



# Full Year Results Presentation

Year ended 30<sup>th</sup> April 2008

27<sup>th</sup> June 2008



# TONY PIDGLEY

## MANAGING DIRECTOR



# Format of Presentation

## Full Year Results for the year ended 30th April 2008



- Introduction Tony Pidgley
- Managing Director's Review Tony Pidgley
- Review of Results Rob Perrins
  
- Questions Tony Pidgley (Managing Director)  
Rob Perrins (Finance Director)  
Tony Carey (Executive Director)  
Greg Fry (Executive Director)

## Imperial Wharf

- 32 acres in Fulham adjacent to River Thames acquired in 1997
- 1,828 homes and 300,000 sq.ft of commercial space
- 1,120 homes completed with balance by 2018
- 10 acres of landscaped parkland and creation of a new railway station





## St George Wharf

- 7 acres of riverside property at Vauxhall, London
- 1,410 homes and 150,000 sq.ft of commercial space
- 904 homes completed and balance over next 10 years
- 275 meter riverside promenade alongside the River Thames
- 180 meter high 'St George Tower' to be constructed



## Grosvenor Waterside

- 10 acres of riverside property in SW1 acquired in 2000
- 917 homes and 32,000 sq.ft of commercial
- 295 homes are complete
- Fully sold
- Due to complete by 2012



## Roehampton

- 14 acres, the former Queen Mary's Hospital in Roehampton was acquired in 2006
- Planning consent for 448 homes
- Includes the Grade I listed "Queen Mary House" which will be brought back to life as part of the redevelopment process
- Due to complete by 2014





## The Warren, Woolwich

- 25 acres acquired in 2005, adjacent to Royal Arsenal, Woolwich
- Circa 2,700 homes and 204,000 sq.ft of commercial
- Major regeneration of the area in conjunction with LDA and Greenwich Council
- The planning includes a new Crossrail station on the site



## Kidbrooke

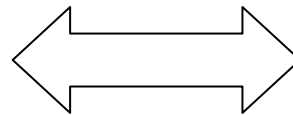
- 269 acre site acquired from Greenwich Council
- Major redevelopment of existing Farrier Estate
- The scheme will provide circa 4,000 new homes when complete

# Managing Director's Review – Why is Berkeley Different?



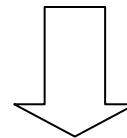
## Unique Operating Model

- Innovative land acquisition
- London and South-East focus
- Entrepreneurial but disciplined
- Added value developer with expertise
- Not scalable
- Experienced autonomous management teams
- Natural size
- Recognise cyclical market
- Supply matched to demand and manage risk



## The Result

- Unrivalled land bank
- Strong balance sheet – ungeared
- Forward sales
- Award winning business
- Innovation
- Reputation for quality and delivery
- Partner of choice



- Creation of quality houses and communities in which people want to live, work and play
- Enhanced shareholder return





# Managing Director's Review – Outstanding Shareholder Returns



- The Scheme of Arrangement has been an outstanding success

Berkeley share price 1 June 2004 927p

Dividends 22p

B Shares 900p

Berkeley share price 26 June 2008 663p  
1,585p

Berkeley Absolute Shareholder Return + 70.0%

Major Listed House-builder peer group - 36.9%

- The current market presents unique opportunities to build further shareholder value for companies with vision and balance sheet strength



# ROB PERRINS

## FINANCE DIRECTOR





# Review of Full Year Results



- Summary of Performance
- Scheme of Arrangement
  - payment schedule
  - proposed revision
- Cash Flow
- Income Statement
- Balance Sheet
- Land Holdings
- Largest Sites



## Summary of Performance (1)



	<u>12 months to</u> <u>Apr 2008</u>		<u>12 months to</u> <u>Apr 2007</u>	
	<u>Units</u>	<u>ASP</u>	<u>Units</u>	<u>ASP</u>
Group	3,167	£295k	2,852	£285k
Joint ventures	-	-	441	£329k
Total	<u>3,167</u>	<u>£295k</u>	<u>3,293</u>	<u>£291k</u>





## Summary of Performance (2)



	<u>2008</u>	<u>2007</u>	Change	
	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>	
Operating profit- Group	206.0	177.1	+ 28.9	+ 16.3%
- JVs	<u>(3.4)</u>	<u>10.0</u>	<u>- 13.4</u>	<u>- 134.0%</u>
	<u>202.6</u>	<u>187.1</u>	<u>+ 15.5</u>	<u>+ 8.3%</u>
Profit before tax	194.3	188.1	+ 6.2	+ 3.2%
Cash generated <sup>1</sup>	156.1	102.0		
Closing net (debt) / cash	(4.5)	81.0		

<sup>1</sup> Before B share payment of £241.6 million (2007: £241.6 million)



## Summary of Performance (3)



	<u>2008</u>	<u>2007</u>	<u>Change</u>	
Shareholders Funds	£681.4m	£781.6m	- £100.2m	- 12.8%
Net Asset Value per Share	564.0p	649.0p	- 85.0p	-13.1%
NAVPS adding back 2008 B Share	764.0p	649.0p	+ 115.0p	+ 17.7%
Return on Capital Employed	29.3%	28.1%		
Land Bank - Plots	31,365	30,128	+ 1,237	
- Gross margin	£2,728m	£2,234m	+ £494m	
Forward Sales	£1,210m	£936m	+ £274m	



# Scheme of Arrangement – Payment Schedule



		<u>Original Payment</u>	<u>Actual Payment</u>
2004 B Share	£5	December 2004	3 <sup>rd</sup> December 2004
2006 B Share	£2	January 2007	8 <sup>th</sup> January 2007
2008 B Share	£2	January 2009	4 <sup>th</sup> January 2008
2010 B Share <sup>1</sup>	<u>£3</u>	January 2011	TBC
	<u>£12</u>		

<sup>1</sup> At a date to be determined, but no later than January 2011

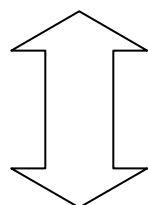


# Scheme of Arrangement – Proposed Revision

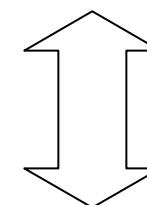


2004 B Share	£5	single cash payment	3 <sup>rd</sup> December 2004
2006 B Share	£2	single cash payment	8 <sup>th</sup> January 2006
2008 B Share	£2	single cash payment	4 <sup>th</sup> January 2008

2010 B Share	£3	single cash payment	by 31 <sup>st</sup> January 2011
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Innovative proposal to take advantage of current market conditions through increased land investment.



£3 to be returned through a series of dividends and by opportunistic share buy-backs with 2010 B Share cancelled

Value to be returned throughout the period

by 31<sup>st</sup> January 2014

£12



# Shares in Issue and Future Dilution

## Scheme of Arrangement

Currently issued	120.8m	85%
Issuable under 2004(b)	<u>21.3m</u>	15%
	<u>142.1m</u>	100%

## Revised Proposals (subject to shareholder approval)

	100% Shares		59% Shares	
Currently issued		120.8		120.8
HY01 2008/09	4.0	124.8	2.36	123.2
HY02 2008/09	4.0	128.8	2.36	125.5
HY01 2009/10	4.0	132.8	2.36	127.9
HY02 2009/10	4.0	136.8	2.36	131.1
Before 31 January 2014 (once £3 returned)	5.3	142.1	3.13	133.3
	<u>21.3</u>	15.0 %	<u>12.57</u>	10.4 %

# Abridged Group Cash Flow



	12 Months to Apr 2008		12 Months to Apr 2007		Change
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	£m
Profit after tax		137.8		135.5	2.3
Underlying working capital movements	(5.5)		107.8		
Land payments by St James at acquisition	-		(93.5)		
	<u>          </u>	(5.5)	<u>          </u>	14.3	(19.8)
Investing activities		(7.1)		5.7	(12.8)
Non-cash items and other movements		30.9		11.1	19.8
Acquisition of St James		-		(64.6)	64.6
		<u>156.1</u>		<u>102.0</u>	<u>54.1</u>
Shareholder payment		(241.6)		(241.6)	-
Decrease in net cash		(85.5)		(139.6)	54.1
Opening net cash		<u>81.0</u>		<u>220.6</u>	<u>(139.6)</u>
Closing net (debt) / cash		<u>(4.5)</u>		<u>81.0</u>	<u>(85.5)</u>



# Abridged Group Income Statement (1)



	<u>12 Months to</u> <u>Apr 2008</u>		<u>12 Months to</u> <u>Apr 2007</u>		<u>Change</u>	
Units	3,167		2,852		+ 315	+ 11.0%
	<u>£m</u>		<u>£m</u>		<u>£m</u>	
House-building	947.0		823.9		+ 123.1	+14.9%
Land Sales	13.1		44.0		- 30.9	- 70.2%
Commercial	31.4		50.5		-19.1	- 37.8%
Revenue	<u>991.5</u>		<u>918.4</u>		<u>+ 73.1</u>	+ 8.0%
Gross margin	304.4	30.7%	268.9	29.3%	+ 35.5	+ 13.2%
Overheads	(98.4)	9.9%	(91.8)	10.0%	-6.6	- 7.2%
Operating profit	206.0	20.8%	177.1	19.3%	+ 28.9	+ 16.3%
Joint ventures	<u>(2.4)</u>		<u>6.8</u>		<u>- 9.2</u>	
Profit before interest and tax	<u>203.6</u>		<u>183.9</u>		<u>+ 19.7</u>	+ 10.7%

# Abridged Group Income Statement (2)



	<u>12 Months to</u> <u>Apr 2008</u>		<u>12 Months to</u> <u>Apr 2007</u>		<u>Change</u>	
	<u>£m</u>		<u>£m</u>		<u>£m</u>	
Profit before interest and tax	203.6		183.9		+ 19.7	+ 10.7%
- Bank interest	0.3		7.1		- 6.8	
- Facility refinancing fees	(1.8)		-		- 1.8	
- Other	<u>(7.8)</u>		<u>(2.9)</u>		<u>- 4.9</u>	
Net finance costs	<u>(9.3)</u>		<u>4.2</u>		<u>- 13.5</u>	
Profit before tax	194.3	19.6%	188.1	20.5%	+ 6.2	+ 3.2%
Tax	<u>(56.5)</u>	29.1%	<u>(52.5)</u>	27.9%	<u>- 4.0</u>	
Profit after tax	<u>137.8</u>		<u>135.6</u>		<u>+ 2.2</u>	+ 1.6%
EPS – Basic	<u>114.2p</u>		<u>112.6p</u>		<u>+ 1.6p</u>	+ 1.4%
Weighted average shares	<u>120.7m</u>		<u>120.2m</u>			



# Abridged Group Balance Sheet

	<u>At 30 Apr</u> <u>2008</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2007</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2006 *</u> <u>£m</u>
Non-current assets					
- Goodwill	17.2	-	17.2	-	17.2
- Other intangibles	0.7	(1.8)	2.5	(0.8)	3.3
- Deferred taxation	39.1	4.5	34.6	29.6	5.0
- Other	7.0	3.0	4.0	(5.9)	9.9
Inventories	1,231.9	102.5	1,129.4	(8.7)	1,138.1
Debtors	20.8	(6.8)	27.6	(5.4)	33.0
Creditors < 1 year	(582.6)	(130.7)	(451.9)	(16.5)	(435.4)
Creditors > 1 year	<u>(48.2)</u>	<u>14.6</u>	<u>(62.8)</u>	<u>6.8</u>	<u>(69.6)</u>
Capital employed	685.9	(14.7)	700.6	(0.9)	701.5
Net cash / (debt)	<u>(4.5)</u>	<u>(85.5)</u>	<u>81.0</u>	<u>(75.0)</u>	<u>156.0</u>
Net assets	<u>681.4</u>	<u>(100.2)</u>	<u>781.6</u>	<u>(75.9)</u>	<u>857.5</u>
Net asset value per share	<u>564p</u>	<u>(85p)</u>	<u>649p</u>	<u>(65p)</u>	<u>714p</u>

\* Adjusted to include St James at acquisition



# Inventories

	<u>At 30 Apr</u> <u>2008</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2007</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2006</u> * <u>£m</u>
Land not under development	184.6	78.2	106.4	(103.5)	209.9
Work in progress: Land cost	<u>602.9</u>	<u>26.8</u>	<u>576.1</u>	<u>115.2</u>	<u>460.9</u>
	787.5	105.0	682.5	11.7	670.8
Work in progress: Build cost	394.9	(18.3)	413.2	(2.5)	415.7
Completed units	49.5	18.1	31.4	(30.1)	61.5
Part exchanges-	-	(2.3)	2.3	(0.1)	2.4
	<u>1,231.9</u>	<u>102.5</u>	<u>1,129.4</u>	<u>(21.0)</u>	<u>1,150.4</u>

\* Adjusted to include St James at acquisition



# Land Bank



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

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

# Largest Sites Released to Market



	<u>Total</u>	<u>Complete</u>	<u>Exchanged</u>	<u>Resv'd</u>	<u>Available</u>	<u>Not Released</u>
Royal Arsenal, Woolwich	4,960	1,244	264	3	29	3,420
Beaufort Park, Hendon	2,800	272	293	12	25	2,198
Imperial Wharf, Chelsea	1,828	1,120	131	9	15	553
St George Wharf, Vauxhall	1,410	904	199	15	8	284
Holborough Valley, Snodland	1,247	204	118	1	0	924
Kennet Island, Reading	1,150	286	171	2	35	656
Battersea Reach	1,090	383	53	11	9	634
Chelsea Bridge Wharf	1,075	842	230	3	-	-
Grosvenor Waterside, W'minster	917	295	622	-	-	-
Gunwharf Resid'l, Portsmouth	899	763	58	-	22	56
Royal Clarence Yard, Gosport	698	289	63	1	30	315
Parkwest, West Drayton	574	113	47	18	29	367
Knowle Village, Hampshire	522	439	25	-	7	51
Silkworks, Lewisham	498	-	207	-	38	253
Bromyard Avenue, Acton	495	435	5	2	27	26
The Hamptons, Worcester Park	461	457	3	-	1	-
Queen Mary's, Roehampton	<u>448</u>	<u>-</u>	<u>207</u>	<u>2</u>	<u>67</u>	<u>172</u>
	<u>21,072</u>	<u>8,046</u>	<u>2,696</u>	<u>79</u>	<u>342</u>	<u>9,909</u>

# Questions



**Tony Pidgley**

**Managing Director**

**Rob Perrins**

**Finance Director**

**Tony Carey**

**Executive Director**

**Greg Fry**

**Executive Director**