The Berkeley Group Holdings plc

PRESS RELEASE **24th JUNE 2005**

PRELIMINARY RESULTS ANNOUNCEMENT

£239.9 MILLION OF CASH GENERATED BEFORE FINANCING AND DIVIDENDS

REPAYMENT OF £5 PER UNIT MADE ON 3RD DECEMBER 2004

DISPOSAL OF CROSBY FOR £235.7 MILLION AND £15.0 MILLION IN RESPECT OF WORKING CAPITAL PROVIDED TO CROSBY SINCE 30TH APRIL 2005

The Berkeley Group Holdings plc ("Berkeley" or "The Group") the urban regenerator and residential property developer announces its full year results for the year ended 30th April 2005. Highlights of the results include:

• Payment to Shareholders	First £604.1 million (£5 per 2004 B Share) made in December 2004
• Strategic Review	On target to meet next tranche (£2 per share) in December 2006. Further payments scheduled for December 2008 (£2) and December 2010 (£3)
• Net Debt	£255.1 million net debt from £145.2 million net cash at last year-end, with gearing at 38%
• Cash Flow	£239.9 million of cash generated before financing and dividends
• Operating Margins	Group house-building operating margins, excluding land sales, up to 18.6% from 17.5%
• Pre-tax Profits	Down 11.7% to £202.9m
• EPS	Reduced by 7.2% to 121.0 pence
• NAVPS	Up 12.5% to 1,062p if 2004 B Share payment (500p) is included. Down 40.9% to 558 pence following B Share redemption
• ROCE	Increased to 22.2% from 21.4%
• Land Holdings	27,278 plots – up from 26,654
• Forward Order Book	£948.0 million compared to £945.3 million last year end

	April 2005	April 2004	
Turnover	£1,070.3m	£1,272.4m	-15.9%
Operating Profit	£199.6m	£212.8m	-6.2%
Joint Ventures	£15.2m	£21.9m	-30.6%
Merger Expenses	(£1.6m)	-	
Interest	(£10.3m)	(£4.9m)	-106.0%
Profit Before Tax	£202.9m	£229.8m	-11.7%
EPS	121.0p	130.4p	-7.2%
DPS	-	22.3p	
Return Per Share	500p	-	
NAVPS	558p	944p	-40.9%

Commenting on the results, AW Pidgley said:

"Berkeley is committed to a strategy of maximising returns to shareholders as opposed to concentrating mainly on the profit and loss account. This is in part a consequence of our focus on large-scale regeneration schemes, principally in London and the South-East of England. These projects are complex and require a degree of management commitment that creates a natural size for our business. It also gives us the flexibility – essential in our entrepreneurial culture - to maximise short-term opportunities within an unambiguous long-term operating model.

I announced yesterday the sale of Crosby to Lend Lease for £235.7 million and the repayment of £15.0 million of working capital provided to Crosby since 30th April 2005, a total consideration of £250.7 million. This further delivers our strategy. This disposal is unconditional and due to complete on 8th July 2005.

Berkeley made its first B Share redemption of £5 per Unit on 3rd December 2004 as promised and is on target to achieve the next £2 return in December 2006. The Crosby disposal gives great impetus to our strategy to generate cashflow and thus underpin the full Return to Shareholders whilst retaining the flexibility to maximise the value of the resultant ongoing business. Berkeley in the last twelve months has achieved a pre-tax profit of £202.9 million, generating £239.9 million of cashflow which has resulted in a gearing level of 38%. At the same time we have maintained a forward sales position at £948.0 million in these more normal but very acceptable market conditions.

The disposal of Crosby after the year-end combined with strong performances throughout the Group puts Berkeley in a robust position to maximise returns in the coming period.

Achieving these results is only possible through the exceptional performance of our people. I would like to take this opportunity to acknowledge the huge contribution they make to our business which is key to our current and continued success."

Roger Lewis, Chairman said:

“There has been much commentary on the housing market since the beginning of the year. From Berkeley’s perspective the market has been very acceptable and at the level for which we planned when we embarked on our Scheme of Arrangement.

Performance in 2005 has been very solid. Berkeley has secured sales with a value 6.6% lower than in 2004, a level which is in line with our business plan set following the Scheme of Arrangement. This has enabled us to maintain our strong forward sales position. This is 14.8% ahead of 2003, a year which was affected by world events.

There is continued debate about the planning system. While in many respects it is much slower than we would prefer, it is not for us to press for changes to a system which, whatever its faults, looks likely to continue in its current revised form for some time. We have also found over the last year an increased readiness on the part of public agencies to work enthusiastically with the private sector. This is a welcome development, which has mitigated our frustrations over the length of time some authorities take to reach a decision on planning.

I am delighted to report Berkeley has secured a number of important consents including approximately 3,000 units at Beaufort Park, Hendon, 800 units at Gillingham Waterside and further consents at Chelsea Bridge Wharf, Imperial Wharf and Bromyard Avenue, Acton. It was good too to receive the positive Inspector’s report for the tallest residential tower at St George Wharf.

Housing Market

The housing market has continued to respond in accordance with expectations and in line with the macro-economic conditions. Demand for homes has reduced following the five sequential rises in interest rates and the resultant reduced affordability which restricts new entrants into the market. This is offset by the constraints in housing supply as a result of planning delays and the overall complexity of delivering urban regeneration schemes.

The fundamentals for the housing market remain positive with continued forecast economic growth in the UK coupled with historically low interest rates and strong employment.

The investment market continued to be very active and accounts for over 50% of our reservations. Under the Group’s definition an investor can range from a large institution to a customer purchasing a second home.

Sales prices have been above our forecast by 3% to 5% and are covering the build cost increases which we continue to experience.

Operating margins are under pressure due to affordable housing requirements and Section 106 planning gain obligations. As we predicted, this has reduced forward operating margins by 0.4% in the year and we forecast that this will be repeated going forward.

Berkeley has continued to find land prices extremely competitive and in accordance with its strategy has bought only very selectively. During the year terms were agreed on only 19 sites, of which 6 were in St James with 3 of those 6 from Thames Water. This equates to 2,110 plots.

For the Group to achieve its full year targets for 2005/06, 62% of the sales required are on units with a selling price under £300,000 and 88% under £500,000. This puts Berkeley in a strong position to achieve our full year forecast in the current market conditions.

Results

Berkeley is delighted to announce a pre-tax profit of £202.9 million for the 12 months ended 30th April 2005. This is a reduction of 11.7% on the restated figure of £229.8 million for the same period last year. This result is in line with our expectations. Earnings per share is 121.0 pence, a reduction of 7.2%. Five factors have contributed in this earnings per share result: reduced operating profit (-9.0%), merger expenses (-0.7%), increased interest charge (-2.3%), reduced tax charge (+1.2%) and share buy-backs and other movements (+ 3.6%).

Shareholders' funds have reduced by £473.1 million to £669.5 million (30th April 2004 - £1,142.6 million). Net assets per share stand at 558 pence. The decrease in shareholders' funds takes into account share buy-backs of £20.7 million and the capital repayment of £604.1 million.

Return on Capital Employed was 22.2% compared to 21.4% last time.

At 30th April 2005 Berkeley had net debt of £255.1 million which represents a gearing level of 38% (April 2004 – net cash of £145.2 million), an outflow of £400.3 million in the period. This has resulted from operating cashflow of £205.0 million, a reduction in working capital of £84.2 million and other cash inflows of £13.1 million, off-set by £20.7 million used to buy-back shares, redemption of B Shares of £604.1 million and tax and dividends of £77.8 million.

Scheme of Arrangement

The Scheme of Arrangement and The Berkeley Group Holdings plc reduction of capital was approved by shareholders on 17th September 2004 and by the Court at the end of October 2004. The Scheme of Arrangement created a Berkeley Unit comprising one ordinary share and four redeemable B shares. The 2004 B shares were redeemed on 3rd December 2004 for £5 a share at a cost to Berkeley of £604.1 million. The redemption of the three remaining B shares is expected in December 2006, December 2008 and December 2010 for amounts of £2, £2 and £3 a share respectively.

As part of the Scheme of Arrangement, The Group agreed new banking facilities for £825 million. These comprise a £500 million term loan for seven years, a £175 million revolving facility for three years and a £150 million 364 day revolving facility with a 2 year term-out option. At the time of the December payment, the Group drew £600 million of its new facilities to make the 2004 B share redemption and at 30th April 2005 held £344.9 million of cash balances. This can be used for working capital, new land acquisitions or the 2006 B share payment and supports the confidence the Group has in delivering its strategy. The amount of the drawn facility will be reduced following the disposal of Crosby.

Trading Analysis

Group turnover was £1,070.3 million (2004 - £1,272.4 million). This comprises £1,002.8 million (2004 - £1,130.1 million) of residential turnover and £67.5 million (2004 - £142.3 million) of commercial turnover.

During the year Berkeley sold 3,570 units at an average selling price of £282,000. This compares with 3,805 units at an average selling price of £283,000 last time.

In the financial year the Group turnover from land sales was £16.1 million (2004 - £11.4 million). The Group's policy has always been to take suitable land sale opportunities. That said, its performance does not depend on it realising such opportunities.

At £67.5 million (2004 - £142.3 million) Group commercial turnover reflected the disposal of commercial units on 15 mixed-use sites. This included the sale of 62,900 sq. ft. of office space at St George Wharf and 17,300 sq. ft. of retail space at Gunwharf. Berkeley has now received 98% of the forecast commercial receipts from Gunwharf.

The Group share of joint ventures turnover totalled £145.9 million (2004 - £123.7 million). This comprises £144.7 million (2004 - £121.0 million) of residential sales and £1.2 million (2004 - £2.7 million) from commercial schemes. The number of units sold was 809 with an average selling price of £378,000 compared to 1,034 units at an average price of £225,000 for the previous year.

The house-building operating margin, excluding joint ventures and land sales has increased to 18.6% from 17.5% last time. Over recent reporting periods the Group has achieved operating margins in the range of 17.5% to 19.5% (depending on mix). As reported at the half year we expected to be broadly in this range for the full year if current market conditions prevailed and this has been achieved. On the basis that current market conditions continue to prevail we are continuing to forecast broadly in this range. Joint venture operating margins are 10.4% compared to 17.7% last year. This is in part due to the St James profit share arrangements with Thames Water and is forecast to reverse next year.

Joint Ventures

Berkeley currently has £70.4 million of capital employed in joint ventures, an increase of £2.5 million from last year's figure of £67.9 million. Our share of joint venture bank borrowings has decreased by £21.1 million to £57.6 million.

Berkeley is committed to developing our partners land holdings through joint ventures if there is a mutual benefit in doing so. Berkeley has focused on our current relationships and no new joint ventures have been set up in the year. Berkeley's largest joint venture is St James, which is jointly owned with Thames Water. St James is currently developing 2,694 homes within the business with a similar number being worked up with Thames Water on potential future sites.

Forward Sales

Berkeley's strategy continues to be to sell homes at an early stage in the development cycle, often at the off-plan stage, as this secures customers' commitment and consequently the quality of future revenue.

It is a good indicator of the underlying state of the market that Berkeley has managed to maintain and marginally increase its forward sales position from £945.3 million at the same time last year to £948.0 million at 30th April 2005. Of this, £139.8 million (2004 - £156.4 million) is included in debtors in the balance sheet, with the remaining £808.2 million (2004 - £788.9 million) benefiting both the current year and future years profit and loss account and cashflow. If Crosby is excluded, the forward sales position at 30th April 2005 is £687.0 million (2004 - £629.6 million).

Land Holdings

During the year the Group (including its joint ventures) has again more than replaced the number of plots used in construction. Berkeley now controls 27,278 plots with an estimated gross margin of £1,855 million. This compares with 26,654 plots and an estimated gross margin of £1,926 million at 30th April 2004.

With the disposal of Crosby the restated position at 30th April 2005 would be 22,799 plots with an estimated gross margin of £1,638 million.

This maintained land position has been achieved in conjunction with generating £239.9 million from cashflow before financing and dividends. Berkeley has maintained very strict land acquisition criteria and consequently has only agreed 19 new sites in the year, of which, 6 were St James with 3 of those 6 being Thames Water sites.

Berkeley's focus in 2004/05 has been to concentrate on maximising the returns from our land holdings and we continue to submit further planning applications on the majority of our regeneration sites. This is compatible with local planning objectives and policy.

At 30th April 2005, of the plots controlled by the Group 23,288 (2004 – 21,449) are owned on the balance sheet, while 3,407 (2004 – 4,315) are contracted for and a further 583 plots (2004 – 890) have terms agreed and solicitors instructed. Over 95% of our holdings are on brownfield or recycled land.

Excluding Crosby, the Group has 22,799 plots in its control at 30th April 2005. Of these, 19,767 are owned on the balance sheet, with 2,680 contracted and 352 with terms agreed and solicitors instructed.

Board Structure

The Board has remained unchanged during the year and comprises a Chairman, four Executive Directors and three Non-Executive Directors. The stability of the Board has been the key to our success in delivering the substantial strategic changes in the year, including primarily the Scheme of Arrangement and, after the year end, the disposal of the Crosby Group.

The Board has continued to consider further Non-Executive Directors to achieve the Board balance set out in the Combined Code and has identified a suitable candidate. It is the current intention therefore to appoint a further Non-Executive Director by the AGM on 1st September 2005.

Group Structure

One of the key elements of Berkeley's strategy is to continue to simplify the structure of the Group. The objective is to create an autonomous operating structure with few layers of management and consequently very short decision making processes. This creates an environment of greater responsibility at all levels, creating greater job satisfaction and incentive to perform. We believe we have made great progress in delivering this strategy in the year.

At the year-end Berkeley had 6 divisions and 21 operating companies, of which one division and 8 operating companies are site based. In the year ended 30th April 2005 the Group recorded sales from 101 sites, down from 130 in 2004. This again is in line with our strategy to develop a smaller number of sites, though the sites themselves are of larger-scale and warrant dedicated management attention.

In the current year excluding Crosby, Berkeley is forecast to achieve sales from approximately 50 sites.

The benefits of this model are apparent in a fall of overhead costs from £94.4 million to £89.3 million.

Crosby Group

On the 28th August 2003, we announced the transaction whereby the Crosby management team led by its Chairman, Geoff Hutchinson, subscribed for the new shares in Crosby which after the generation of £450 million of operating cashflow, entitled them to 50.01% of the economic voting rights of Crosby. Of this Berkeley has received approximately £157.1 million of operating cashflow and this was in line with its business plan.

Berkeley were delighted to announce the disposal of Crosby to Lend Lease for £235.7 million. In addition, Berkeley will be repaid £15 million in respect of working capital provided to Crosby since the 30th April 2005.

The Disposal accelerates the return from Crosby and leaves Berkeley with a more focused development portfolio based around its core markets in London and the South-East of England. It also gives Berkeley increased financial flexibility which will allow Berkeley to take advantage of land opportunities in its core markets as they arise.

Berkeley proposes to repay the £100 million currently drawn under its existing revolving facility. The remaining proceeds will be invested in Berkeley's core markets in London and the South-East of England.

Crosby is a leading urban regenerator and residential property developer that operates out of three regional offices which are located in Birmingham, Manchester and Leeds. Crosby also benefits from a number of joint venture relationships. At 30th April 2005, Crosby had 4,479 plots under its control.

The major sites Crosby is developing are Redbank, Manchester; Clarence Dock, Leeds; Southside, Navigation Street, Essex Street and John Bright Street in Birmingham; Gosforth in Newcastle; and St James in Cheltenham. Its largest joint venture sites are Hungate in York and Smithfield in Manchester.

For the twelve months ended 30th April 2005, Crosby made an operating profit of £38.2 million on a turnover of £251.7 million (including its share of joint ventures).

International Financial Reporting Standards (IFRS)

Commencing with the interim results for the year ended 30th April 2006, Berkeley will report its results in accordance with International Financial Reporting Standards (IFRS).

Berkeley is well prepared for the adoption of IFRS and will present to the market its opening IFRS balance sheet (as at 1 May 2004) and restated profit and loss account and balance sheet for the year ended 30th April 2005 in September or October 2005.

The one significant area of change for Berkeley will be with regard to the recognition of revenue and profit (IAS 18). Berkeley's current policy reflects the two different types of scheme the Group develops. For traditional house-building, revenue and profit on exchanged sales contracts is recognized on physical completion. This will not change and will be the policy adopted for our urban regeneration business where revenue and profit are currently recognized on a phased basis, reflecting the stage of completion of the relevant exchanged unit.

The impact of the change at 30th April 2005 will be to reduce shareholders funds by approximately 5%.

Other areas that will affect shareholders funds at 30th April 2005 on the adoption of IFRS are pensions and land creditors.

IAS 19 (Employee Benefits) will require the inclusion of any pension scheme surplus or deficit to be recorded in the balance sheet. At 30th April 2005, Berkeley's pension scheme deficit has been calculated at £8.4 million. The impact on shareholders' funds at 30th April 2005 will be a reduction of 1.3%.

IAS 2 (Inventories) requires land purchased on deferred payment terms to be held at discounted present value. The liability is then increased over the period to settlement, with this increase being recorded as interest. This will reduce shareholders' funds at 30th April 2005 by approximately 1%.

Our People

At the heart of Berkeley's success is a uniquely talented and experienced management team, driven by entrepreneurial flair and an unrivalled practical understanding of the land and property market. It has given Berkeley the aptitude and foresight to identify and take advantage of new opportunities.

Berkeley has always recognised that part of its strength has been built on the committed, hardworking and imaginative people it employs. But the success of our business model also rests on the manner in which we create our teams, generating results far in excess of the simple sum of individuals.

Through our powerfully branded divisions and joint ventures, we have consistently demonstrated our ability to undertake and manage any form of development that presents itself. The confidence that the Group has in the management capability within its divisions, matched with the financial strength of the Group as a whole, has allowed us to unlock the flair and vision of our management teams.

Such a performance is not achieved without the commitment, dedication and expertise of our staff. On behalf of the Board and shareholders, we would like to express our sincere appreciation and thanks to them all.

Current Trading and Prospects

Berkeley has developed a strategy that gives it maximum flexibility, which we believe to be best suited to the particular challenges of a cyclical business. This strategy is based around our unrivalled land bank from which we will operate over the medium to long-term. This land bank coupled with a highly talented entrepreneurial workforce and flexibility demonstrates how well placed Berkeley is for the future.

Our primary goal is to maximise our returns to shareholders as opposed to mainly concentrating on the profit and loss account and this alignment allows the business to continue maximising short-term opportunities within an unambiguous long-term operating model. We look forward to the future with a great deal of confidence – supported by a business model that is cash generative, efficient in terms of scale and which allows the skills of our people to converge on adding value throughout the development process. We remain on target to achieve the 2006 B share payment and the £12 return by January 2011, and to create a sustainable and meaningful ongoing business.

We have planned our business for the long-term, for which the fundamentals look very encouraging. We look forward to the future with enthusiasm and confidence.

END

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The Berkeley Group Holdings plc

Consolidated Profit and Loss Account (Unaudited)

		Notes	Year ended 30 April 2005 Unaudited	Year ended 30 April 2004 Audited (Restated*)
			£'000	£'000
Turnover including share of joint ventures		2 (a)	1,216,193	1,396,133
Less: share of joint ventures' turnover			(145,876)	(123,690)
Group turnover		2 (a)	1,070,317	1,272,443
- Continuing operations		3	824,086	1,048,311
- Discontinued operations		3	246,231	224,132
Cost of sales			(781,429)	(965,238)
Gross profit			288,888	307,205
Net operating expenses			(89,319)	(94,404)
Operating profit – continuing operations		2 (a)	199,569	212,801
- Continuing operations		3	162,271	187,293
- Discontinued operations		3	37,298	25,508
Share of operating profit in joint ventures			15,244	21,924
- Continuing operations		3	14,330	20,778
- Discontinued operations		3	914	1,146
Total operating profit including share of joint ventures		2 (b)	214,813	234,725
Merger expenses		1	(1,633)	-
Profit on ordinary activities before interest and taxation			213,180	234,725
Net interest payable		4	(10,289)	(4,958)
Profit on ordinary activities before taxation			202,891	229,767
Taxation on profit on ordinary activities		5	(58,248)	(67,747)
Profit on ordinary activities after taxation			144,643	162,020
Dividends			-	(26,596)
Retained profit for the period			144,643	135,424
Dividends per Ordinary Share			-	22.3p
Earnings per Ordinary Share	- basic	6	121.0p	130.4p
	- diluted	6	120.0p	129.7p

* See note 1

The Berkeley Group Holdings plc

Consolidated Balance Sheet (Unaudited)

	At 30 April 2005 Unaudited £'000	At 30 April 2004 Audited (Restated*) £'000
Fixed assets		
Tangible assets	8,883	13,996
Joint ventures		
- Share of gross assets	179,108	216,431
- Share of gross liabilities	(108,659)	(148,524)
	70,449	67,907
	79,332	81,903
Current Assets		
Stocks	1,053,674	1,066,275
Debtors	155,737	172,301
Cash at bank and in hand	344,948	245,306
	1,554,359	1,483,882
Creditors (amounts falling due within one year)		
Borrowings	(88)	(25,120)
Other creditors	(328,112)	(313,476)
	(328,200)	(338,596)
Net current assets	1,226,159	1,145,286
Total assets less current liabilities	1,305,491	1,227,189
Creditors (amounts falling due after more than one year)		
Borrowings	(600,000)	(75,000)
Other creditors	(36,009)	(9,579)
	(636,009)	(84,579)
Net assets	669,482	1,142,610
Capital and reserves		
Share capital	24,164	30,516
Share premium	264	-
Capital redemption reserve	6,091	-
Other reserve	(961,299)	431,055
Retained profit	1,565,097	652,725
Joint ventures' reserves	34,665	27,814
Equity shareholders' funds	668,982	1,142,110
Equity minority interest	500	500
	669,482	1,142,610
Net assets per Ordinary Share	558p	944p

* See note 1

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement (Unaudited)

	Year ended 30 April 2005 Unaudited £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Net cash inflow from continuing operating activities	289,185	435,959
Dividends from joint ventures	1,564	9,865
Returns on investments and servicing of finance	3,568	(1,704)
Taxation	(59,754)	(62,594)
Capital expenditure and financial investment	8,403	(25,642)
Acquisitions and disposals	(1,633)	6,781
Equity dividends paid	(19,676)	(25,414)
Net cash inflow before financing	221,657	337,251
Financing	(122,015)	(149,048)
Increase in cash in the period	99,642	188,203
Reconciliation of net cash flow to movement in net (debt)/cash		
Increase in cash in the period	99,642	188,203
Cash (inflow)/outflow from (increase)/decrease in debt	(499,968)	100,033
Movement in net (debt)/cash in the period	(400,326)	288,236
Opening net (debt)/cash	145,186	(143,050)
Closing net (debt)/cash	(255,140)	145,186

Reconciliation of operating profit to operating cash flows	Year ended 30 April 2005 Unaudited £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Operating profit	199,569	212,801
Depreciation	2,581	3,085
Profit on sale of tangible fixed assets	(1,379)	(618)
Profit on sale of fixed asset investments	-	(144)
Stocks – decrease	12,601	84,828
Debtors – decrease	21,630	77,131
Investments – decrease	-	62,047
Creditors – increase/(decrease)	49,971	(4,762)
Non-cash charge in respect of share awards	4,212	1,591
Net cash inflow from continuing operating activities	289,185	435,959

* See note 1

The Berkeley Group Holdings plc

Consolidated Statement of Total Recognised Gains and Losses

	Year ended 30 April 2005 Unaudited £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Profit for the financial period	144,643	162,020
Total recognised gains for the period	144,643	162,020
Prior year adjustment (see note 1)	(338)	
Total gains recognised since last annual report	144,305	

* See note 1

Reconciliation of Movements in Shareholders' Funds

	Year ended 30 April 2005 Unaudited £'000	Year ended 30 April 2004 Audited (Restated*) £'000
Profit for the period	144,643	162,020
Dividends	-	(26,596)
Retained earnings	144,643	135,424
Share buy-backs	(20,656)	(52,363)
New shares issued prior to the capital restructure	9,848	7,217
New units issued after the capital restructure	269	-
Issue/redemption expenses	(2,841)	-
Redemption of shares	(604,153)	-
Contribution on exercise of share options	(4,450)	(2,240)
Credit in respect of employee share schemes	4,212	1,591
Consideration paid for purchase of own shares held in Employee Share Ownership Trusts	-	(2,129)
Net additions to equity shareholders' funds	(473,128)	87,500
Opening equity shareholders' funds as previously stated	1,144,532	1,056,156
Prior period adjustment (see note 1)	(2,422)	(1,546)
Opening equity shareholders' funds as restated	1,142,110	1,054,610
Closing equity shareholders' funds	668,982	1,142,110

* See note 1

The Berkeley Group Holdings plc

Notes

1. Basis of preparation

The unaudited financial information for the year ended 30 April 2005 summarised above and below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. This information was approved by the Board on 23 June 2005, and has been extracted from the Group's statutory accounts which have not yet been signed, but upon which the auditors are expected to give an unqualified opinion. The abridged financial information relating to the year ended 30 April 2004 is an extract from the statutory accounts, which have been delivered to the Registrar of Companies, and which have been restated as described below. The report of the auditors on these financial statements was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

From 1 May 2004, the Group has adopted UITF Abstracts 17 (revised 2003) and 38 in respect of employee share schemes and Employee Share Ownership Trusts. The cost of awards made under the share schemes is now calculated with reference to the fair value of the award at the date of grant rather than the cost of shares purchased by the Group to satisfy the award. In addition, the cost of shares held by the Group's Employee Share Ownership Trusts, previously shown as an asset in investments in the balance sheet, is now deducted from shareholders' funds.

The comparative figures have been restated to reflect the impact of these changes. Retained profit for the year ended 30 April 2004, as published last year, has been reduced by £338,000 to reflect the impact of the revision to UITF 17. Shareholders' funds at 1 May 2003 and 1 May 2004 have been reduced by £1,546,000 and £2,422,000 respectively, to reflect the impact of the revision to UITF 17 and the deduction of the cost of the shares from shareholders' funds. The Group cash flow statement has also been restated to show the relevant cash flows in financing activities rather than capital expenditure and financial investment.

Scheme of Arrangement and capital restructure

In June 2004, The Berkeley Group plc announced proposals for the return of £12 per existing ordinary share to shareholders by way of a capital reorganisation, incorporating a Scheme of Arrangement.

Following approval by shareholders in September 2004 and ratification by the Court on 25 October 2004, shareholders, on 26 October 2004, exchanged each existing ordinary share in The Berkeley Group plc for a newly issued Unit (each Unit comprising one new ordinary share of a nominal value of £0.05, one 2004 B preference share of a nominal value of £5.00, one 2006 B preference share of a nominal value of £2.00, one 2008 B preference share of a nominal value of £1.60 and one 2010 B preference share of a nominal value of £3.21) in The Berkeley Group Holdings plc ("the Company"), thereby introducing the Company as the new parent holding company of The Berkeley Group plc and its subsidiaries. The Company issued the shares comprised in 120,798,270 Units credited as fully paid at the aggregate nominal value of £11.86, which was the closing price of an ordinary share in The Berkeley Group plc on 25 October 2004.

The Directors intend to return the £12 per unit to shareholders by January 2011 with cash payments in respect of the B shares, subject to having sufficient funding and distributable reserves, as follows:

Class of B share	Expected Record Date	Proceeds per Share
2004 B Share	Redeemed	£5
2006 B Share	29 December 2006	£2
2008 B Share	31 December 2008	£2
2010 B Share	31 December 2010	£3
Total		£12

The return to shareholders has been facilitated by the Court approved reduction of capital that became effective on 28 October 2004. Through this reduction of capital, the nominal amount of each Unit was reduced to £0.25 (each Unit comprising one new ordinary share of a nominal value of £0.05, one 2004 B preference share of a nominal value of £0.05, one 2006 B preference share of a nominal value of £0.05, one 2008 B preference share of a nominal value of £0.05 and one 2010 B preference share of a nominal value of £0.05). This reduction created distributable reserves of £1,402 million to facilitate the return of £12 per Unit.

Notes (continued)

1 Basis of preparation (continued)
With implementation of the Scheme of Arrangement under section 425 of the Companies Act, the Company acquired 100% of the issued share capital of The Berkeley Group plc. In the opinion of the Directors, the Scheme of Arrangement is a group reconstruction rather than an acquisition, since the shareholders in the Company are the same as the former shareholders in The Berkeley Group plc and the rights of each shareholder, relative to the others, are unchanged and no minority interest in the net assets of the group is altered.

Accordingly, the Directors have adopted merger rather than acquisition accounting principles in drawing up these accounts, having regard to the overriding requirement of section 227(6) of the Companies Act 1985 for the accounts to give a true and fair view of the Group's results and financial position. The Directors consider that it is not practicable to quantify the effect of this departure from the Companies Act 1985 requirements.

The accounts are presented as if the Scheme of Arrangement had been effective on 1 May 2004, except for the effect of the capital restructure and subsequent reduction of capital which was sanctioned by the Court on 25 October 2004. The consolidated profit and loss account combines the results of The Berkeley Group plc for the year ended 30 April 2005 with those of the Company for the period since its incorporation to 30 April 2005. The comparative figures relate to The Berkeley Group plc as restated for the effect of the Scheme of Arrangement.

	Year ended 30 April 2005 Unaudited	**Year ended 30 April 2004 Audited (Restated*)**
	£'000	**£'000**
2. Analysis by Activity		
a) Turnover		
Residential housebuilding		
Group	1,002,769	1,130,162
Joint ventures	144,669	120,977
	1,147,438	1,251,139
Commercial property and other activities		
Group	67,548	142,281
Joint ventures	1,207	2,713
	68,755	144,994
	1,216,193	1,396,133
b) Operating profit		
Residential housebuilding		
Group	190,487	198,586
Joint ventures	14,877	19,836
	205,364	218,422
Commercial property and other activities		
Group	9,082	14,215
Joint ventures	367	2,088
	9,449	16,303
	214,813	234,725

All turnover and profit relate to continuing activities of the Group and are derived from activities performed in the United Kingdom. Included in Group residential housebuilding turnover and operating margin is £16,139,000 and £6,600,000 in respect of land sales (2004: £11,426,000 and £2,382,000).

The Berkeley Group Holdings plc

Notes (continued)

3. Discontinued operations

Since the year end, the Group has announced the sale of the Crosby Division to Lend Lease for consideration of £235,700,000 and the repayment of working capital of £15,000,000. Financial Reporting Standard No. 3 (FRS 3) requires that the Crosby Division be treated as discontinued operations for the year ended 30 April 2005, since the sale completes before the earlier of three months after the year end and the date of approval of the audited financial statements. The additional information required in respect of discontinued operations in the financial statements for the year ended 30 April 2005 is as follows:

	Continuing Operations Unaudited £'000	**Discontinued Operations Unaudited £'000**	**Total Unaudited £'000**
Year ended 30 April 2005			
Turnover including share of joint ventures	964,464	251,729	1,216,193
Less: share of joint ventures' turnover	(140,378)	(5,498)	(145,876)
Group turnover	824,086	246,231	1,070,317
Cost of sales	(586,254)	(195,175)	(781,429)
Gross margin	237,832	51,056	288,888
Net operating expenses	(75,561)	(13,758)	(89,319)
Operating profit	162,271	37,298	199,569
Share of operating profit of joint ventures	14,330	914	15,244
Total operating profit including share of joint ventures	176,601	38,212	214,813
Year ended 30 April 2004			
Turnover including share of joint ventures	1,166,383	229,750	1,396,133
Less: share of joint ventures' turnover	(118,072)	(5,618)	(123,690)
Group turnover	1,048,311	224,132	1,272,443
Cost of sales	(785,254)	(179,984)	(965,238)
Gross margin	263,057	44,148	307,205
Net operating expenses	(75,764)	(18,640)	(94,404)
Operating profit	187,293	25,508	212,801
Share of operating profit of joint ventures	20,778	1,146	21,924
Total operating profit including share of joint ventures	208,071	26,654	234,725

	Year ended 30 April 2005 Unaudited £'000	**Year ended 30 April 2004 Audited £'000**
4. Net interest payable		
Interest receivable	11,413	4,770
Interest payable on bank loans and overdrafts	(18,376)	(6,207)
Interest payable – share of joint ventures	(3,326)	(3,521)
	(10,289)	(4,958)

Notes (continued)

	Year ended 30 April 2005 Unaudited	Year ended 30 April 2004 Audited (Restated*)
	£'000	£'000
5. Taxation		
Current tax		
UK corporation tax payable	(57,278)	(65,040)
Share of joint ventures' tax	(3,502)	(5,184)
Adjustments in respect of previous periods	427	481
	(60,353)	(69,743)
Deferred tax	2,105	1,996
	(58,248)	(67,747)

* See note 1

6. Earnings per Ordinary Share

Earnings per Ordinary Share is based on the profit after taxation of £144,643,000 (2004 restated £162,020,000) and the weighted average number of Ordinary Shares in issue during the year of 119,558,439 (2004: 124,261,151). For diluted earnings per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted to assume the conversion of all dilutive potential Ordinary Shares. The dilutive potential Ordinary Shares relate to shares granted under employee share schemes where the exercise price is less than the average market price of the Ordinary Shares during the year. The effect of the dilutive potential Ordinary Shares is 990,459 shares (2004: 613,585), which gives a diluted weighted average number of Ordinary Shares of 120,548,898 (2004: 124,874,736).

7. The statutory accounts for the year ended 30 April 2005 will be sent by mail to shareholders in July 2005 and filed in due course with the Registrar of Companies. Copies will be available for inspection at the Company's Registered Office, Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG.