



# Interim Results Presentation

Half Year ended 31<sup>st</sup> October 2008

5<sup>th</sup> December 2008



# TONY PIDGLEY

## MANAGING DIRECTOR



# Format of Presentation

## Interim Results for the half year ended 31<sup>st</sup> October 2008



- **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)**



# Managing Director's Review (1) – Introduction



- Berkeley's Strategy
- Berkeley's Performance
- The Market
- Outlook

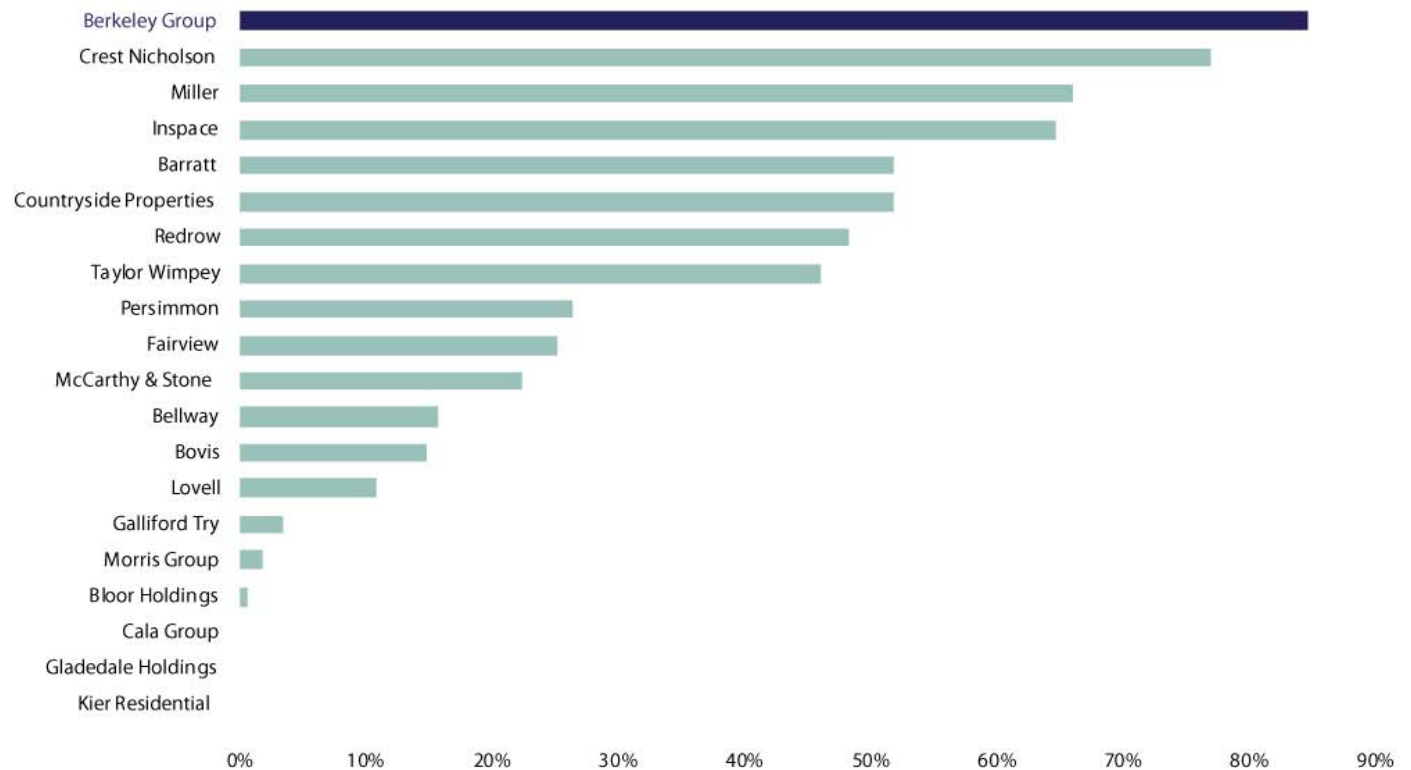


# Managing Director's Review (2) – NextGeneration



Ranked **1st**  
for  
Second Year  
Running

Figure 1: Top 20 overall performance





# Managing Director's Review (3) – Royal Arsenal, Woolwich



BURA

BUILDING  
FOR LIFE GOLD  
STANDARD





# Managing Director's Review (4) – Gunwharf Quays, Portsmouth



**BURA**

Winner of the BURA Crystal Award for the 'Best of the Best – Urban Regeneration'

**BUILDING  
FOR LIFE** GOLD STANDARD



## Managing Director's Review (5) – Berkeley's Strategy



- Maximise shareholder value through added value developer expertise, not volume growth
- Balance sheet strength and cash generation ahead of income statement
- London and South-East focus
- Minimise development risk
  - Maintain forward sales
  - Match supply to demand
- Natural size
  - Not scalable
  - Entrepreneurial
  - Strong and stable autonomous management teams





## Managing Director's Review (6)



- Berkeley's Performance
- The Market
- Outlook



**ROB PERRINS**

**FINANCE DIRECTOR**



# Review of Interim Results

## Six months ended 31<sup>st</sup> October 2008



- Summary of Performance and Financial Position
- Scheme of Arrangement – Revised September 2008
- Cash Flow
- Income Statement
- Balance Sheet
  - Inventories
  - Creditors
- Land Holdings



## Summary of Performance



	<u>6 months to</u> <u>Oct 2008</u>	<u>6 months to</u> <u>Oct 2007</u>	<u>Change</u>	
Operating profit	£80.6m	£94.7m	- £14.1m	- 14.9%
Operating margin	17.8%	21.5%		
Profit before tax	£79.6m	£90.6m	- £11.0m	- 12.1%
EPS – Basic	47.8p	52.6p	- 4.8p	-9.1%
Cash generated	£142.7m	£31.7m		
Return on Capital Employed	25.3%	25.8%		
Shares acquired *	2.7m	-		

\* 2.7 million shares acquired for £17.8m (£6.45 per share)



# Summary of Financial Position



	<u>At 31 Oct</u> <u>2008</u>	<u>At 30 Apr</u> <u>2008</u>	<u>Change</u>	
Shareholders Funds	£714.6m	£681.4m	+ £33.2m	+ 4.9%
Net Asset Value per Share	594.0p	564.0p	+ 30.0p	+ 5.3%
Closing net cash / (debt)	£138.2m	(£4.5m)	+ £142.7m	
Land Bank - Plots	30,278	31,365	- 1,087	
- Gross margin	£2,147m	£2,728m	- £581m	
Cash due on Forward Sales	£807.9m	£1,210.0m	- £402.1m	

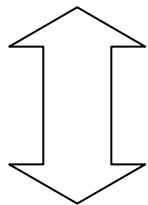


# Scheme of Arrangement – Current Schedule

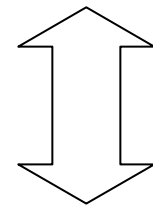


2004 B Share	£5	single cash payment	3 <sup>rd</sup> December 2004
2006 B Share	£2	single cash payment	8 <sup>th</sup> January 2007
2008 B Share	£2	single cash payment	4 <sup>th</sup> January 2008

2010 B Share	£3	single cash payment	by 31 <sup>st</sup> January 2011
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Revised 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



		<u>Shares</u>	
1	Currently issued (net of 0.5 million EBT shares)	120.3m	87%
	2004(b) LTIP shares conditionally vested (Element 1)	16.0m	
	Awards delivered on 1 <sup>st</sup> tranche (Element 1A)	<u>(4.0m)</u>	
	Outstanding Element 1 shares	12.0m	9%
	2004(b) LTIP shares to vest once £3 returned (Element 2)	<u>5.3m</u>	4%
		<u>137.6m</u>	100%

## 2 Pro-forma Net Asset Value per Share; assuming outstanding Element 1 shares are fully issued:

	<u>Net assets</u>	<u>Shares in Issue</u>		<u>NAVPS</u>
31 October 2008	714.6	-	120.3	594p
HY 02 2008/09 (Element 1B vests)	714.6	4.0	124.3	575p
HY01 2009/10 (Element 1C vests)	714.6	4.0	128.3	557p
HY02 2009/10 (Element 1D vests)	714.6	4.0	132.3	540p

# Abridged Group Cash Flow



	<u>6 Months to</u> <u>Oct 2008</u>	<u>6 Months to</u> <u>Oct 2007</u>	<u>Change</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Profit before tax	79.6	90.6	(11.0)
Underlying working capital movements	75.9	(32.4)	108.3
Tax	11.7	(31.5)	43.2
Investing activities	(1.1)	(3.9)	2.8
Non-cash items and other movements	5.0	8.9	(3.9)
	<u>171.1</u>	<u>31.7</u>	<u>139.4</u>
Share purchases	(17.8)	-	(17.8)
Cash settlement of employee share scheme	<u>(10.6)</u>	<u>-</u>	<u>(10.6)</u>
Increase in net cash	142.7	31.7	111.0
Opening net (debt) / cash	<u>(4.5)</u>	<u>81.0</u>	<u>(85.5)</u>
Closing net cash	<u>138.2</u>	<u>112.7</u>	<u>25.5</u>





# Homes Completed and Average Selling Price



	<u>Units</u>	<u>ASP</u>
2008/09 HY01	<u>968</u>	<u>£399,000</u>
2007/08 HY02	1,537	£347,000
2007/08 HY01	<u>1,630</u>	<u>£245,000</u>
2006/07 HY02	1,556	£285,000
2006/07 HY01 *	<u>1,737</u>	<u>£296,000</u>
2005/06 HY02 *	1,907	£297,000
2005/06 HY01 *	<u>1,910</u>	<u>£322,000</u>
2004/05 HY02 *	1,389	£351,000
2004/05 HY01 *	<u>1,702</u>	<u>£295,000</u>

\* Adjusted to include St James as a subsidiary and exclude Crosby where applicable



# Abridged Group Income Statement (1)



	<u>6 Months to</u> <u>Oct 2008</u>		<u>6 Months to</u> <u>Oct 2007</u>		<u>Change</u>	
	<u>£m</u>		<u>£m</u>		<u>£m</u>	
House-building	402.4		409.0		- 6.6	- 1.6%
Land Sales	25.5		13.1		+ 12.4	+ 94.7%
Commercial	24.7		19.3		+ 5.4	+ 28.0%
Revenue	<u>452.6</u>		<u>441.4</u>		<u>+ 11.2</u>	<u>+ 2.5%</u>
Gross margin	122.3	27.0%	141.4	32.0%	- 19.1	- 13.5%
Overheads	(41.7)	9.2%	(46.7)	10.6%	+ 5.0	+ 10.7%
Operating profit	<u>80.6</u>	17.8%	<u>94.7</u>	21.5%	<u>- 14.1</u>	<u>- 14.9%</u>
Joint ventures	(1.3)		(1.5)		+ 0.2	
Profit before interest and tax	<u>79.3</u>		<u>93.2</u>		<u>- 13.9</u>	<u>- 14.9%</u>



# Abridged Group Income Statement (2)



	<u>6 Months to</u> <u>Oct 2008</u>		<u>6 Months to</u> <u>Oct 2007</u>		<u>Change</u>	
	<u>£m</u>		<u>£m</u>		<u>£m</u>	
Profit before interest and tax	79.3		93.2		- 13.9	- 14.9%
- Bank interest	1.7		2.5		- 0.8	
- Facility refinancing fees	-		(1.8)		+ 1.8	
- Other	<u>(1.4)</u>		<u>(3.3)</u>		<u>+ 1.9</u>	
Net finance income/(costs)	0.3		(2.6)		+ 2.9	
Profit before tax	<u>79.6</u>	17.6%	<u>90.6</u>	20.5%	- 11.0	- 12.1%
Tax	<u>(22.6)</u>	28.4%	<u>(27.2)</u>	30.0%	+ 4.6	
Profit after tax	<u>57.0</u>		<u>63.4</u>		<u>- 6.4</u>	- 10.1%

# Abridged Group Balance Sheet



	<u>At 31 Oct</u> <u>2008</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2008</u> <u>£m</u>
Non-current assets			
- Goodwill	17.2	-	17.2
- Other intangibles	0.2	(0.5)	0.7
- Deferred taxation	36.5	(2.6)	39.1
- Other	6.4	(0.6)	7.0
Inventories	1,152.3	(79.6)	1,231.9
Debtors	15.8	(5.0)	20.8
Creditors	(652.0)	(21.2)	(630.8)
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Capital employed	576.4	(109.5)	685.9
Net cash / (debt)	138.2	142.7	(4.5)
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Net assets	714.6	33.2	681.4
	<hr/>	<hr/>	<hr/>
Net asset value per share	594p	30p	564p
	<hr/>	<hr/>	<hr/>

# Inventories



	<u>At 31 Oct</u> <u>2008</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2008</u> <u>£m</u>
Land not under development	134.0	(50.6)	184.6
Work in progress: Land cost	560.8	(42.1)	602.9
	<u>694.8</u>	<u>(92.7)</u>	<u>787.5</u>
Work in progress: Build cost	384.7	(10.2)	394.9
Completed units	72.8	23.3	49.5
Part Exchange units	-	-	-
	<u>1,152.3</u>	<u>(79.6)</u>	<u>1,231.9</u>

## Creditors



	<u>At 31 Oct</u> <u>2008</u> <u>£m</u>	<u>Underlying</u> <u>Movements</u> <u>£m</u>	<u>At 30 Apr</u> <u>2008</u> <u>£m</u>
Trade creditors and accruals	255.9	(34.2)	290.1
Deposits and on account receipts	221.2	50.4	170.8
Short-term land creditors	<u>36.0</u>	<u>(29.3)</u>	<u>65.3</u>
Short-term creditors	513.1	(13.1)	526.2
Current tax liability	84.1	27.7	56.4
Long-term land creditors	<u>54.8</u>	<u>6.6</u>	<u>48.2</u>
Creditors	<u>652.0</u>	<u>21.2</u>	<u>630.8</u>
Total Land Creditors	<u>90.8</u>	<u>(22.7)</u>	<u>113.5</u>



# Land Bank



	<u>At 31 Oct</u> <u>2008</u>	<u>Variance</u>	<u>At 30 Apr</u> <u>2008</u>
Owned	22,555	- 510	23,065
Contracted	7,723	- 291	8,014
Agreed	-	- 286	286
Plots *	<u>30,278</u>	<u>- 1,087</u>	<u>31,365</u>
Sales value	£7,653m	- £1,568m	£9,221m
Average selling price	£253k	- £41k	£294k
Average plot cost	£35k	- £3k	£38k
Land cost %	14.0%	+ 0.9%	13.1%
Gross margin	£2,147m	- £581m	£2,728m
GM%	28.1%	- 1.5%	29.6%

\* Includes 2,516 plots within joint ventures at 31 October 2008 (30 Apr 2008: 2,538)



# Questions



**Tony Pidgley**

**Managing Director**

**Rob Perrins**

**Finance Director**

**Tony Carey**

**Executive Director**

**Greg Fry**

**Executive Director**





## Beaufort Park



## Beaufort Park

- 25 acres on former RAF Hendon site in North London
- 2990 homes will be constructed
- 542 homes are complete



## Chelsea Bridge Wharf



## Chelsea Bridge Wharf

- 7 acres adjacent to Chelsea Bridge acquired in 1999
- 1,075 homes together with 220 bed hotel and 60,000 sq.ft of office space
- 883 homes completed



## Grosvenor Waterside



## Grosvenor Waterside

- 10 acres of riverside property in SW1 acquired in 2000
- 917 homes and 32,000 sq.ft of commercial space
- 295 homes are completed
- Fully sold to Qatari Diar
- Adjacent to Barracks site
- Due for completion by 2012



# Holborough



## Holborough

- 52 acres in Kent acquired in 2001
- 1,279 'New England' style homes
- Built on site of former quarry around lakeside setting



## Imperial Wharf



## Imperial Wharf

- 32 acres in Fulham adjacent to the River Thames, acquired in 1997
- 1,828 homes and 300,000 sq.ft of commercial space
- 1,201 new homes completed
- 10 acres of landscaped parkland and creation of new railway station



# Kidbrooke



## Kidbrooke

- 269 acres site acquired from Greenwich Council
- Major redevelopment of existing Ferrier Estate
- The scheme will deliver circa 4,000 new homes when complete



## Queen Mary's Place



## Queen Mary's Place

- 14 acres, the former Queen Mary's Hospital in Roehampton was acquired in 2006
- Planning consent for 448 homes
- Includes Grade I listed 'Queen Mary's House'
- 213 homes sold



## Royal Worcester



## Royal Worcester

- 8 acres on site of former Royal Worcester Porcelain site
- Acquired in 2004, now has planning for 370 new homes
- Includes 68,000 sq.ft of commercial office space





## Stanmore Place



## Stanmore Place

- 12 acres in Stanmore, North London
- 798 new homes
- 63,000 sq.ft of commercial space



## St George Wharf



## St George Wharf

- 7 acres of riverside property at Vauxhall, London
- 1,828 homes and 150,000 sq.ft of commercial space
- 921 homes completed
- 275 meter riverside promenade alongside River Thames
- 180 meter high 'St George Tower' to be constructed



## Sugar House



## Sugar House

- Site of former Natwest processing centre in E1, a Grade II Victorian building
- 294 new homes including 42 refurbished homes in Sugar House
- 196 homes completed



# Royal Arsenal



## Royal Arsenal

- Site of former Royal Arsenal works from London Development Agency in 2002
- 1,245 new homes now completed
- Additional 25 acres acquired on adjacent land for a further 3,700 new homes
- Site of proposed new Crossrail Station





## Gunwharf Quays



## Gunwharf Quays

- A site of former MOD Naval Ordnance in Portsmouth
- Acquired in 1996, the development comprises 899 new homes
- 809 new homes completed
- Gunwharf Quays award winning factory outlet shopping centre completed in 2001 comprising 95 designer outlet stores, 30 bars and restaurants, a cinema and hotel

