

**PRESS RELEASE**

**PRELIMINARY RESULTS ANNOUNCEMENT**

**24 JUNE 2011**

**EPS GROWTH OF 20.2%; UP 12.1 PENCE TO 72.1 PENCE PER SHARE  
 VALUE OF LAND BANK UP 13.1% TO £2.3 BILLION OF FUTURE GROSS MARGIN  
 ANNOUNCEMENT OF LONG TERM STRATEGIC PLAN AND RETURN OF £13 PER  
 SHARE IN CASH**

The Berkeley Group Holdings plc (“Berkeley”) today announces its unaudited preliminary results for the year ended 30 April 2011 together with the results of a strategic review.

**HIGHLIGHTS**

- Profit before Tax Up 23.5% to £136.2 million (2010: £110.3 million)
- Operating Margin Up 1% to 18.3% (2010: 17.3%)
- Net Asset Value per Share Up 11.4% to 709.2 pence (April 2010: 636.7 pence)
- Share buy backs Acquisition of 3.8 million shares for £30.0 million at an average price of 785 pence per share.
- Net Cash £42.0 million (April 2010: £316.9 million)
- Cash due on Forward Sales Up 25.5% to £813.5 million (April 2010: £648.1 million)
- Land Bank 27,026 plots and £2.3 billion of future gross margin – an increase of 13.1% since 30 April 2010
- Return on Equity Pre-tax return on shareholders’ equity of 15.3% (2010: 13.3%)

**ANNOUNCEMENT OF LONG TERM STRATEGIC PLAN**

The Board of Berkeley has undertaken a strategic review, the outcome of which is to propose a long term strategic plan under which the business will operate over the next 10 years and to return approximately £1.7 billion in cash to existing shareholders in a series of dividends payable on or before the following milestones:

	Dividend per share
30 September 2015	£4.34
30 September 2018	£4.33
30 September 2021	<u>£4.33</u>
	<u>£13.00</u>

This puts in place a framework which allows Berkeley to operate at its natural size and to optimise returns to shareholders while managing the risks of a cyclical market.

*Commenting on the strategic review, Chairman, Tony Pidgley said:*

“I am delighted that in the two years since shareholders supported the Board’s proposal to invest at the right point in the cycle, Berkeley has made great progress and acquired a number of excellent sites in London and the South East, committing in excess of £500 million to the land bank in the process and laying the foundation for the next phase of the Group’s strategy.

The Board’s recommendation to return £13 in cash over the next ten years is the result of these achievements. The long term plan announced today puts in place an exciting and challenging proposition that builds on the strengths of Berkeley’s unique business model to realise significant value in cash for existing shareholders, yet retains sufficient working capital to invest in the continuing business and provides a real incentive for management to maximise its long term value. This strategic framework provides clarity over the corporate strategy and fully aligns the interests of management and shareholders for an extended period – an alignment that has been so important to Berkeley’s success in the past.”

*Commenting on the results for the year, Managing Director, Rob Perrins said:*

“I am pleased to report that Berkeley has performed strongly during the year, exceeding the targets set for both return on equity and land bank growth. The 20.2% growth in earnings per share reflects the depth of demand for well located property in London and the South East where supply is constrained and Berkeley has the land and expertise to deliver quality homes and places. In addition, Berkeley has acquired some 3,600 plots across 24 sites in excellent locations during the year, and has increased the number of active sites in line with our strategy to invest at this point in the cycle.

The increase in forward sales of 25.5%, land bank growth of 13.1% and our planning successes contribute to an improvement in operational visibility. This provides us with confidence that Berkeley can maintain the rate of earnings growth in the current year and increase the value of the land bank over the next two years, through a combination of optimisation and land acquisition, before commencing the return in cash to shareholders envisaged in the long term plan.”

## **Results**

Berkeley is pleased to announce a pre-tax profit of £136.2 million for the year ended 30 April 2011. This is a 23.5% increase on the £110.3 million for the previous year, driven principally by an increase in revenue of 20.7% from £615.3 million to £742.6 million. Operating margin of 18.3% has improved from the 17.3% achieved in the previous year; net finance expense is £1.5 million (2010: net income of £4.4 million) as net cash has reduced from £316.9 million at the start of the year to £42.0 million; and joint ventures have contributed £2.0 million of profit (2010: £0.3 million loss). Basic earnings per share for the year are 72.1 pence, compared to 60.0 pence for the previous year; an increase of 20.2%. The pre-tax return on equity is 15.3% (2010: 13.3%).

Total equity attributable to shareholders increased by £70.8 million to £929.4 million (2010: £858.6 million) following Berkeley’s acquisition of 3.6 million shares into treasury at a cost of £28.2 million and a further 0.2 million shares acquired by the Employee Benefit Trust. As a result, net assets per share increased by 72.5 pence (11.4%) to 709.2 pence at 30 April 2011 (2010: 636.7 pence) with 131.0 million shares in issue at the year end (2010: 134.9 million).

## **Strategic Review**

Focused on London and the South East, Berkeley’s strategy reflects the cyclical nature of property development and seeks to optimise returns for shareholders over the long term in a sustainable and safe way. In February 2009, Berkeley announced a placing which raised net proceeds of £49.7 million which, together with existing cash resources, has enabled the Group to acquire in excess of £500 million of new land and invest an additional £250 million into construction and a new private rental fund in the period to 30 April 2011.

This investment has positioned Berkeley with an enviable land bank and the Board has considered various strategic options for realising its value over the delivery phase taking into account a number of factors which are relevant to Berkeley’s business model. Firstly, that Berkeley has a natural size

at which it can efficiently add value to the land bank. Secondly, that property development is cyclical and effective management of operational and financial risk is a key requirement of any strategy. Thirdly, the need to provide visibility on both the timing and quantum of returns to shareholders. Finally, a strategy which facilitates investment in land opportunities and construction over the next two years to create long term shareholder value.

As a consequence, the Board is proposing a series of dividends over the next 10 years totaling £13 per share in cash which equates to approximately £1.7 billion based on 131.0 million shares in issue. This is a premium of 83% to the current net asset value per share of 709.2 pence per share.

In determining the amount and timing of the proposed dividends, the Board has balanced a number of factors, including the availability of working capital and bank facilities, the headroom required to acquire land selectively over the cycle, the visibility of future cash flow provided by the current level of forward sales and has been mindful of the degree of uncertainty in the macro-economic outlook.

Given the demanding nature of this ambition, it is proposed to put in place a new long term remuneration plan that incentivises management both to deliver this return and to create value in the ongoing business. The company intends to consult with shareholders on the remuneration plan prior to seeking their approval at the Annual General Meeting on 5 September 2011.

### **Housing Market**

Overall sales reservations were some 30% ahead of last year resulting in an improved operating performance. Underlying the improvement in overall sales has been the release of an additional net 15 sites to the market and continuing strength of demand in London.

Average visitors per site were broadly consistent with the previous year indicating resilience in the UK domestic market, while the release of new schemes in London, which traditionally attract international purchasers, has largely driven the increase in forward sales of 25.5% in the year, from £648.1 million to £813.5 million. Investors in both the UK and overseas continue to account for approximately 50% of sales. The London and South East market continues to be characterised by a shortage of supply and there is demand for quality new homes, particularly where these are located in areas with good infrastructure, transport, employment and amenities. In these locations, mortgage availability has not been a significant constraint to demand as approximately 50% of Berkeley customers do not require a mortgage.

Build costs have remained broadly stable during the year. The long term threat to the cost base comes from further regulation of the industry, be this through building regulations, design standard or planning tariffs. Regulators need to work with developers to create an environment in which the priority is the delivery of homes that are well designed, comfortable and affordable where customers want to live.

Achieving commercially viable planning consents in the current market remains an industry wide challenge. It is too early to fully assess the impact of Localism on planning although Berkeley has always been fully supportive of local decision making and our policy has always been to consult widely with the local community. The likelihood is that we will now have to consult at an even earlier stage in order to gauge the reaction of the local community to our proposals and this will entail working up a scheme in more detail even sooner, with its attendant cost. We will thus, continue to place emphasis on the importance of building good relationships with Local Authorities and communities. Positively, there are a number of recent initiatives introduced by the Government that provide greater certainty within the planning environment. These include: a presumption in favour of sustainable development; the more efficient processing of planning applications; the New Homes Bonus; a review of the role of local housing targets; and consultation on proposals to make it easier to convert commercial property to residential.

There are now considerably less public funds available to contribute to the financing of affordable housing and this, together with escalating other S106 requirements will threaten the commercial viability of some schemes. The combination of these two factors allied to the localism will impact on housing supply. Berkeley, however, is accustomed to dealing with complexities of this nature and it is in difficult planning conditions such as these that we relish, since expertise, professionalism and a track record of delivery become vital to success.

## **Trading Analysis and Financial Position**

Revenue for the Group was £742.6 million (2010: £615.3 million), comprising £721.4 million (2010: £595.7 million) of residential revenue, of which £13.8 million (2010: none) was from land sales, and £21.2 million (2010: £19.6 million) of commercial revenue.

During the year, the Group sold 2,544 homes at an average selling price of £271,000. This compares with 2,201 units at an average selling price of £263,000 last year. Berkeley's average selling price always fluctuates due to sales mix. £271,000 is slightly lower than the average selling price of units in the land bank and, like the £263,000 for last year, reflects a relatively high proportion of sales of homes with a lower capital value, including a 374 room student scheme in Oxford, as opposed to a fluctuation in underlying sales prices. The revenue from land sales of £13.8 million reflects the disposal of three sites in the second half of the year. It has always been the Group's policy to take advantage of suitable land sale opportunities where the commercial and strategic reasons are compelling, although its performance does not depend on realising such opportunities.

At £21.2 million (2010: £19.6 million), revenue from commercial activities represents the disposal of commercial units on nine of the Group's mixed-use sites. The most significant of these were the disposal of 22,000 ft<sup>2</sup> of retail space at Raynes Park, which was pre-let to Waitrose as a super-market and 64,500 ft<sup>2</sup> at Reading which is in use as a Post Office sorting depot and builders' merchant yard.

Berkeley's net operating margin of 18.3% is a percentage point higher than last year's 17.3%. The Group's operating margin has fluctuated around this level in recent reporting periods, influenced largely by sales mix, as well as the prevailing market conditions.

Berkeley's share of the post-tax results of joint ventures was £2.0 million, compared to a loss of £0.3 million last year. This year's result includes the sale of 164 homes at an average selling price of £251,000 by St Edward Homes, Berkeley's joint venture with Prudential.

Over the course of the year, net cash has reduced by £274.9 million, from £316.9 million at 30 April 2010 to £42.0 million at 30 April 2011. The reduction reflects the progress made by Berkeley in its strategy to invest in both new land and production on its existing sites, including the investment of a further £10.6 million into St Edward Homes, Berkeley's joint venture with Prudential. In addition, £30.0 million of the reduction is accounted for by the acquisition of Berkeley's own shares.

The significant investment in land and work in progress in the period has resulted in the cost of inventory in the balance sheet increasing by £359.1 million to £1,613.2 million. This has been financed by the reduction in net cash and an increase in creditors, with trade payables and accruals increasing by £74.0 million to £299.7 million, land creditors increasing by £2.6 million to £66.4 million and deposits and on account receipts increasing by £10.4 million to £472.0 million.

The balance sheet includes £28.6 million (2010: none) of investment properties which are carried at cost. These properties are included in a rental fund to which the Homes & Communities Agency has provided a loan of £6.5 million at 30 April 2011. The non-controlling interest of £4.4 million (2010: £3.7 million) in the balance sheet represents Imperial College's 49% interest in a company developing a student scheme in Clapham. This company will hold the completed property as an investment, having the benefit of a nominations agreement with Imperial College.

## **Banking**

In the second half of the year, Berkeley increased its committed corporate bank facilities from £300 million to £450 million, of which £200 million expires in November 2013 and £250 million in April 2016. These facilities provide certainty of available finance for the next five years to underpin Berkeley's strategy. Berkeley also has a £68.0 million site specific bank facility in respect of the student scheme it is developing with Imperial College in Clapham, of which £17.5 million was drawn at the year-end.

## **Land Holdings**

At 30 April 2011, the Group (including joint ventures) controlled some 27,026 plots with an estimated gross margin of £2,304 million. This compares with 28,099 plots and an estimated gross margin of £2,038 million at 30 April 2010. Of the total 27,026 plots, 26,865 plots (2010: 27,094) are owned and included on the balance sheet. In addition, 147 plots (2010: 935) are contracted and 14 plots (2010: 70) have terms agreed. In excess of 95% of our holdings are on brown-field or recycled land.

The movements in the land bank during the year reflect the addition of 3,612 new plots, net of 2,708 units taken to sales (including St Edward Homes) in the year and the reclassification of 890 homes which are earmarked for the private rental fund. In addition, a further 425 plots previously included in the land bank were disposed of as land sales in the year. A combination of a greater proportion of land acquired in London and the effect of changes to the mix of properties on certain sites to favour larger properties and housing in place of flats has resulted in a reduction in the number of plots and at the same time increased the potential future gross margin and average selling price in the land bank.

The 3,612 new plots added to the land bank in the year were across 24 new sites. These include: complex prime London sites of between 200 and 800 units each in Westminster, Kensington, the City and Hammersmith Embankment; traditional sites in St Albans and Oxford; a site in Horsham for over 1,000 units acquired through strategic land in Berkeley's long-term pipeline; and a number of small sites in the southern Home Counties and Oxfordshire of up to 20 homes each. All of the sites agreed are in excellent locations in London and the South East with strong underlying demand for quality new homes where Berkeley can create vibrant new communities and enhance value through its development expertise.

In addition to the 27,026 plots in its land bank, and after accounting for the transfer of the site at Horsham acquired in the period to the land bank, Berkeley continues to have approximately 10,000 plots in its long-term pipeline, which it envisages delivering over the next ten years. This includes the latter phases of Kidbrooke and Woodberry Down, strategic land and a number of sites being worked up within St Edward Homes, Berkeley's joint venture with Prudential. Of a more long-term nature, Berkeley hopes these sites will come through into the land bank but they currently have an uncertain outcome due to planning policy or vacant possession issues.

In terms of planning, Berkeley has achieved new or revised planning consents on 29 of its development sites. These include new planning consents on sites in Belgravia, Westminster, Greenwich, Vauxhall, Southwark, Hackney, Roehampton and Oxford, and revised consents for schemes in Battersea, Acton and Reading and the second phase of the student scheme being developed in Clapham for Imperial College.

## **St Edward Homes**

St Edward Homes is Berkeley's joint venture with Prudential and currently owns three development sites which include some 1,548 plots. These are: 375 Kensington High Street, which is in production and has been successfully launched to the market in this year; Stanmore Place, where the first two phases are complete and which received a Building for Life Gold Award in the year; and 190 Strand, which received a resolution to grant planning for 206 homes in the year. In addition, Berkeley continues to work with Prudential to identify further sites to which St Edward Homes can add value and three of these are in the long-term pipeline.

At 30 April 2011, Berkeley's investment in St Edward Homes stood at £38.6 million. At the same time as the refinancing of the Group's corporate facilities, St Edward Homes put in place a five-year £60 million facility which will support a planned level of construction and enable St Edward to deliver the first phase of its development at 375 Kensington High Street in 2013/14.

## **Private Rental Fund**

During the year, Berkeley established a private rental fund with support from the Homes and Communities Agency which, at 30 April 2011, comprised 215 properties. Rental demand for these properties has been strong, reflecting the underlying attraction of the homes Berkeley develops. When complete the fund is expected to comprise some 890 properties which will be available for rent. This is a good example of how the supply of new homes can be increased if the public and private sector work collaboratively to find innovative solutions to the challenge.

## **Sustainability**

Berkeley's approach to sustainability reflects its core philosophy on place-making which is focused on the customer and creating successful, cohesive communities where people want to live and that will stand the test of time. This begins with acquiring land in the right locations and then developing schemes with an emphasis on good design, public realm, transport, open space and access to employment and amenities – the things people look for from a home they are proud of. This approach was captured last year in the launch of Vision 2020, a total business strategy for the whole Berkeley Group, designed to make us one of the most successful and sustainable businesses in Britain. It sets ambitious, sector-leading objectives in the following four areas: The Customer Experience; Delivering Sustainable Communities; Building Greener Homes; and Running a Sustainable Business.

This scale of commitment helped Berkeley rank first, for the fourth year running, in the NextGeneration index, which benchmarks the Top 25 UK home builders on sustainability. Noting the significant progress made by the industry over recent years on the environmental dimensions of sustainability, such as energy and carbon reduction, this year's benchmark focused on the role that developers play in addressing social and economic issues. Berkeley was also delighted to win PwC's Building Public Trust Award for its Sustainability Report and remains honoured to hold a Queen's Award for Enterprise in the Sustainable Development category.

## **Awards**

Berkeley is delighted to have won a series of prestigious awards during the year, that endorse the quality we strive for in the business. These include: Housebuilder of the Year at the 2011 Building Awards, for the second consecutive year; Sustainable Housebuilder of the Year at the 2010 Housebuilder Awards; and, at the Property Week 2011 Awards, receiving the Residential Achievement of the Year Award for establishing a private rental fund with the Homes and Communities Agency. Berkeley was again winner in its sector in Management Today's Britain's Most Admired Companies listing, advancing to 6<sup>th</sup> place overall.

Alongside the focus on our customers, the safety of our people is of paramount importance to Berkeley and Berkeley's incident rate remains well below the industry average. Our commitment to health and safety in the workplace has been recognised by several awards schemes over the year; most notably in the NHBC Health and Safety Awards, with St George named National Winner in the Best Sites Awards for The Tower, One St George. Four other Berkeley Group sites were highly commended. In addition, St George was presented with a Gold Medal Award at the 2011 RoSPA Awards. These are presented to organisations which have achieved five to nine consecutive Gold Awards. The Group also received a further 14 Gold Awards in the RoSPA Awards.

## **Our People and Board Changes**

Berkeley is operating in a sector that has been as hard hit as any by the global financial crisis of the past three years. The performance over the past 12 months has once again demonstrated the experience, expertise and hard work of its people who are the key to delivering value in the future. The Shareholders and Directors would like to take this opportunity to thank Berkeley's people and recognise their exceptional efforts and achievements.

The Board of Berkeley has evolved over recent years to put in place the succession planning that all successful organisations require and the Board is pleased to announce two further appointments, both of which will take effect following the AGM on 5 September 2011.

Alison Nimmo will join the Board as a Non-executive Director. Alison is currently Director of Regeneration and Design at the Olympic Delivery Authority (ODA) and has wide experience in both the public and private sector of delivering complex urban regeneration development projects, most recently responsible for delivering the 2012 Olympic and Paralympic venues. Berkeley continues to consider opportunities to make further Non-executive appointments. Greg Fry, who stepped down from the Board in September 2010, has accepted an invitation to re-join the Board to oversee the delivery of the St George developments through the period of the proposed shareholder return. Berkeley is delighted that it has been able to secure the expertise and experience that Greg brings to the business.

### **Outlook**

Berkeley is confident that its current financial position, which includes the quality land bank, when combined with the long term strategic plan announced today, provides the right environment in which its management expertise can create enhanced returns in a market where residual uncertainties from the financial downturn continue to affect the sector and the wider economy. By investing in the land bank early in the cycle during the last two years and taking out the planning risk wherever possible, the Group is now well positioned to deliver further growth in earnings to the extent market conditions allow. The focus of the long term strategy is turning this tactical advantage into strong and tangible returns for shareholders over the next 10 years.

In the short term, the imbalance of supply and demand in the best locations and London's position as a world city is expected to underpin current market conditions. Over the long term, history shows that residential property, as well as being a home, is likely to be one of the best forms of investment.

- End -

### **For further information please contact:**

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# The Berkeley Group Holdings plc

## Principal Risks and Uncertainties

### Financial Risk

The Group finances its operations by a combination of shareholders' funds, non-controlling interest, deposits and on account receipts and, where taken out, borrowings.

As the Group's operations are in sterling there is no direct currency risk, and therefore the Group's main financial risks are primarily:

- Liquidity risk - the risk that suitable funding for the Group's activities may not be available.
- Market credit risk - the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk is comprised of the cash and cash equivalents and trade and other receivables held within current assets on the consolidated balance sheet.
- Market interest rate risk - the risk that Group financing activities are adversely affected by fluctuation in market interest rates.

The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally. The objectives of the treasury policy are to maintain an appropriate capital structure and in doing so manage the financial risks identified above.

### Operating Risk

All businesses are exposed to risk. Indeed, alongside risk comes opportunity and it is how such risks are managed that determines the success of the Group's strategy and, ultimately, its performance and results. Berkeley's strategy allows management to focus on creating sustainable long-term value for its shareholders, whilst taking advantage of opportunities as they arise in the short and medium-term.

Risk management is embedded in the organisation at operating company, divisional and Group levels, with different types of risk requiring different levels and types of management response.

The principal operating risks of the Group which have been considered by the Board include, but are not limited to the risks as set out overleaf.



# The Berkeley Group Holdings plc

Risk Description	Impact	Mitigation
<p><b>Macro Economic Climate</b></p> <ul style="list-style-type: none"> <li>• Overall “feel-good factor” within the UK economy</li> <li>• Employment levels</li> </ul>	<ul style="list-style-type: none"> <li>• The level of economic confidence has a direct impact on the demand for housing and hence the Group’s ability to deliver its corporate strategy and targets</li> </ul>	<ul style="list-style-type: none"> <li>• Continual assessment of economic conditions and marketplace</li> <li>• Business strategy reflects cyclical nature of property development and is regularly reviewed to ensure it matches prevailing market conditions</li> <li>• Regular assessment of levels of committed expenditure to secured income and bank facilities available</li> </ul>
<p><b>Health &amp; Safety</b></p> <ul style="list-style-type: none"> <li>• Adequate procedures and systems not in place to mitigate, as far as possible, the dangers inherent in the construction process</li> </ul>	<ul style="list-style-type: none"> <li>• Site accidents or site related catastrophes, including fire and flood can result in serious injury or loss of life</li> <li>• Potential consequences include the inability to attract the best staff, business interruption and reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Board level Sustainability/Health &amp; Safety Committee has the responsibility of setting the direction of the Group’s strategy</li> <li>• Dedicated Health &amp; Safety teams in place at each division and at Group, with procedures, training and reporting all regularly reviewed to ensure high standards are maintained</li> <li>• Comprehensive accident investigation procedures in place</li> </ul>
<p><b>People</b></p> <ul style="list-style-type: none"> <li>• Inability to attract and retain the best people working in the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to consider the retention and succession of key management could result in lost experience and knowledge from the business</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration packages constantly reviewed to ensure they are competitive</li> <li>• Succession planning regularly reviewed at divisional and Main Board level</li> <li>• Close relationships and dialogue with key personnel</li> </ul>
<p><b>Government policy</b></p> <ul style="list-style-type: none"> <li>• Changes to government policy on housing (at both national and local level), including planning, affordable housing requirements and planning gain obligations</li> </ul>	<ul style="list-style-type: none"> <li>• These all impact on the Group’s business and any adverse policies would restrict the ability of the Group to deliver its strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Effects of changes to planning policies at all levels closely monitored, and representations made where necessary</li> <li>• Experienced teams with strong planning expertise</li> </ul>
<p><b>Product Quality</b></p> <ul style="list-style-type: none"> <li>• Berkeley’s product not meeting the high standards of quality for which it is renowned</li> </ul>	<ul style="list-style-type: none"> <li>• If product quality is not maintained, it would expose the Group to reputational damage, as well as reduced sales and increased cost</li> </ul>	<ul style="list-style-type: none"> <li>• Beginning with design, detailed review of the product is undertaken throughout the build process by experienced personnel</li> <li>• Local director sign off of units undertaken before serving notice of legal completion</li> </ul>
<p><b>Land availability</b></p> <ul style="list-style-type: none"> <li>• Inability to source suitable land to maintain land bank at appropriate margins in a highly competitive market</li> </ul>	<ul style="list-style-type: none"> <li>• The ability to source suitable land is a key component of the Group’s strategy and this would therefore have a direct impact on the Group’s profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy set to acquire land at the right point in the cycle</li> <li>• Reputation for delivery</li> <li>• Each land acquisition subject to formal appraisal and approval process</li> <li>• Experienced teams with strong market knowledge</li> </ul>

# The Berkeley Group Holdings plc

<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>• Delays or refusals in obtaining commercially viable planning permissions on the Group's land holdings that meet its investment return criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Without planning, the Group is unable to develop the land purchased and hence this has a direct impact on the Group's profitability and the places it is able to create</li> </ul>	<ul style="list-style-type: none"> <li>• Full detailed planning assessment and risk assessment in place for each site without planning permission in place</li> <li>• Planning status of all sites reviewed at monthly divisional Board meetings and bi-monthly Main Board meetings</li> <li>• Strong local relationships are maintained with local authorities and planning officers</li> <li>• Reputation for delivery</li> </ul>
<p><b>Sales Price / Volume</b></p> <ul style="list-style-type: none"> <li>• Inability to match supply to demand in terms of product, location and price</li> </ul>	<ul style="list-style-type: none"> <li>• Incorrect assessments can result in missed sales targets and/or inefficient levels of completed stock</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed market assessment undertaken of each site before acquisition, as well as ongoing reviews throughout the duration of the site to ensure supply is matched to demand</li> <li>• Focus on location, design and product quality to meet local customer aspirations</li> <li>• Forward sales are used to take the risk out of the development cycle where possible</li> </ul>
<p><b>Build Cost /Programme</b></p> <ul style="list-style-type: none"> <li>• In what is a competitive marketplace, build costs are affected by the availability of skilled labour and the price and availability of materials</li> </ul>	<ul style="list-style-type: none"> <li>• These factors and the relationship with, and performance of, the contractors used by the Group impact on both build cost and programme</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement strategy for each development agreed by divisional Board before site acquisition</li> <li>• Build costs reconciliations and build programme dates are presented and reviewed in detail each month</li> <li>• Reputation for fairness with sub-contractors</li> </ul>
<p><b>Mortgages</b></p> <ul style="list-style-type: none"> <li>• The inability for customers to secure sufficient mortgage finance</li> </ul>	<ul style="list-style-type: none"> <li>• The lack of mortgage availability would have a direct result on transaction levels</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits taken on all sales</li> <li>• Broad product mix and customer base reduces reliance on mortgages</li> <li>• Work with customers throughout the sales process</li> </ul>
<p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>• Urban regeneration has a significant impact on the built environment and the communities in which it occurs</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability issues are an integral component of the risks listed above</li> <li>• Failure to address sustainability issues can affect our ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demand for sustainable homes</li> </ul>	<ul style="list-style-type: none"> <li>• Vision 2020 strategy places sustainability at the forefront of all business processes</li> <li>• Board level Sustainability/Health &amp; Safety Committee has the responsibility of setting the direction of the Group's strategy and ensuring it is aligned with business objectives</li> <li>• Sustainability assessments built into land purchases and planning applications</li> <li>• For more details of how these risks are managed, please see our Sustainability Report</li> </ul>

# The Berkeley Group Holdings plc

## Statement of Directors' Responsibilities

The Directors' responsibility statements are made in respect of the full Annual Report financial statements not the condensed statements required to be set out in this unaudited Annual Results Announcement.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Directors' responsibility statement**

Each of the Directors confirms that, to the best of each person's knowledge:

- a. the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- b. the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

# The Berkeley Group Holdings plc

## Consolidated Income Statement

For the year ended 30 April	Notes	2011 Unaudited £'000	2010 Audited £'000
<b>Continuing operations</b>			
Revenue		742,612	615,303
Cost of sales		(533,542)	(448,939)
Gross profit		209,070	166,364
Net operating expenses		(73,420)	(60,145)
Operating profit		135,650	106,219
Finance income	3	10,056	9,498
Finance costs	3	(11,520)	(5,115)
Share of post tax results of joint ventures using the equity method		2,059	(261)
Profit before taxation for the year		136,245	110,341
Income tax expense	4	(41,789)	(30,816)
Profit after taxation for the year		94,456	79,525
Profit attributable to:			
Shareholders		95,109	79,674
Non-controlling interest		(653)	(149)
		94,456	79,525
Earnings per share attributable to shareholders:			
Basic	5	72.1p	60.0p
Diluted	5	70.3p	58.7p

## Consolidated Statement of Comprehensive Income

For the year ended 30 April	2011 Unaudited £'000	2010 Audited £'000
Profit after taxation for the year	94,456	79,525
Other comprehensive (expense) / income:		
Actuarial loss recognised in the pension scheme	(653)	(604)
Deferred tax on actuarial loss recognised in the pension scheme	170	169
Other comprehensive expense for the year	(483)	(435)
Total comprehensive income for the year	93,973	79,090
Attributable to:		
Shareholders	94,626	79,239
Non-controlling interest	(653)	(149)
	93,973	79,090

# The Berkeley Group Holdings plc

## Consolidated Balance Sheet

As at 30 April	2011 Unaudited £'000	2010 Audited £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	17,159	17,159
Property, plant and equipment	10,620	9,687
Investment properties	28,558	-
Investments accounted for using the equity method	38,675	26,018
Deferred tax assets	18,881	14,857
	113,893	67,721
<b>Current assets</b>		
Inventories	1,613,192	1,254,127
Trade and other receivables	96,725	57,720
Cash and cash equivalents	266,307	349,119
	1,976,224	1,660,966
<b>Total assets</b>	<b>2,090,117</b>	<b>1,728,687</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	(24,233)	(25,203)
Trade and other payables	(51,009)	(51,848)
	(75,242)	(77,051)
<b>Current liabilities</b>		
Borrowings	(200,029)	(7,048)
Trade and other payables	(787,204)	(699,377)
Current tax liabilities	(93,864)	(82,895)
	(1,081,097)	(789,320)
<b>Total liabilities</b>	<b>(1,156,339)</b>	<b>(866,371)</b>
<b>Total net assets</b>	<b>933,778</b>	<b>862,316</b>
<b>Equity</b>		
<b>Shareholders' equity</b>		
Share capital	6,743	6,743
Share premium	49,315	49,315
Capital redemption reserve	24,516	24,516
Other reserve	(961,299)	(961,299)
Revaluation reserve	3,435	3,489
Retained profit	1,806,704	1,735,832
	929,414	858,596
<b>Non-controlling interest</b>	<b>4,364</b>	<b>3,720</b>
<b>Total equity</b>	<b>933,778</b>	<b>862,316</b>

# The Berkeley Group Holdings plc

## Consolidated Statement of Changes in Equity

	Attributable to shareholders						Total £'000	Non- Controlling interest £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other Reserve £'000	Revaluation reserve £'000	Retained Profit £'000			
<b>Unaudited</b>									
At 1 May 2010	6,743	49,315	24,516	(961,299)	3,489	1,735,832	858,596	3,720	862,316
Profit after taxation for the year	–	–	–	–	–	95,109	95,109	(653)	94,456
Other comprehensive expense for the year	–	–	–	–	–	(483)	(483)	–	(483)
Funding from non-controlling interest in subsidiary undertaking	–	–	–	–	–	–	–	1,297	1,297
Reserves transfer from revaluation reserve	–	–	–	–	(54)	54	–	–	–
Transactions with shareholders:									
Purchase of own shares	–	–	–	–	–	(30,002)	(30,002)	–	(30,002)
Credit in respect of employee share schemes	–	–	–	–	–	4,146	4,146	–	4,146
Deferred tax in respect of employee share schemes	–	–	–	–	–	2,048	2,048	–	2,048
At 30 April 2011	6,743	49,315	24,516	(961,299)	3,435	1,806,704	929,414	4,364	933,778
<b>Audited</b>									
At 1 May 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296	–	801,296
Profit after taxation for the year	–	–	–	–	–	79,674	79,674	(149)	79,525
Other comprehensive expense for the year	–	–	–	–	–	(435)	(435)	–	(435)
Acquisition of subsidiary	–	–	–	–	560	–	560	–	560
Disposal of non-controlling interest in subsidiary undertaking	–	–	–	–	–	–	–	3,869	3,869
Reserves transfer from revaluation reserve	–	–	–	–	(1,237)	1,237	–	–	–
Transactions with shareholders:									
Purchase of own shares	–	–	–	–	–	(12,812)	(12,812)	–	(12,812)
Cash settlement of employee share schemes	–	–	–	–	–	(12,650)	(12,650)	–	(12,650)
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–	–	–
Credit in respect of employee share schemes	–	–	–	–	–	4,491	4,491	–	4,491
Deferred tax in respect of employee share schemes	–	–	–	–	–	(1,528)	(1,528)	–	(1,528)
At 30 April 2010	6,743	49,315	24,516	(961,299)	3,489	1,735,832	858,596	3,720	862,316

# The Berkeley Group Holdings plc

## Consolidated Cash Flow Statement

For the year ended 30 April	Notes	2011 Unaudited £'000	2010 Audited £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	6	(204,266)	92,847
Dividends from joint ventures		-	108
Interest received		9,416	5,265
Interest paid		(5,490)	(2,132)
Income tax (paid) / received		(32,631)	(12,380)
Net cash flow from operating activities		(232,971)	83,708
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,008)	(6,939)
Sale of property, plant and equipment		267	133
Funding from non-controlling interest in subsidiary undertaking		1,297	3,869
Acquisition of subsidiary undertaking		-	(1,473)
Sale/(purchase) of shares in joint ventures		440	(996)
Movements in loans with joint ventures		(11,038)	(4,533)
Net cash flow from investing activities		(11,042)	(9,939)
<b>Cash flows from financing activities</b>			
Purchase of own shares		(30,002)	(12,812)
Cash settlement of employee share scheme		-	(12,650)
Repayment of loan stock		(19)	(18)
Proceeds from borrowings		191,222	15,988
Net cash flow from financing activities		161,201	(9,492)
Net (decrease)/increase in cash and cash equivalents		(82,812)	64,277
Cash and cash equivalents, including bank overdraft, at the start of the financial year		349,119	284,842
Cash and cash equivalents at the end of the financial year		266,307	349,119

# The Berkeley Group Holdings plc

## Notes to the consolidated financial information

### 1 General information

The Berkeley Group Holdings plc (“the Company”) is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG. The Company and its subsidiaries (together “the Group”) are engaged in residential led, mixed-use property development.

The unaudited financial information for the year ended 30 April 2011 and the comparative audited information for the year ended 30 April 2010 does not constitute statutory accounts within the meaning of s434(3) and s435(3) of the Companies Act 2006. This information was approved by the Board on 24 June 2011, and has been extracted from the Group’s statutory accounts which have not yet been signed, nor have the auditors yet reported on them.

The statutory accounts for the year ended 30 April 2010 have been delivered to the Registrar of Companies. The report of the auditors on these financial statements was unqualified and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

### 2 Basis of preparation

This information, including the comparative information for the year ended 30 April 2010, has been prepared in accordance with EU endorsed International Financial Reporting Standards (“IFRSs”), International Financial Reporting Interpretations Committee (“IFRIC”) interpretations and in accordance with the listing rules of the Financial Services Authority and consistently in accordance with the accounting policies set out in the 2010 Annual Report.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year ended 30 April 2011, but have had no impact on the consolidated financial statements:

- IFRS 1 (Revised), “First-time adoption”
- IFRS 3 (Revised), “Business combinations”
- IFRS 2 (Amendment), “Share-based payment”
- IFRS 5 (Amendment), “Non-current assets held for sale and discontinued operations”
- IFRS 8 (Amendment), “Operating segments”
- IAS 1 (Amendment), “Presentation of financial statements”
- IAS 7 (Amendment), “Statement of cash flows”
- IAS 17 (Amendment), “Leases”
- IAS 32 (Amendment), “Financial instruments: Presentation”
- IAS 36 (Amendment), “Impairment of Assets”
- IAS 38 (Amendment), “Intangible Assets”
- IAS 39 (Amendment), “Financial instruments: Recognition and measurement”
- IFRIC16, “Hedges of a net investment in a foreign operation”
- IFRIC17, “Distribution of non-cash assets to owners”
- IFRIC18, “Transfer of assets from customers”

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ended 30 April 2011 and have not been adopted early:

- IFRS 1 (Amendment), “First-time adoption”
- IFRS 3 (Amendment), “Business combinations”
- IFRS 7/IFRS9, “Financial Instruments”
- IFRS10, “Consolidated financial statements”
- IFRS 11, “Joint arrangements”
- IAS 1 (Amendment), “Presentation of financial statements”
- IAS 24 (Amendment), “Related party disclosures”
- IAS 27 (Amendment), “Consolidated and separate financial statements”
- IAS 34 (Amendment), “Interim financial reporting”
- IFRIC 13, “Customer Loyalty Programmes”
- IFRIC14 (Amendment), “Prepayments of minimum funding requirement”
- IFRIC19, “Extinguishing financial liabilities with equity instruments”



# The Berkeley Group Holdings plc

## Notes to the consolidated financial information continued

These standards are not expected to have a significant impact on the consolidated financial statements.

### 3 Net finance (costs) / income

For the year ended 30 April	2011 Unaudited £'000	2010 Audited £'000
<b>Finance income</b>	10,056	9,498
<b>Finance costs</b>		
Interest payable on use of bank facilities	(6,214)	(2,221)
Other finance costs	(5,306)	(2,894)
	(11,520)	(5,115)
<b>Net finance (costs) / income</b>	(1,464)	4,383

Finance income is predominantly interest earned on net cash balances.

Other finance costs represent imputed interest on taxation and on land purchased on deferred settlement terms.

### 4 Income tax expense

For the year ended 30 April	2011 Unaudited £'000	2010 Audited £'000
<b>Current tax</b>		
UK corporation tax payable	(44,767)	(23,424)
Adjustments in respect of previous periods	1,285	(656)
	(43,482)	(24,080)
<b>Deferred tax</b>	1,693	(6,736)
	(41,789)	(30,816)

### 5 Earnings per share

Basic earnings per share is calculated as the profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

For the year ended 30 April	2011 Unaudited	2010 Audited
Profit attributable to shareholders (£'000's)	95,109	79,674
Weighted average no. of shares (000's)	131,962	132,824
Basic earnings per share (p)	72.1	60.0

For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares. At 30 April 2011, the Company had three categories of potentially dilutive ordinary shares: 5.3 million £3.00 share options under the 2009 LTIP Part A, 6.8 million £8.40 share options under the 2009 LTIP Part B and £0.2 million shares under the 2010/11 Bonus Plan.

A calculation is done to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the Company which is the unamortised share-based payments charge. The difference between the number of shares that could have been acquired at fair value and the total number of options is used in the diluted earnings per share calculation.

# The Berkeley Group Holdings plc

## Notes to the consolidated financial information continued

For the year ended 30 April	<b>2011</b>	<b>2010</b>
	<b>Unaudited</b>	<b>Audited</b>
Profit used to determine diluted EPS (£'000's)	95,109	79,674
Weighted average no. of shares (000's)	131,962	132,824
Adjustments for:		
Share options - 2009 LTIP Part A	3,209	3,004
Share options - 2009 LTIP Part B	-	-
2010/11 Bonus Plan Shares	46	-
Shares used to determine diluted EPS (000's)	135,217	135,828
Diluted earnings per share (p)	70.3	58.7

### 6 Notes to the Consolidated Cash Flow Statement

For the year ended 30 April	<b>2011</b>	<b>2010</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net cash flows from operating activities</b>		
Profit for the financial year	94,456	79,525
Adjustments for:		
Taxation	41,789	30,816
Depreciation	946	804
Amortisation of intangible assets	-	156
Loss / (profit) on sale of property, plant and equipment	(11)	40
Finance income	(10,056)	(9,498)
Finance costs	11,520	5,115
Share of results of joint ventures after tax	(2,059)	261
Non-cash charge in respect of share awards	4,146	4,491
Changes in working capital:		
(Increase) / decrease in inventories	(387,745)	(111,055)
Increase in receivables	(38,418)	(2,383)
Increase in payables	81,766	95,175
Decrease in employee benefit obligations	(600)	(600)
Cash (outflow) / inflow from continuing operations	(204,266)	92,847

#### Reconciliation of net cash flow to net cash

Net increase / (decrease) in cash and cash equivalents, including bank overdraft	(82,812)	64,277
Debt acquired on acquisition of subsidiary	-	(16,215)
Net cash outflow from repayment of loan stock	19	18
Net (increase) in borrowings	(192,030)	(15,988)
Movement in net cash in the financial year	(274,823)	32,092
Opening net cash	316,868	284,776
Closing net cash	42,045	316,868

#### Net cash

Cash and cash equivalents	266,307	349,119
Non-current borrowings	(24,233)	(25,203)
Current borrowings	(200,029)	(7,048)
Net cash	42,045	316,868

# The Berkeley Group Holdings plc

## Notes to the consolidated financial information continued

### 7 Related party transactions

The Group has entered into the following related party transactions:

#### Transactions with Directors

During the financial year, Mr A W Pidgley paid £452,428 to Berkeley Homes plc for works carried out at his home under the Group's own build scheme (2010: £1,324,595). This is a scheme whereby eligible employees may enter into an arrangement, at commercial rates, with the Group for the construction or renovation of their own home. There were no balances outstanding at the year end.

#### Transactions with Joint Ventures

During the financial year there were no transactions with joint ventures. In 2009 inventory was sold to St Edward Homes Limited for £17,411,000 being the share of the transaction attributable to the other venturer in the joint venture. At 30 April 2011 an amount of £25,717,000 was outstanding and included within trade receivables (2010: £31,311,000).