

Full Year Results Presentation

Year ended 30 April 2011

24 June 2011



Format of presentation



Chairman Tony Pidgley

Finance Director Nick Simpkin

Managing Director Rob Perrins

Questions



TONY PIDGLEY

CHAIRMAN







	Dividend £/share
By 30 September 2015	4.34
By 30 September 2018	4.33
By 30 September 2021	4.33
	<u>13.00</u>
Total return to existing shareholders	£1.7 billion



NICK SIMPKIN

FINANCE DIRECTOR

Review of full year results



- Summary of performance
- Summary of financial position
- Banking facilities
- Income statement
- Homes completed and ASP
- Abridged cash flow
- Abridged balance sheet
 - Inventories
 - Creditors
- Land holdings

Summary of performance



	Apr 2011	<u>Apr 2010</u>	<u>Chanc</u>	<u>ıe</u>
Operating profit	£135.7m	£106.2m	+ £29.5m	+ 27.8%
Operating margin	18.3%	17.3%		
Profit before tax	£136.2m	£110.3m	+ £25.9m	+ 23.5%
EPS – Basic	72.1p	60.0p	+ 12.1p	+ 20.2%
Weighted ave. no. of shares	132.0m	132.8m		
Cash (outflow)/inflow				
before financing	(£244.9m)	£57.5m		
Return on equity	15.3%	13.3%		

Summary of financial position



	<u>Apr 2011</u>	<u>Apr 2010</u>	<u>Change</u>	
Shareholders' funds	£929.4m	£858.6m	+ £70.8m	+ 8.2%
Net asset value per share	709.2p	636.7p	+ 72.5p	+ 11.4%
Shares in issue	131.0m	134.9m	- 3.9m	- 2.9%
Closing net cash	£42.0m	£316.9m	- £274.9m	
Land bank - Plots	27,026	28,099	- 1,073	
- Gross margin	£2,304m	£2,038m	+ £266m	+ 13.1%
Cash due on forward sales	£813.5m	£648.1m	+ £165.4m	+ 25.5%

Banking facilities



Corporate:	<u>Maturity</u>	Apr 2011 Facility £m	Apr 2010 Facility £m
Facility No.1	Nov 2013	200.0	300.0
Facility No.2	Apr 2016	250.0	-
		450.0	300.0
Project:			
Project specific	n/a	-	39.0
Winstanley Rd	Sep 2020	68.0	68.0
Total facilities		518.0	407.0
St Edward Homes	Apr 2016	60.0	-

Income statement



<u>A</u>	<u>pr 2011</u> <u>£m</u>		Apr 2010 £m		<u>Change</u> <u>£m</u>	
Revenue	742.6		615.3		+ 127.3	+ 20.7%
Gross profit	209.1	28.2%	166.4	27.0%	+ 42.7	+ 25.7%
Overheads	(73.4)	9.9%	(60.2)	9.8%	- 13.2	+ 21.9%
Operating profit	135.7	18.3%	106.2	17.3%	+ 29.5	+ 27.8%
Net finance income/(costs)	(1.5)		4.4		- 5.9	
Joint ventures	2.0		(0.3)		+ 2.3	
Profit before tax	136.2		110.3		+ 25.9	+ 23.5%
Tax	(41.8)	30.7%	(30.8)	27.9%	- 11.0	
Profit after tax	94.4		79.5		+ 14.9	+ 18.7%
Minority interest - loss	0.7		0.1		+ 0.6	
Profit attrib. to shareholders	95.1		79.6		+ 15.5	+19.5%

Homes completed and ASP



	<u>Units</u>	<u>ASP</u>	<u>Units</u>	<u>ASP</u>
2010/11 HY02 2010/11 HY01	1,295 1,249	£280,000 £262,000	2,544	£271,000
St Edward Homes			164	£251,000
2009/10 HY02	1,287	£238,000	2,201	£263,000
2009/10 HY01	<u>914</u>	£299,000		
2008/09 HY02	533	£388,000	1,501	£395,000
2008/09 HY01	<u>968</u>	£399,000		
2007/08 HY02	1,537	£347,000	3,167	£295,000
2007/08 HY01	<u>1,630</u>	£245,000		
2006/07 HY02	1,556	£285,000	3,293	£291,000
2006/07 HY01	1,737	£296,000		
	<u></u>			

Abridged cash flow



	<u>Apr 2011</u> <u>£m</u>	<u>Apr 2010</u> <u>£m</u>
Profit before tax	136.2	110.3
Increase in inventory – land	(207.4)	(85.2)
Increase in inventory – build WIP & stock	(151.7)	(25.9)
Transfer from inventory to rental fund	(28.6)	-
Net movement in JVs	(12.7)	(5.2)
Other working capital movements	46.8	88.0
Acquisition of Saad Berkeley	-	(17.7)
Non-cash movements	5.1	5.6
Tax paid	(32.6)	(12.4)
Cash (outflow)/inflow before financing	(244.9)	57.5
Financing activities	(30.0)	(25.4)
(Decrease)/increase in net cash	(274.9)	32.1
Opening net cash	316.9	284.8
Closing net cash	42.0	316.9

Abridged balance sheet



	<u>Apr 2011</u> <u>£m</u>	Movements £m	<u>Apr 2010</u> <u>£m</u>
Non-current assets			
- Intangible assets	17.2	-	17.2
- Investment properties	28.6	28.6	-
- Investment in JV's	38.7	12.7	26.0
- Other non-current assets	29.5	5.0	24.5
Inventories	1,613.2	359.1	1,254.1
Debtors	96.7	39.0	57.7
Creditors	(932.1)	(98.0)	(834.1)
Capital employed	891.8	346.4	545.4
Net cash	42.0	(274.9)	316.9
Net assets	933.8	71.5	862.3
Minority interest	(4.4)	(0.7)	(3.7)
Net assets attributable to shareholders	929.4	70.8	858.6

Inventories



	<u>Apr 2011</u> <u>£m</u>	Movements £m	<u>Apr 2010</u> <u>£m</u>
Land not under development	316.6	74.5	242.1
Work in progress: Land cost	631.9	132.9	499.0
	948.5	207.4	741.1
Work in progress: Build cost	615.7	169.0	446.7
Completed units	49.0	(17.3)	66.3
	1,613.2	359.1	1,254.1

Creditors



	<u>Apr 2011</u> <u>£m</u>	Movements £m	<u>Apr 2010</u> <u>£m</u>
Trade creditors and accruals	299.8	74.0	225.8
Deposits and on account receipts	472.0	10.4	461.6
Land creditors	66.4	2.6	63.8
Current tax liability	93.9	11.0	82.9
Total creditors	932.1	98.0	834.1
<u>Land creditors</u>			
Land creditors < 12 months	15.4	3.4	12.0
Land creditors > 12 months	51.0	(0.8)	51.8
Total	66.4	2.6	63.8

Land holdings



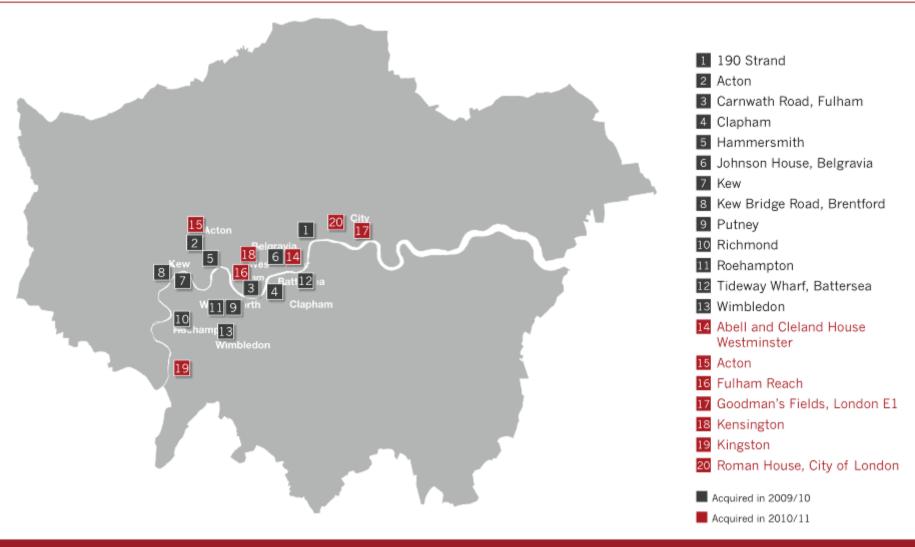
	<u>Apr 2011</u>	<u>Variance</u>	<u>Apr 2010</u>
Owned	26,865	-229	27,094
Contracted	147	- 788	935
Agreed	14	-56	70
Plots *	27,026	- 1,073	28,099
Sales value	£8,135m	+ £915m	£7,220m
Average selling price	301k	+ £44k	£257k
Average plot cost	44k	+ £8k	£36k
Land cost %	14.6%	+ 0.6%	14.0%
Gross margin	£2,304m	+ £266m	£2,038m
GM%	28.3%	+0.1%	28.2%



^{*} Includes 1,548 plots within joint ventures at 30 Apr 2011 (30 Apr 2010: 1,500)

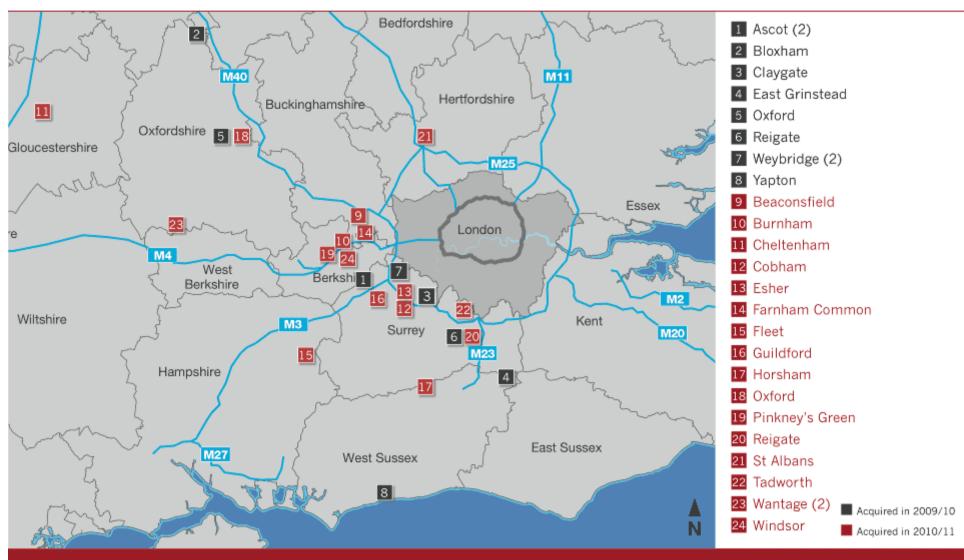
Sites acquired – London since March 2009





Sites acquired – South East since March 2009







ROB PERRINS

MANAGING DIRECTOR



Introduction



1. Performance

2. Rationale for long-term strategic plan

3. Outlook



Performance – Operating model



The key principles of the Berkeley model apply to all stages of the development cycle:

5. Sales

- Selling forward early to take the risk out of the development cycle
- Understanding demand from overseas markets
- Re-launching the Berkeley brand and updating corporate website
- Reacting to market conditions and opportunities they present
- Working with HCA to launch Private Rental Fund
- Housing Associations
- Relationships with Universities to realise student opportunities

4. Construction

- Matching supply to demand controlling work in progress
- Health & Safety integral part of managing the business
- Sub contracting the construction to specialist contractors reflecting the bespoke nature of Berkeley's developments and allowing the management teams to focus on creating value through the other aspects of the development process
- Sustainability embedded in the development process



3. Product

- Diverse product range to meet demand Student Housing Association 'Extra Care'
- · Innovative design within schemes 'Urban House' 'Duet Apartments'
- · Sector leading commitment to design standards and building sustainable developments

1. Land identification/acquisition

- · Rigorous land appraisal
- Only acquiring sites in the right location, where there is an underlying demand for new homes and where Berkeley can add value through its development expertise
- Building a reputation for innovative approach to working with partners
- Joint Venture partners –
 e.g. St Edward
- Local Authorities e.g. Kidbrooke,
 Woodberry Down, Dickens Yard

2. Planning

- Vision of creating place people aspire to live in
- Experienced and quality management teams with a relentless attention to detail
- Building relationships and close consultation with all stakeholders (e.g. local community groups, planning authorities)
- · Reputation for delivery and quality
- Forging long-term partnerships with Local Authorities



Rationale for long-term strategic plan



- 1. Framework for managing risk
- 2. Clarity over return for shareholders
- 3. Discipline for investment allocation
- 4. Aligns management and shareholder over the long term
- 5. Ensures Berkeley remains at its natural size
- 6. Financial risk is limited

Outlook



- 1. Strength from land bank and forward sales
- 2. Selective land acquisition
- 3. Further investment in work in progress
- 4. Utilisation of bank facilities
- 5. Adding value throughout the development cycle

Questions



Tony Pidgley Chairman

Rob Perrins Managing Director

Nick Simpkin Finance Director