </table> <p>The following individual caps on the value of options capable of exercise will operate:</p> <table border="1" data-bbox="619 797 1035 976"> <thead> <tr> <th>Executive Director</th> <th>LTIP Cap (£) (p.a.)</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>8,000,000</td> </tr> <tr> <td>R C Perrins</td> <td>5,500,000</td> </tr> <tr> <td>R J Stearn</td> <td>2,000,000</td> </tr> <tr> <td>S Ellis</td> <td>3,750,000</td> </tr> <tr> <td>K Whiteman</td> <td>2,000,000</td> </tr> </tbody> </table> <p>Where the value of options vesting in a period (as calculated for the purposes of the single total figure of remuneration disclosure) is greater than the LTIP Cap, the options above the LTIP Cap will not become exercisable at this vesting date and will be banked. The following sets out how the LTIP Cap will operate:</p> <ol style="list-style-type: none"> The potential gain of the tranche of the 2011 LTIP options at the relevant date of vesting (B) is limited by the LTIP Cap (A) as set out in respect of each Executive Director in the table above. In all cases the performance conditions will have been satisfied or the tranche will lapse. This potential gain (B) at the date of vesting is calculated as follows: Number of options capable of vesting x (market price of a share on the date of vesting - exercise price) = (B) Where (B) is greater than (A) the excess gain will be converted into a number of options by dividing it by the gain per share subject to each option calculated at the date of vesting. These options will not become exercisable at this vesting date and will be banked. The number of options calculated under 3 equivalent to the excess gain will be banked and subject to the following terms: <ol style="list-style-type: none"> There are no further performance conditions to be satisfied; They remain subject to an employment condition until they become exercisable; They will become exercisable at the next vesting date in part or in full up to the value of the LTIP Cap for that financial year taking into account options vesting in respect of that year's 2011 LTIP tranche using the above methodology. In addition: <ol style="list-style-type: none"> irrespective of whether the relevant tranche for that year vests (i.e. whether the performance conditions have been met for the tranche) it does not affect the potential exercise of options in the bank; this process will continue until all banked options have become exercisable or until 30 September 2023 at which point any banked options that have not become exercisable will lapse. <p>The above calculations will be performed at each vesting date for a tranche under the 2011 LTIP. It is, therefore, possible that options may be banked in a number of years.</p>	Executive Director	Number of shares	A W Pidgley	5,000,000	R C Perrins	5,000,000	R J Stearn	954,328	S Ellis	2,250,000	K Whiteman	1,000,000	Executive Director	LTIP Cap (£) (p.a.)	A W Pidgley	8,000,000	R C Perrins	5,500,000	R J Stearn	2,000,000	S Ellis	3,750,000	K Whiteman	2,000,000	<p>In order for options to vest, the following levels of return (through a combination of dividends and share buy-backs) must be provided to shareholders.</p> <table border="1" data-bbox="1058 423 1492 1435"> <thead> <tr> <th>Date (By end of)</th> <th>Return (£)</th> <th>Cumulative Return (£)</th> <th>% of Option vesting</th> </tr> </thead> <tbody> <tr> <td>Sept 16</td> <td>Paid</td> <td>Paid</td> <td>33.0% (Vested)</td> </tr> <tr> <td>Sept 17</td> <td>277,690,956 minimum</td> <td>277,690,956 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017</td> <td>13.4%</td> </tr> <tr> <td>Sept 18</td> <td>277,690,956 minimum</td> <td>555,381,912 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018</td> <td>13.4%</td> </tr> <tr> <td>Sept 19</td> <td>277,690,956 minimum</td> <td>833,072,868 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019</td> <td>13.4%</td> </tr> <tr> <td>Sept 20</td> <td>277,690,956 minimum</td> <td>1,110,763,824 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020</td> <td>13.4%</td> </tr> <tr> <td>Sept 21</td> <td>277,690,956 minimum</td> <td>1,388,454,780 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021</td> <td>13.4%</td> </tr> <tr> <td>Sept 22</td> <td>n/a</td> <td>n/a</td> <td>Banked balance to cap</td> </tr> <tr> <td>Sept 23</td> <td>n/a</td> <td>n/a</td> <td>Banked balance to cap</td> </tr> </tbody> </table> <p>If the annual return payment is not made for the relevant year that tranche of the option will lapse. If in a subsequent year the cumulative returns paid reach the targeted level, the tranche for that year will vest; however, tranches where the annual return payment was not made for the relevant year will remain lapsed.</p> <p>Shares subject to the return exclude those held in treasury (912,258 as at 16 January 2017) or in the Company's employee benefit trust (424,872 as at 16 January 2017).</p> <p>It should be noted that any new shares issued (from treasury or as newly listed shares) increase the absolute level of cumulative return required.</p>	Date (By end of)	Return (£)	Cumulative Return (£)	% of Option vesting	Sept 16	Paid	Paid	33.0% (Vested)	Sept 17	277,690,956 minimum	277,690,956 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017	13.4%	Sept 18	277,690,956 minimum	555,381,912 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018	13.4%	Sept 19	277,690,956 minimum	833,072,868 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019	13.4%	Sept 20	277,690,956 minimum	1,110,763,824 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020	13.4%	Sept 21	277,690,956 minimum	1,388,454,780 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021	13.4%	Sept 22	n/a	n/a	Banked balance to cap	Sept 23	n/a	n/a	Banked balance to cap
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CHANGES TO REMUNERATION POLICY FROM PREVIOUS POLICY

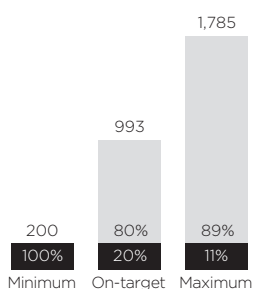
A new LTIP Cap will apply to amounts earned over the financial year. As part of the new LTIP Cap, the period over which options may vest is extended two years from 2021 to 2023 to provide a longer lock-in of participants and a saving to the Company.

The Committee is proposing to allow the £2.00 per share returns required each year for a tranche of the LTIP options to vest to be provided through a combination of dividends and share-buy backs. Where the return is provided through buy-backs the shares will be cancelled (unless retained to be reissued from treasury in lieu of an obligation to issue shares). It should be noted that the share buy-backs do not reduce the exercise price of the options.

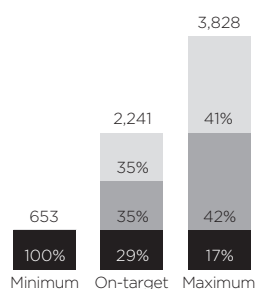
ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

The graphs below seek to demonstrate how pay varies with performance for the Executive Directors based on the proposed Remuneration Policy for the 2017/18 financial year. Whilst the historic 2011 LTIP does not form part of the future Remuneration Policy for 2016/17, the Executive Directors are working towards the achievement of the relevant targets and it has therefore been included in the illustrations below:

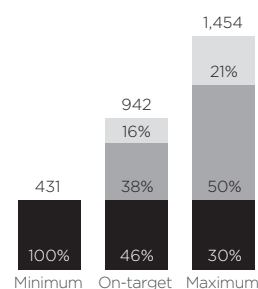
A W Pidgley (£000)



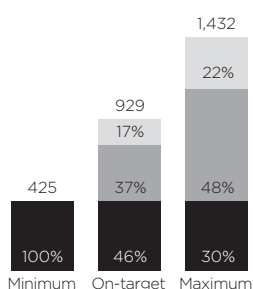
R C Perrins (£000)



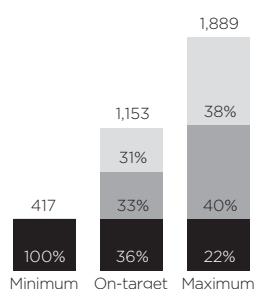
R J Stearn (£000)



K Whiteman (£000)



S Ellis (£000)



Key:

■ Fixed ■ Annual variable ■ Multiple reporting period

Assumptions used in determining the level of pay-out under given scenarios are as follows:

Element	Minimum	On-Target	Maximum
Fixed Element	Fixed elements do not vary with performance and comprise: <ul style="list-style-type: none"> • 2016/17 base salary • Estimated benefits for 2016/17 • Pension (or cash in lieu of) contributions. 		
Annual Variable Element (Bonus Plan)	0%	50% of maximum award ^{1,2}	100% maximum award ¹
Multiple Reporting Period Element (2011 LTIP)	0%	50% vesting ³	100% vesting ³

Notes:

1. The maximum opportunity under the Bonus Plan is 200% – 300% of salary p.a. dependent upon each Executive Director.
2. A level of 50% vesting for 'on-target' performance reflects the mid-point of the performance range under the Bonus Plan performance matrix of Return on Equity (ROE) and Net Asset Value (NAV).
3. The 2011 LTIP is a one-off award with a 10 year performance period therefore we have used one tenth of the IFRS 2 fair value of the options at the date of grant as the maximum and 50% of this value for on-target.

FUTURE POLICY - NON-EXECUTIVE DIRECTORS

The table below sets out the key elements of the Remuneration Policy for Non-executive Directors:

Objective and link to Strategy	Operation	Maximum	Performance conditions and assessment
<p>To attract Non-executive Directors with the requisite skills and experience to contribute to the strategy of the Company and to review its implementation</p>	<p>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.</p> <p>Each Non-executive Director receives a fee which relates to membership of the Board and additional fees are paid for Committee Chairmanship.</p> <p>In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. The Board reviews the fees of the Non-executive Directors annually taking into account the following factors:</p> <ul style="list-style-type: none"> • the workload and level of responsibility of the Non-executive Directors under the changing corporate governance expectations of shareholders and their representative bodies; • the current market rate for fees for Non-executive Directors based on the comparators used for the Executive Directors. <p>Changes are effective from 1 May each year.</p> <p>The Company has a shareholding requirement for Non-executive Directors, linked to the net fee they receive from the Company. This is equal to 100% of net fees. This should be achieved within three years of appointment for Non-executive Directors.</p> <p>Non-executive Directors do not participate in any variable remuneration or benefits/pension arrangements.</p>	<p>In general fee rises will be limited to the level provided to employees of the Company as a whole.</p> <p>In setting fees, the Board looks at the fee levels of companies of broadly similar size and complexity, in particular those companies within the comparator group and those in the FTSE 250.</p> <p>On an annual basis the Board will review the comparator groups to ensure they appropriately reflect the Company's size, operations and business complexities.</p> <p>The Company will pay reasonable expenses incurred by the Non-executive Directors and may settle any tax incurred in relation to these.</p> <p>The Articles of Association impose a limit on the aggregate annual sum that can be paid to Non-executive Directors by way of fees (excluding amounts payable under any other Articles) of £500,000 or such larger amount as the Company may by ordinary resolution determine.</p> <p>As explained in the explanatory notes accompanying the Notice of Extraordinary General Meeting being held on 23 February 2017, the Board has proposed that the limit be increased to £1,000,000.</p>	<p>None.</p>

APPROACH TO RECRUITMENT REMUNERATION

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new Executive Director would be assessed following the same principles as for the current Executive Directors.

The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and is aware of guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance conditions associated with an award.

Where an existing employee is promoted to the Board, the Remuneration Policy would apply from the date of promotion but there would be no retrospective application of the Remuneration Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Company's detailed Remuneration Policy when setting remuneration for the appointment of new Executive Directors is summarised in the table below:

Remuneration element	Recruitment Policy
Base salary and benefits	The salary level will be set taking into account the responsibilities of the individual, experience and the salaries paid to similar roles in comparable companies. The Committee will apply the Remuneration Policy set out on salaries for the current Executive Directors in the Remuneration Policy table. The Executive Director shall be eligible to receive benefits in line with Berkeley's benefits policy as set out in the Remuneration Policy table.
Pension	The new Executive Director will be entitled to receive contributions into a pension plan or alternatively to receive a supplement in lieu of pension contributions in line with Berkeley's pension policy as set out in the Remuneration Policy table.
Annual Bonus	The new Executive Director will be eligible to participate in the Bonus Plan as set out in the Remuneration Policy table. The maximum potential opportunity under the Bonus Plan is 300% of salary.
Long-Term incentives	On recruitment, the new Executive Director will be eligible to participate in the 2011 LTIP, provided awards are available under the 2011 LTIP and the total number of awards granted to all participants does not exceed 19,616,503 shares under subsisting options as agreed with shareholders at the 2011 AGM.
Maximum Variable Remuneration	The maximum variable remuneration which may be granted in normal circumstances is 300% of salary under the Bonus Plan and any available awards under the 2011 LTIP (provided awards are available under the 2011 LTIP and the total number of awards granted to all participants does not exceed 19,616,503 shares under subsisting options).
LTIP Cap	The Committee will determine the LTIP Cap to apply to the new Executive Director on appointment based on whether he or she is granted a 2011 LTIP award and the level of the award.
Total Remuneration Cap	The Committee will determine the Total Remuneration Cap to apply to the new Executive Director on appointment based on the elements of remuneration offered as part of the remuneration package.
"Buy Out" of incentives forfeited on cessation of employment	<p>The Committee's policy is not to provide buy-outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justify the provision of a buy-out, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> • the proportion of the performance period completed on the date of the Executive Director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value ("lapsed value"); <p>The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.</p>
Relocation Policies	Where the new Executive Director is required to relocate from one work-base to another, the Company may provide one-off/on-going benefits to reflect the cost of relocation for the new Executive Director in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling.

The Company's policy when setting fees for the appointment of new Non-executive Directors is to apply the policy which applies to current Non-executive Directors.

SERVICE CONTRACTS

Details of the service contracts or letters of appointment for the Directors are as follows:

Executive Directors	Date of contract	Expiry date	Notice period by Company or Director
A W Pidgley	24 June 1994	Rolling service contract with no fixed expiry date	12 months
R C Perrins	15 July 2002	Rolling service contract with no fixed expiry date	12 months
R J Stearn	3 October 2014	Rolling service contract with no fixed expiry date	12 months
K Whiteman	15 January 1996	Rolling service contract with no fixed expiry date	12 months
S Ellis	5 May 2004	Rolling service contract with no fixed expiry date	12 months

Non-executive Directors	Letter of appointment	Expiry date	Notice period by Company or Director
J Armitt	1 October 2007	Renewable annually on 1 May	n/a
A Nimmo	5 September 2011	Renewable annually on 1 May	n/a
G Barker	3 January 2012	Renewable annually on 1 May	n/a
V Wadley	3 January 2012	Renewable annually on 1 May	n/a
A Li	2 September 2013	Renewable annually on 1 May	n/a
A Myers	6 December 2013	Renewable annually on 1 May	n/a
D Brightmore-Armour	1 May 2014	Renewable annually on 1 May	n/a

All service contracts and letters of appointment are available for viewing at the Company's registered office.

The Company's practice is to appoint the Non-executive Directors under letters of appointment, which are renewable annually on 1 May. They are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however in accordance with the UK Corporate Governance code are subject to annual re-election.

When setting notice periods for Executive Directors, the Committee has regard to market practice and corporate governance best practice. Notice periods will not be greater than 12 months.

PAYMENTS FOR LOSS OF OFFICE AND CHANGE OF CONTROL

When determining any loss of office payment for a departing Director the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The table below sets out the Company's termination policy for each element of total remuneration. For each element the table also sets out the boundaries of Committee discretion.

Remuneration element	Approach	Application of Committee discretion
Base salary and benefits	<p>In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation.</p> <p>In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be a maximum of twelve months salary.</p> <p>Such payments will be equivalent to the monthly salary and benefits that the Executive Director would have received if still in employment with the Company. These will be paid over the notice period. Executive Directors will be expected to mitigate their loss within a twelve month period of their departure from the Company.</p>	The Company has discretion to make a lump sum payment in lieu of notice.
Pension	Pension contributions or payments in lieu of pension contribution will be made during the notice period.	The Company has discretion to make a lump sum payment in lieu of notice.
Bonus Plan (Cessation of employment)	<p>For the Year of Cessation Good leavers: Performance conditions will be measured at the measurement date. The Company bonus contribution will normally be pro-rated for the period worked during the financial year.</p> <p>Other leavers: No Company bonus contribution payable for year of cessation.</p> <p>Deferred Balances in Bonus Plan account Good leavers: The balance in the Bonus Plan account will be payable on cessation of employment.</p> <p>Other leavers: The balance in the Bonus Plan account will be forfeited on cessation of employment.</p>	<p>For the Year of Cessation The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> to determine that an Executive Director is a good leaver. It is the Committee's intention only to use this discretion in exceptional circumstances and where there is an appropriate business case which will be explained in full to shareholders; and in the case of a good leaver, to determine not to pro-rate the Company bonus contribution for time. It is the Committee's intention only to use this discretion not to pro-rate in exceptional circumstances and where there is an appropriate business case which will be explained in full to shareholders. <p>Deferred Balances in Bonus Plan account The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> to determine that an Executive Director is a good leaver. It is the Committee's intention only to use this discretion in exceptional circumstances and where there is an appropriate business case which will be explained in full to shareholders; and to determine whether to pro-rate the balance in the Bonus Plan account for time in the case of a good leaver.

Remuneration element	Approach	Application of Committee discretion
Bonus Plan (Change of control)	<p>For the Year of the Change of Control Performance conditions will be measured at the date of the change of control. The Company bonus contribution will normally be pro-rated to the date of the change of control.</p> <p>Deferred Balances in Bonus Plan account The balance in the Bonus Plan account will be payable on the change of control.</p>	<p>For the Year of the Change of Control The Committee has the following element of discretion:</p> <ul style="list-style-type: none"> to determine whether to pro-rate the Company bonus contribution for time. The Committee's normal Policy is that it will pro-rate for time. However, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether pro-rating is equitable. <p>Deferred Balances in Bonus Plan account The Committee has the following element of discretion:</p> <ul style="list-style-type: none"> to determine whether to pro-rate the balance in the Bonus Plan account for time. The Committee's normal policy is that it will not pro-rate for time. However, in exceptional circumstances taking into account the nature of the change of control it may determine that pro-rating is appropriate.
2011 LTIP (Cessation of employment)	<p>The rules of the 2011 LTIP provide that unvested options will lapse unless the cessation of employment is for "good leaver" reasons.</p> <p>If the participant is a good leaver the amount of the option capable of vesting will be based on the cumulative return paid up to that date and an estimation of the return capable of being paid at that date. The option will vest at the relevant vesting date being the point at which options would normally have vested for that level of cumulative return.</p> <p>Any dividends paid from the date of termination will continue to reduce the exercise price until the option is exercised.</p> <p>Options banked as a result of the operation of the LTIP Cap will be exercisable for a period commencing on the date the participant becomes a good leaver and expiring immediately following the second vesting date after the participant became a good leaver subject to the LTIP Cap. Any options that have not become exercisable and been exercised on or before such second vesting date will lapse.</p> <p>On leaving other than as a "good leaver" unvested options and banked options will lapse.</p>	<p>The Committee has the discretion to determine that an Executive Director is a good leaver. The Committee will only use its general discretion to determine that an Executive Director is a good leaver in exceptional circumstances and will provide a full explanation to shareholders of the basis for its determination.</p>
2011 LTIP (Change of control)	<p>An option will become exercisable in full immediately prior to a change of control of the Company, court sanction of a scheme of arrangement or the disposal of all, or substantially all, of the assets of the Company and its subsidiaries.</p> <p>The exercise price shall be adjusted for any dividends paid to the date of the relevant transaction in accordance with the plan rules.</p> <p>The total value of options at vesting cannot exceed the global plan cap.</p> <p>In the event of an internal reorganisation, options shall not vest unless the Committee consents and the Committee may determine that options are exchanged for an option over a successor company's shares.</p>	<p>Consideration will be given by the Committee, in consultation with the participants, as to whether the type or timing of any consideration receivable by shareholders should affect either the timing of the exercise of options and/or alter the calculation of the exercise price so that the participants do not receive a greater or lesser benefit from the transaction than the shareholders (beyond the ability to exercise their options).</p>
Other contractual obligations	<p>There are no other contractual provisions other than those set out above that could impact on the quantum of the payment.</p>	<p>None.</p>

The following definition of good leaver applies to both the Bonus Plan and the 2011 LTIP. A good leaver is a person whose cessation of employment is in the following circumstances:

- death;
- injury;
- ill-health;
- disability;
- redundancy;
- retirement;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- any other reason at the discretion of the Committee.

Other leavers are anyone who is not a good leaver.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

In making annual pay decisions the Committee also gives consideration to pay and employment conditions in the rest of the Group, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors, and uses this information to ensure consistency of approach throughout the Company. No comparison metrics were used.

Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when drawing up the Remuneration Policy.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee takes the views of the shareholders seriously and these views have been taken into account in shaping the Remuneration Policy. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to the Remuneration Policy.

APPENDIX 2



The Berkeley Group Holdings plc (the “Company”)

(Registered in England and Wales, No. 5172586)
Berkeley House, 19 Portsmouth Road,
Cobham, Surrey KT11 1JG

Amendments to the rules of The Berkeley Group Holdings plc 2011 Long Term Incentive Plan (the “2011 LTIP”)

The following table compares the current design of the 2011 LTIP to the recommended amended design and the rationale behind these changes:

2011 LTIP Current	2011 LTIP Amended	Rationale for Change																		
Exercise Price £16.34	Exercise Price £16.34	No change to the exercise price.																		
Overall Cap on Value The mechanism is as follows: <ul style="list-style-type: none"> the value of an option for the purpose of the cap is calculated as the gain on vesting (market price of a share on vesting – exercise price x number of shares vesting); the total value of options at vesting is capped based on the following formula: Number of shares vesting x £35 per share. The cap is allocated proportionately to each vesting (i.e. 33% of the cap applied to the September 2016 vesting). Any element of unused cap will roll forward to the next vesting.	Overall Cap on Value No change.	No change.																		
Individual Participant Cap None.	Individual Participant Cap Individual Caps have been proposed. The following table sets out the caps for the 2011 LTIP and the overall annual caps on remuneration for participants: <table border="1" data-bbox="502 1205 973 1467"> <thead> <tr> <th>Executive Director</th> <th>Proposed 2011 LTIP Cap p.a. (£'000)</th> <th>Proposed Total Rem Cap p.a. (£'000)</th> </tr> </thead> <tbody> <tr> <td>A W Pidgley</td> <td>8,000</td> <td>8,200</td> </tr> <tr> <td>R C Perrins</td> <td>5,500</td> <td>8,000</td> </tr> <tr> <td>R J Stearn</td> <td>2,000</td> <td>3,250</td> </tr> <tr> <td>K Whiteman</td> <td>2,000</td> <td>3,250</td> </tr> <tr> <td>S Ellis</td> <td>3,750</td> <td>5,000</td> </tr> </tbody> </table> The operation of the LTIP Cap may result in the banking of options (see Committee Chairman’s Letter and Notes for further explanation and Appendix 1). In order to give participants the opportunity for these options to become exercisable (with the consequential lock-in and retention advantages for shareholders) two additional years have been added after the end of the performance period in September 2021 during which, subject to the Caps, banked options may become exercisable.	Executive Director	Proposed 2011 LTIP Cap p.a. (£'000)	Proposed Total Rem Cap p.a. (£'000)	A W Pidgley	8,000	8,200	R C Perrins	5,500	8,000	R J Stearn	2,000	3,250	K Whiteman	2,000	3,250	S Ellis	3,750	5,000	The level of reward provided under the 2004(b) LTIP and the 2009 LTIP (the 2011 LTIP’s predecessors) has been materially greater than was envisaged at the time that these plans were put to shareholders for approval. This has been due to a number of factors including the very strong performance of the Company over this period and also the substantial rise in the Company’s share price which has been a consequence of this performance. <p>In addition, the potential benefit from the 2011 LTIP is also likely to exceed the original expectations.</p> <p>The executive remuneration environment has become ever more challenging over the years. Quantum and the perceived inequality of executive remuneration has again become a sensitive matter. While the Committee does not believe that shareholders would dispute the strong performance of the Company over this period, the Committee is sensitive that the Company has to a degree become a victim of its own success and that the potential remuneration payable at the top end of the current range may have reached the point of being simply too high irrespective of performance and therefore potentially unfair to other stakeholders.</p> <p>One of the strengths of Berkeley’s approach to remuneration has been to lead and anticipate rather than react. The introduction of the Caps are particular to Berkeley and the Company is not making any statement as to their appropriateness more generally; however the Committee wishes to lead in the remuneration arena, reacting to the changed environment around executive remuneration.</p>
Executive Director	Proposed 2011 LTIP Cap p.a. (£'000)	Proposed Total Rem Cap p.a. (£'000)																		
A W Pidgley	8,000	8,200																		
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<p>Cumulative Dividend Target The following table sets out the cumulative dividend targets:</p> <table border="1" data-bbox="164 645 539 952"> <thead> <tr> <th>Date (By end of)</th> <th>Dividend Paid</th> </tr> </thead> <tbody> <tr> <td>Sept 2015</td> <td>434 pence</td> </tr> <tr> <td>Sept 2016</td> <td>200 pence</td> </tr> <tr> <td>Sept 2017</td> <td>200 pence</td> </tr> <tr> <td>Sept 2018</td> <td>200 pence</td> </tr> <tr> <td>Sept 2019</td> <td>200 pence</td> </tr> <tr> <td>Sept 2020</td> <td>200 pence</td> </tr> <tr> <td>Sept 2021</td> <td>200 pence</td> </tr> <tr> <td>TOTAL</td> <td>£16.34</td> </tr> </tbody> </table>	Date (By end of)	Dividend Paid	Sept 2015	434 pence	Sept 2016	200 pence	Sept 2017	200 pence	Sept 2018	200 pence	Sept 2019	200 pence	Sept 2020	200 pence	Sept 2021	200 pence	TOTAL	£16.34	<p>Cumulative Return Target The adjacent dividend targets have been recalculated as a level of return to be delivered to take into account the ability to provide returns through share buy-backs:</p> <table border="1" data-bbox="563 667 1051 1373"> <thead> <tr> <th>Date (By end of)</th> <th>Return</th> </tr> </thead> <tbody> <tr> <td>Sept 2015</td> <td>Paid</td> </tr> <tr> <td>Sept 2016</td> <td>Paid</td> </tr> <tr> <td>Sept 2017</td> <td>£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017</td> </tr> <tr> <td>Sept 2018</td> <td>£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018</td> </tr> <tr> <td>Sept 2019</td> <td>£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019</td> </tr> <tr> <td>Sept 2020</td> <td>£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020</td> </tr> <tr> <td>Sept 2021</td> <td>£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021</td> </tr> <tr> <td>TOTAL</td> <td>£1,388,454,780 minimum</td> </tr> </tbody> </table> <p>Shares subject to the return exclude those held in treasury (912,258 as at 16 January 2017) or in the Company's employee benefit trust (424,872 as at 16 January 2017).</p> <p>It should be noted that any new shares issued (from treasury or as newly listed shares) increase the absolute level of cumulative return required.</p>	Date (By end of)	Return	Sept 2015	Paid	Sept 2016	Paid	Sept 2017	£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017	Sept 2018	£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018	Sept 2019	£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019	Sept 2020	£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020	Sept 2021	£277,690,956 minimum plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021	TOTAL	£1,388,454,780 minimum	<p>Currently the number of options vesting and the exercise price payable under the 2011 LTIP are determined by dividends paid and payable (number of options vesting) and dividends paid (exercise price). Share buy-backs under the rules of the 2011 LTIP do not currently apply to satisfy the tranche payment milestones resulting in a potential misalignment of management interests with shareholders as there is a potential disincentive to undertake share buy-backs.</p> <p>The purpose of the proposed amendment is to remove this potential disincentive by allowing share buy-backs to be included in determining the satisfaction of tranche milestone payments under the terms of the 2011 LTIP. The effect of the proposed amendment is to allow the 2011 LTIP tranches to vest where milestone payments are met by a combination of share buy-backs and dividend payments but not to change the exercise price of options which will remain based solely on dividends.</p> <p>The rationale for not including buy-backs in the reduction of the exercise price is that this would result in a potential enhancement of value from that agreed with shareholders on approval of the amended 2011 LTIP in February 2016, as the exercise price would be reduced whilst the value of the options would increase (as they represent an increased percentage of the fully diluted share capital).</p>
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Sept 2015	434 pence																																					
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<p>Vesting Timing/Lapse of Options The following table sets out the current vesting timetable and its relationship to the dividend payments made by the Company:</p> <table border="1"> <thead> <tr> <th>Date (By end of)</th> <th>Dividend Paid</th> <th>Cumulative Dividends Paid</th> <th>% of Option Vesting</th> </tr> </thead> <tbody> <tr> <td>Sept 2015</td> <td>434 pence</td> <td></td> <td></td> </tr> <tr> <td>Sept 2016</td> <td>200 pence</td> <td>£6.34</td> <td>33%</td> </tr> <tr> <td>Sept 2017</td> <td>200 pence</td> <td>£8.34</td> <td>13.4%</td> </tr> <tr> <td>Sept 2018</td> <td>200 pence</td> <td>£10.34</td> <td>13.4%</td> </tr> <tr> <td>Sept 2019</td> <td>200 pence</td> <td>£12.34</td> <td>13.4%</td> </tr> <tr> <td>Sept 2020</td> <td>200 pence</td> <td>£14.34</td> <td>13.4%</td> </tr> <tr> <td>Sept 2021</td> <td>200 pence</td> <td>£16.34</td> <td>13.4%</td> </tr> <tr> <td>TOTAL</td> <td>£16.34</td> <td></td> <td>100%</td> </tr> </tbody> </table> <p>Notes: 1. If the annual dividend payment is not made for the relevant year that tranche of the option will lapse. 2. If in a subsequent year the cumulative dividends paid reach the targeted level, the tranche for that year will vest; however, tranches where the annual dividend payment was not made for the relevant year will remain lapsed</p>	Date (By end of)	Dividend Paid	Cumulative Dividends Paid	% of Option Vesting	Sept 2015	434 pence			Sept 2016	200 pence	£6.34	33%	Sept 2017	200 pence	£8.34	13.4%	Sept 2018	200 pence	£10.34	13.4%	Sept 2019	200 pence	£12.34	13.4%	Sept 2020	200 pence	£14.34	13.4%	Sept 2021	200 pence	£16.34	13.4%	TOTAL	£16.34		100%	<p>Vesting Timing/Lapse of Options The mechanism would remain the same. However, the targets would now be expressed as cumulative returns. See table below:</p> <table border="1"> <thead> <tr> <th>Date (By end of)</th> <th>Return</th> <th>Cumulative Return</th> <th>% Option Vesting</th> </tr> </thead> <tbody> <tr> <td>Sept 2015</td> <td>-</td> <td>-</td> <td></td> </tr> <tr> <td>Sept 2016</td> <td>-</td> <td>-</td> <td>33%</td> </tr> <tr> <td>Sept 2017</td> <td>£277,690,956 minimum</td> <td>£277,690,956 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017</td> <td>13.4%</td> </tr> <tr> <td>Sept 2018</td> <td>£277,690,956 minimum</td> <td>£555,381,912 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018</td> <td>13.4%</td> </tr> <tr> <td>Sept 2019</td> <td>£277,690,956 minimum</td> <td>£833,072,868 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019</td> <td>13.4%</td> </tr> <tr> <td>Sept 2020</td> <td>£277,690,956 minimum</td> <td>£1,110,763,824 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020</td> <td>13.4%</td> </tr> <tr> <td>Sept 2021</td> <td>£277,690,956 minimum</td> <td>£1,388,454,780 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021</td> <td>13.4%</td> </tr> <tr> <td>Sept 2022</td> <td>n/a</td> <td>n/a</td> <td>Banked balance to cap</td> </tr> <tr> <td>Sept 2023</td> <td>n/a</td> <td>n/a</td> <td>Banked balance to cap</td> </tr> </tbody> </table> <p>Notes: 1. Shares subject to the return exclude those held in treasury (912,258 as at 16 January 2017) or in the Company's employee benefit trust (424,872 as at 16 January 2017). 2. If the annual return payment is not made for the relevant year that tranche of the option will lapse. 3. If in a subsequent year the cumulative returns paid reach the targeted level, the tranche for that year will vest; however, tranches where the annual return payment was not made for the relevant year will remain lapsed.</p>	Date (By end of)	Return	Cumulative Return	% Option Vesting	Sept 2015	-	-		Sept 2016	-	-	33%	Sept 2017	£277,690,956 minimum	£277,690,956 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017	13.4%	Sept 2018	£277,690,956 minimum	£555,381,912 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018	13.4%	Sept 2019	£277,690,956 minimum	£833,072,868 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019	13.4%	Sept 2020	£277,690,956 minimum	£1,110,763,824 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020	13.4%	Sept 2021	£277,690,956 minimum	£1,388,454,780 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021	13.4%	Sept 2022	n/a	n/a	Banked balance to cap	Sept 2023	n/a	n/a	Banked balance to cap	<p>The change is simply a function of allowing share buy-backs to be counted for the purposes of meeting the tranche milestone payments.</p>
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<p>Impact of Dividend Payments on Vested Options The exercise price of options both unvested and vested but unexercised will continue to be reduced by subsequent dividend payments.</p>	<p>Impact of Dividend Payments on Vested Options No change. For the avoidance of doubt any options banked as a result of the operation of the LTIP Cap will continue to have their exercise price reduced by subsequent dividend payments.</p>	No change.																																																																												
<p>Number of Options Capable of being Granted 19,616,503</p>	<p>Number of Options Capable of being Granted No Change.</p>	No change.																																																																												
<p>Malus & Clawback Malus and clawback provisions were incorporated into all options granted under the 2011 LTIP at the February 2016 Extraordinary General Meeting. The malus and clawback events are set out below: 1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company which has a material effect on the value of an option; and/or 2. the discovery that any performance condition or target in respect of the vesting of an option was based on error, or inaccurate or misleading information; and/or 3. action or conduct of a participant which amounts to fraud or gross misconduct capable of summary dismissal.</p>	<p>Malus & Clawback No change.</p>	No change.																																																																												

2011 LTIP Current	2011 LTIP Amended	Rationale for Change
<p>Cessation of Employment The rules of the 2011 LTIP provide that unvested options will lapse unless the cessation of employment is for “good leaver” reasons set out in the rules of the 2011 LTIP.</p> <p>If the participant is a good leaver the amount of the option capable of vesting will be based on the cumulative return paid up to that date and an estimation of the return capable of being paid at that date. The option will vest at the relevant vesting date being the point at which options would normally have vested for that level of cumulative return.</p> <p>Any dividends paid from the date of termination will continue to reduce the exercise price until the option is exercised.</p> <p>On leaving other than as a “good leaver” unvested options will lapse.</p>	<p>Cessation of Employment For good leavers options banked as a result of the operation of the LTIP Cap will be exercisable for a period commencing on the date the participant becomes a good leaver and expiring immediately following the second vesting date after the participant became a good leaver subject to the LTIP Cap. Any options that have not become exercisable and been exercised on or before such second vesting date will lapse.</p> <p>On leaving other than as a “good leaver” unvested options and banked options will lapse.</p>	<p>No change other than consequential on the operation of the LTIP Cap and potential banking of options.</p>
<p>Sale Restriction The rules of the 2011 LTIP provide that there is a sale restriction on shares resulting from the exercise of vested options of 10% pa. after taking into account any shares sold to meet the tax liability on exercise; this sale restriction falls away on 30 September 2021.</p> <p>It should be noted that the sale restriction continues to apply to shares following cessation of employment (save in the case of death).</p> <p>Sale restrictions will not apply in the event of cessation of employment due to death.</p>	<p>Sale Restriction Sale restriction falls away on 30 September 2023.</p>	<p>No change other than consequential on the extension to exercise dates.</p>
<p>Termination of the 2011 LTIP The 2011 LTIP can be terminated at any time by the Board or by a resolution of shareholders. In these circumstances Executive Directors are in effect treated as “good leavers” (see above).</p>	<p>Termination of the 2011 LTIP No change.</p>	<p>The adjustment in the delivery of the Company’s strategy does not impact on this provision of the rules of the 2011 LTIP and therefore there is no reason to change it.</p>
<p>Change of Control The rules of the 2011 LTIP provide that options vest in full on a change of control. The exercise price is £16.34 less any dividends paid. The Committee has discretion to make adjustments to the timing of the exercise and the exercise price to ensure equitable treatment for Executive Directors and shareholders.</p>	<p>Change of Control No change.</p>	<p>No change.</p>



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