

THE BERKELEY GROUP HOLDINGS PLC
PRELIMINARY RESULTS ANNOUNCEMENT

The Berkeley Group Holdings plc ("Berkeley") today announces its unaudited preliminary results for the year ended 30 April 2015:

Year ended 30 April (unaudited)	2015 £'m	2014 £'m	Change £'m	Change %
Revenue	2,120.0	1,620.6	+499.4	+30.8%
- from operations	2,020.2	1,620.6	+399.6	+24.7%
- from sale of ground rent assets	99.8	-	+99.8	
Gross profit	716.8	508.9	+207.9	+40.9%
- from operations	631.7	508.9	+122.8	+24.1%
- from sale of ground rent assets	85.1	-	+85.1	
Operating expenses	(192.7)	(134.1)	-58.6	-43.7%
Operating profit	524.1	374.8	+149.3	+39.8%
Net finance costs	(12.7)	(6.9)	-5.8	
Share of joint ventures' results	28.3	12.1	+16.2	
Profit before tax	539.7	380.0	+159.7	+42.0%
Taxation	(116.2)	(87.1)	-29.1	-33.4%
Profit after tax	423.5	292.9	+130.6	+44.6%
Earnings Per Share – Basic	313.0p	221.8p	+91.2p	+41.1%
Earnings Per Share – Adjusted*	263.6p	221.8p	+41.8p	+18.8%
Pre-Tax Return on Equity – Adjusted*	29.5%	27.5%	+2.0%	

OPERATIONAL HIGHLIGHTS

- 28 new or improved planning consents securing future delivery and value
- All sites with an implementable planning consent are in production, with 8 new sites started in the period in Wapping, Chiswick, Maidenhead, Isleworth, Islington, Hornsey, Kingston and Bracknell
- New joint venture with National Grid, targeted to deliver over 7,000 new homes from 10 initial sites

PERFORMANCE

- Adjusted earnings per share up 18.8% to 263.6 pence (2014: 221.8 pence)
- Sale of a portfolio of ground rent assets for proceeds of £99.8 million and profit of £85.1 million
- Net cash of £430.9 million (April 2014: £129.2 million)
- Net asset value per share up 12.5% to 1,199 pence (April 2014: 1,066 pence)

OUTLOOK

- Further interim dividend of 90 pence per share payable in September 2015 to complete first milestone payment of 434 pence per share
- Cash due over the next three years on forward sales of £2,959 million (April 2014: £2,274 million)
- Land holdings** comprise 37,473 plots (April 2014: 35,963 plots) and future anticipated gross margin of £5,272 million (April 2014: £4,514 million)
- Normal market conditions with good underlying demand and outlook supported by a clear General Election result.

* 'Adjusted' statistics exclude £99.8 million of revenue and £85.1 million of profit from the sale of the ground rent asset portfolio.

** Land bank statistics have been rebased to incorporate the previously disclosed land holdings and future pipeline.

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Commenting on the results, Chairman Tony Pidgley said:

“I am pleased to announce pre-tax profits for the Berkeley Group of £539.7 million for the year ended 30 April 2015. This result underlines the benefit of operating the right strategy consistently through the cycle. By maintaining our financial discipline Berkeley can apply its unique operating model to develop sites which are complex and where others may perceive that the risk is too great, and in doing so, we unlock land for new homes that would not otherwise come forward.

Berkeley accepts this additional operational risk which is managed carefully and intensively to create sustainable added value returns.

Berkeley is delivering some 10% of all new homes in London and 10% of the capital's affordable homes across our 74 sites. This creates economic value of £1.4 billion and sustains some 12,000 jobs. In addition, we remain committed to increase site-based apprenticeships and training to help address the skills shortage which our industry faces.

We are acutely aware of the importance to our society of all forms of tenure for new housing and welcome the vision of Government, the Greater London Authority and local councils to increase the number of new homes built. For Berkeley it is equally important to ensure that we are market leaders in terms of the quality of the places and homes we create.

We welcome the stability in Central Government following the General Election and the commitment to increase housing supply, but political uncertainty remains with the London Mayoral Election and referendum on Britain's relationship with Europe on the horizon. Berkeley is a supporter of the UK remaining in Europe as this is the best way for London to remain a world city. There is no doubt, however, that for business to thrive, we must not be bound by over-regulation, be this from our own government or from Europe.

The Board has declared a further interim dividend of 90 pence per share (£122.9 million), payable on 17 September 2015 to shareholders on the register on 14 August 2015. This will complete the first milestone of paying 434 pence per share by 30 September 2015. The Board considers that the Group is well positioned to meet the remaining milestones of 433 pence by September 2018 and 433 pence by September 2021.

In closing, I would like to express my thanks to my colleagues in Berkeley for their dedication and hard work in delivering this strong performance. I firmly believe that Berkeley has the right plan in place to deliver long-term sustainable success, a strategy which can adapt to any changes in the market to protect the business in what is a cyclical market, and continue to deliver value to shareholders and the community alike.”

Tony Pidgley CBE
Chairman

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Commenting on the results, Managing Director Rob Perrins said:

“Berkeley has delivered adjusted pre-tax earnings of £454.6 million, an increase of 19.6% on last year, from the sale of 3,355 new homes at an average selling price of £575,000, and an additional profit of £85.1 million from the sale of a portfolio of ground rent assets, giving total pre-tax earnings of £539.7 million.

With £3 billion of cash due on forward sales over the next three years and stable market conditions, Berkeley anticipates that adjusted earnings for the current year will be at similar levels to 2014/15, and is targeting the delivery of pre-tax profits in the region of £2.0 billion over the three year period comprising 2015/16, 2016/17 and 2017/18. This profit will be generated from our key regeneration sites including Riverlight, Chelsea Creek, Goodmans Fields, Battersea Reach, Abell & Cleland, Vista, One Tower Bridge, Corniche, London Dock, Kidbrooke Village, Beaufort Park, Royal Arsenal and Woodberry Park. By nature, the scale of these schemes makes profit delivery in specific periods sensitive to timing and we will always prioritise quality ahead of individual period financial targets.

We have made great strides with our land holdings, acquiring five new sites, securing 28 planning consents and moving eight new sites into production. This has given us the certainty to integrate our pipeline sites into the land bank, which now comprises some 37,000 plots with £5.3 billion of estimated future gross margin, an increase in the year of £0.8 billion. Work continues to bring forward the first 10 sites identified for our St William joint venture with National Grid. Since the year-end its first site achieved planning for 800 units in Battersea.

Berkeley continues to be defined by its focus on quality. This, alongside the Company’s sustained commercial performance, is what differentiates the brand. It begins with the quality of design that we commission, through the quality of build and service to the quality of the places we create. This strategy underpins the offer we make to landowners, local authorities and our customers.

We also have robust evidence to demonstrate performance in each of these areas. Our development at Roman House won the top Considerate Constructors Site award from a pool of 9,015 sites across the UK; Berkeley’s net promoter score, which measures customer loyalty, is the highest in the property sector; and Berkeley is the only public company in Britain to address and measure people’s wellbeing in the places that we build.

Berkeley continues to invest directly in the people and communities connected to our sites. We recognise that public companies need to play a more proactive, more productive role in society since the recession. The Berkeley Foundation has so far committed £6 million in four key areas, of which £1.6 million has so far been raised by our staff. Projects like Street Elite are helping young adults involved with gangs or crime on London estates find a job or get into college; thirteen are now directly employed with Berkeley itself.

Berkeley has the land, forward sales, balance sheet and people to achieve its targets. We are well positioned to pay the 433 pence of scheduled dividends equally over the period to September 2018 and build a successful and sustainable business for the long term that maximises returns in a cyclical market.”

Rob Perrins
Managing Director

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TRADING AND FINANCIAL REVIEW

Housing Market

This year the housing market has returned to normal transaction levels from a high point in 2013/14. Domestic demand has been strong in our core markets of London and the South of England, whilst London has continued to benefit from a stable social and political environment, enabling it to attract inward investment from the UK and overseas. Berkeley has experienced sales price increases in line with those reported in the wider market and these have generally been matched by cost increases at a similar rate.

A clear General Election result provides stability in the national political landscape and we are encouraged by the commitment to bring forward more public land and to existing initiatives, such as Help to Buy. The challenge, however, remains significant as development appraisals must factor in the considerable and needed contributions to local communities, currently funded through affordable housing subsidies and payments towards local infrastructure, such as transport, public realm, education and healthcare. It also encompasses operational capacity; having the skills, expertise and labour in a busy development sector to deliver new homes of the right quality. This complexity demands time, expertise and an appetite for risk underpinned by financial strength.

London's continued pre-eminence as a world city is a critical factor in addressing the capital's housing shortage. It attracts the investment to fund development, as well as the diverse range of expertise and talent that make London such a unique place. For this reason, Berkeley considers it important that the UK continues to play a major role in, and operate as part of, the European Union.

Berkeley launched a number of new schemes to the market this year, from London Dock in Wapping to Smithfield Square in Hornsey and 250 City Road in Islington amongst others, all of which were marketed in the UK first and have been well received by customers. Berkeley's focus remains on providing new places that benefit from quality of design, public realm, transport links and access to jobs and amenities.

The stable market has resulted in cancellation rates of 10%, which is below normal historic levels of 15% to 20% and completed stock remains at historically low levels, with 31 completed residential properties in inventories at 30 April 2015 (39 at 30 April 2014).

Trading performance

Revenue of £2,120.0 million in the year (2014: £1,620.6 million) included £2,020.2 million of revenue from operations (2014: £1,620.6 million) and £99.8 million from the sale of a portfolio of ground rent assets (2014: £nil).

The £2,020.2 million of revenue from operations included £1,936.2 million of residential revenue (2014: £1,605.0 million), £12.3 million from land sales on 3 sites (2014: £nil) and £71.7 million of commercial revenue (2014: £15.6 million).

3,355 new homes (2014: 3,742) were sold across London and the South of England at an average selling price of £575,000 (2014: £423,000). The increase in average selling price reflects first completions at Ebury Square, Riverlight, Fulham Reach and One Tower Bridge, all London schemes acquired in 2009/10. The year ended 30 April 2014 included the disposal of 534 properties from Berkeley's rental fund to M&G Investments at an average selling price of £197,000 and the sale of two student developments.

Revenue of £71.7 million from commercial activities (2014: £15.6 million) included the sale of some 130,000 sqft of office, retail and leisure space across a number of the Group's developments including Fulham Reach in Hammersmith, Langham Square in Putney and Royal Worcester as well as a 90,000 sqft hotel at Goodmans Fields in Central London. The £15.6 million of revenue last year was mainly from the sale of retail space on developments including Marine Wharf in Deptford, Goodmans Fields in Aldgate, Fulham Reach in Hammersmith and Imperial Wharf in Fulham.

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During the year, the Group sold a portfolio of approximately 10,000 ground rent leases across some 60 sites for proceeds of £99.8 million and a gross profit of £85.1 million. Income and expenses associated with this sale have been recognised in the income statement through revenue and gross profit.

The adjusted gross margin percentage, excluding profit from the sale of ground rent assets, has been broadly stable at 31.3% (2014: 31.4%), and reflects the mix of homes sold in the period.

Overheads of £192.7 million (2014: £134.1 million) included a charge of £47.0 million (2014: £nil) in respect of the Company's decision to settle the tax and national insurance liabilities arising on the vesting of options for participants in Part B of the 2009 LTIP scheme on 15 April 2015, in lieu of issuing shares to this value, and the intention to do the same in respect of options vesting on 15 April 2016. Of this £47.0 million, £33.5 million is in respect of prior periods and £13.5 million in respect of the year ended 30 April 2015.

The result is that the Group's adjusted operating margin, excluding the profit from sale of the ground rent assets, has reduced from 23.1% to 21.7% in the year.

Berkeley's share of the results of joint ventures was a profit of £28.3 million (2014: £12.1 million) which reflects a further 230 completions at 375 Kensington High Street and Stanmore Place.

The Group has remained cash positive throughout the year, and also completed a refinancing of its corporate banking facilities. The result is that net finance costs in the year have increased from £6.9 million to £12.7 million. This includes £1.8 million in respect of the amortisation of ongoing facility fees and the expensing of the £3.9 million of unamortised fees in respect of the previous refinancing in 2012, and other finance income and costs including imputed interest on land creditors, which more than offset any interest income from cash holdings during the year.

Adjusted pre-tax return on equity, excluding profit from the sale of ground rent assets, has increased from 27.5% to 29.5%. Basic earnings per share has risen by 41.1% from 221.8 pence to 313.0 pence, which takes into account a further reduction in the corporate tax rate from 21% to 20% in the year, and the issue of a further 1.3 million shares issued in April to satisfy share awards.

Financial Position

Net assets increased over the course of the year by £196.6 million, or 13.6%, to £1,637.9 million (2014: £1,441.3 million). This is after payment of £243.5 million of dividends and equates to a net asset value per share of 1,199 pence, up 12.5% from 1,066 pence at 30 April 2014.

Inventories have increased by £172.9 million from £2,481.2 million at 30 April 2014 to £2,654.1 million at 30 April 2015. Inventories include £342.0 million of land not under development (30 April 2014: £492.4 million), £2,280.2 million of work in progress (30 April 2014: £1,966.4 million) and £31.9 million of completed stock (30 April 2014: £22.4 million). With this continued investment in our schemes, upward pressure on costs and the limited availability of skilled labour and materials in the supply chain remain key challenges, albeit ones that we continue to manage.

Trade and other payables are £1,635.5 million at 30 April 2015 (£1,367.2 million at 30 April 2014). These include £920.9 million of on account receipts from customers (30 April 2014: £741.7 million), which have increased as a result of strong trading in the period, and land creditors of £205.1 million (30 April 2014: £210.0 million). Provisions of £75.1 million (30 April 2014: £57.1 million) include post completion development obligations and other provisions.

The Group ended the year ungeared with net cash of £430.9 million (30 April 2014: £129.2 million). This is an increase of £301.7 million during the year (2014: £84.5 million) as a result of £528.4 million of cash generated from operations (2014: £337.6 million), £8.3 million from the disposal of rental fund properties (2014: £138.2 million) and a net inflow of £115.2 million in working capital (2014: net investment of £77.9 million), before tax and other cash outflows of £106.7 million (2014: £118.2 million) and dividends of £243.5 million (2014: £195.2 million).

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Banking

The Group's financial position is further supported by the re-negotiation of the Group's banking facilities during the year. On 23 March 2015, Berkeley increased its committed corporate banking facilities from £525 million to £575 million, extending the maturity date of the Group's facilities from April 2018 (£250 million) and May 2018 (£275 million) to March 2020 (£575 million). This gives clarity of financing for five years, with options over a further two years of extensions, and has reduced materially the ongoing costs associated with the facility. A further £60 million of banking facilities in St Edward Homes, which were undrawn at 30 April 2014, were cancelled during the year as they were no longer required by the joint venture.

St Edward

Investments accounted for using the equity method have reduced from £61.4 million at 30 April 2014 to £50.1 million at 30 April 2015 which reflects distributions in the year. This relates almost exclusively to Berkeley's investment in St Edward, a joint venture with Prudential.

St Edward has three schemes currently in development at Stanmore Place, 375 Kensington High Street and 190 Strand. 230 homes were sold in the year at an average selling price of £1,229,000 (2014: 203 at £1,235,000), which reflects the mix of properties sold, predominantly at 375 Kensington High Street.

2,116 plots in Berkeley's land holdings relate to St Edward schemes (30 April 2014: 1,389), which includes a site at Green Park in Reading which was acquired during the year. St Edward is continuing to identify opportunities to develop the joint venture through further sites to which it can add value, and controls a commercial site in Westminster which has a detailed planning consent but is conditional on vacant possession and is included in the land bank.

Ground Rents

The Group has reported the sale of a portfolio of ground rent assets for £99.8 million, which gave rise to a profit on disposal of £85.1 million in its results for the year ended 30 April 2015.

The Group has exchanged contracts for the sale of a further portfolio of ground rent assets for £53 million. The sale is expected to be completed in the first half of the year ending 30 April 2016 and give rise to a profit on disposal of approximately £50 million after transaction costs in that period.

Land

Berkeley has made strong progress in delivering value into and from its land holdings during the year, and now has 37,473 plots in its land bank. The Group's land bank now incorporates previously identified pipeline sites as the risk on these has evolved over recent periods through delivery and planning.

The land bank is a combination of owned or contracted sites, most of which have a planning consent and are in construction, and the rest of which cannot be moved into development as they do not have an implementable planning consent and/or as there are practical technical constraints and challenges surrounding, for example, vacant possession which need to be resolved. We also hold a strategic pipeline of long-term options for in excess of 5,000 plots.

Following the announcement in November 2014 of the formation of a joint venture with National Grid, St William, Berkeley is working closely with its partner to identify sites from across its portfolio to bring through into its pipeline and land holdings. This has the potential to deliver some 7,000 plots from an initial 10 sites and is a clear source of future land. One site at Battersea was already in the Group's land bank, and one further site at Rickmansworth has been added this year.

Berkeley has secured 28 planning consents this year, nine on schemes which did not previously have an implementable planning consent and 19 revised consents. The new consents include Fitzroy Gate in

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Isleworth, 250 City Road in Islington, 22-29 Albert Embankment in Lambeth, Smithfield Square in Hornsey, South Quay Plaza in Docklands, and further residential schemes in Kingston, Bracknell, Barnes and Orpington in Kent. The revised consents have improved the planning position on each of the schemes on which earlier phases are already in construction, and these include a full re-plan of the third phase at Kidbrooke Village and a detailed consent on waterfront block at Royal Arsenal which will contribute further impetus to this core regeneration scheme.

Since the year end, Berkeley has secured a resolution to grant planning at its scheme in White City for over 1,400 homes to be delivered over the next 15 years, and a resolution to grant planning for 839 at St William's first scheme in Battersea.

Two new sites have been acquired unconditionally during the year, a 15,000 sqft office building in Sevenoaks and a scheme for over 600 homes in Reading in our St Edward joint venture. Three have been acquired on a conditional basis, including sites in Kingston and Winchester, as well as the second St William site at Rickmansworth.

At 30 April 2015, the Group has 74 sites in its land holdings, of which 57 (77%) have an implementable planning consent and are in construction, a further 10 (14%) have at least a resolution to grant planning but the consent is not yet implementable and 7 remain in the planning process. The Group's land holdings now stand at 37,473 plots (30 April 2014: 35,963 restated to include 11,957 pipeline plots), with an estimated future gross margin of £5,272 million (30 April 2014: £4,514 million, restated to include £1,500 million of pipeline gross margin) and an average selling price of £456,000 (30 April 2014: £419,000, restated to include pipeline revenue and plots).

Outlook

These results demonstrate a strong performance which has enabled Berkeley to meet its targets in returning the first 434 pence per share to shareholders by the first milestone date of September 2015, and that it is well-placed, with the visibility of forward sales and developments already in construction, to meet the next milestone payment by September 2018, which it currently intends to do through regular equal dividends.

Whilst earnings remain sensitive to the timing of delivery of certain key developments, the Board currently expects adjusted earnings for the current year to be similar to 2014/15, and is targeting the delivery of pre-tax profits in the region of £2.0 billion over the three year period comprising 2015/16, 2016/17 and 2017/18. This target is a result both of Berkeley planning to deliver the London sites which were acquired in the period from 2009 and 2013 and of continuing to benefit from the maturity of its longer term regeneration sites. The current year will see increased investment in construction ahead of this enhanced profit delivery. Any surplus capital generated through this period of investment and delivery, will either be reinvested in the business or used to fund further dividend payments or share buybacks.

There remain structural challenges to be addressed in our industry to meet the latent and ongoing demand for homes of all tenure types. Addressing these requires a regulatory environment that is responsive and supportive of development. It also requires the UK's continued participation in the European Union to maintain London's pre-eminence as a world city.

The complexity of delivering new homes in London and the capital allocation required in a cyclical market is well understood by Berkeley and embedded in its strategy. As a consequence, the Group is well placed to achieve its targets for the next three years, meet its commitment to return over £1.7 billion to shareholders by 2021 and, with the visibility afforded by the land bank, provide a successful and sustainable business thereafter.

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For further information please contact:

The Berkeley Group Holdings plc
R C Perrins
R J Stearn
T: 01932 868555

Novella Communications
Tim Robertson
T: 020 3151 7008

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Principal Risks and Uncertainties

Berkeley's approach allows management to focus on taking the right long-term decisions to deliver long-term success, and retain the flexibility to take advantage of any opportunities which arise in the short and medium term.

Operating Risk

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 following areas: economic conditions, regulation, the planning process, retaining people, securing sales, mortgage availability, environmental and social sustainability and health and safety, land availability, build cost and programme and product quality. These risks, and Berkeley's approach to mitigating them, are set out on the following pages.

Financial Risk

In light of these operating risks, Berkeley aims to keep financial risk low, and finances its operations by a combination of shareholders' funds, deposits and on account receipts and borrowings. The Group's operations are in sterling and so there is no direct significant currency risk. Its main financial risks are:

- Liquidity risk - the risk that suitable funding for the Group's activities may not be available.
- Market credit risk - the risk that counterparties 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 fluctuations 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 treasury policy is intended to maintain an appropriate capital structure to manage the financial risks identified above and provide the right platform for the business to manage its operating risks.

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Risk and Impact

Mitigation

Economic Conditions

As a property developer operating within the wider housing market, Berkeley's business is sensitive to economic factors such as changes in interest rates, employment levels and general consumer confidence. Some customers are also sensitive to changes in the sterling exchange rate in terms of their buying decisions or ability to meet their obligations under contracts.

Changes to economic conditions in the UK, Europe and worldwide may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.

Funds are carefully targeted at investing only in land which is underpinned by demand fundamentals and a solid viability case even when markets are uncertain.

Levels of committed expenditure are carefully monitored against forward sales secured, cash levels and headroom against our available bank facilities, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets.

The business is committed to operating at an optimal size, with a strong balance sheet, through autonomous businesses to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.

Regulation

Adverse changes to Government policy on areas such as taxation, housing and the environment could restrict the ability of the Group to deliver its strategy.

Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.

The effects of changes to Government policies at all levels are closely monitored by operating businesses and the Board, and representations made to policy-setters where appropriate.

Berkeley's experienced teams are well placed to interpret and implement new regulations at the appropriate time through direct lines of communication across the Group, with support from internal and external legal advisors.

Detailed policies and procedures are in place where appropriate to the prevailing regulations and these are communicated to all staff.

Planning

Delays or refusals in obtaining commercially viable planning permissions on the Group's land holdings could result in the Group being unable to develop the land it has purchased.

This could have a direct impact on the Group's ability to deliver its product and on its profitability.

The Group follows a principle of investing in markets that it knows and understands, and is geographically focused on London and the South of England, which we believe gives us the best chance of conceiving and delivering the right consents for the land that we acquire.

Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Some sites are acquired conditionally and some unconditionally depending on our assessment of the risk profile. The planning status of all sites is reviewed at monthly divisional Board meetings and Main Board meetings.

The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.

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Risk and Impact

Mitigation

Retaining People

An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities.

Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.

We have developed a series of commitments within Our Vision, our plan for the business, to ensure that we retain and develop the best people to support the business in the long-term.

Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel.

Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive.

We want our people to be engaged with the business and its impact on wider society through the activities of the Berkeley Foundation.

Securing Sales

An inability to match supply to demand in terms of product, location and price could result in missed sales targets and / or high levels of completed stock which in turn could impact on the Group's ability to deliver its corporate strategy.

Detailed market demand assessments of each site are undertaken before acquisition and regularly during delivery of each scheme to ensure that supply is matched to demand in each location.

Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location. The Group has a diverse range of developments with homes available at a broad range of property prices to appeal to a wide market. Forward sales are used to take the risk out of the development cycle where possible, thereby justifying and underpinning the financial investment in each of the Group's sites. Completed stock levels are reviewed regularly.

Mortgage availability

Mortgage providers were negatively impacted by the financial crisis from 2008 to 2011, and this reduced their ability to provide mortgages to potential purchasers at the time.

An inability of customers to secure sufficient mortgage finance now or in the future could have a direct impact on the Group's transaction levels.

Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio.

The Group participates in the Government's Help to Buy scheme, which provides deposit assistance to first time buyers, and has participated in other Government schemes historically. Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.

Sustainability

Berkeley is aware of the environmental and social impact of the homes and communities that it builds, both during the construction phase and on occupation by its customers.

Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demand for sustainable homes.

Berkeley's plan for the business, Our Vision, includes specific commitments to enhance environmental and social sustainability considerations in the delivery of our schemes. On social sustainability in particular, we have sought to lead the agenda.

These complement existing practices within the Group to focus on brownfield development, monitor carbon emissions and to be a considerate contractor on all of our schemes and welcomed in the communities within which we operate.

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Risk and Impact

Mitigation

Health and Safety

Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public. Berkeley considers this to be an area of critical importance.

A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site-related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.

Berkeley's Health and Safety strategy is set by the Board. Dedicated Health and Safety teams are in place in each division and at Head Office.

Procedures, training and reporting are all regularly reviewed to ensure that high standards are maintained and comprehensive accident investigation procedures are in place. Adequate insurance is held to cover the risks inherent in large-scale construction projects.

The Group has implemented a number of initiatives to improve Health and Safety standards on site, with workshops held with contractors during the year.

Land Availability

An inability to source suitable land to maintain the Group's land holdings at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.

Land acquisition is focused on Berkeley's core markets of London and the South of England, markets which it understands and where it believes that the demand fundamentals are strong and hence it stands the best chance of securing a viable planning consent.

Berkeley acquires land opportunistically, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise.

Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the best chance to secure targeted land.

The Group maintains its land holdings to mitigate against significant impacts from market changes or delayed build activity. Berkeley has experienced land teams with strong market knowledge in their areas of focus.

Build cost and programme

Build costs are affected by the availability of skilled labour and the price and availability of materials, supplies and subcontractors.

Changes to these prices and the availability of labour could impact on the profitability of each scheme.

A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition.

A further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction.

Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month.

Product Quality

Berkeley has a reputation for high standards of quality in its product. If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased cost.

Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that the quality of the product is maintained.

Customer Satisfaction surveys are undertaken on the handover of all private apartments, and feedback incorporated in shaping the specification and quality of subsequent schemes.

The Group monitors its development obligations and recognises any associated liabilities which arise.

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Consolidated Income Statement

For the year ended 30 April

	Notes	2015 Unaudited £m	2014 Audited £m
Revenue		2,120.0	1,620.6
<i>Revenue includes:</i>			
- from operations		2,020.2	1,620.6
- from sale of ground rent assets		99.8	-
Cost of sales		(1,403.2)	(1,111.7)
Gross profit		716.8	508.9
<i>Gross profit includes:</i>			
- from operations		631.7	508.9
- from sale of ground rent assets		85.1	-
Net operating expenses		(192.7)	(134.1)
Operating profit		524.1	374.8
Finance income	3	3.0	3.4
Finance costs	3	(15.7)	(10.3)
Share of results of joint ventures using the equity method		28.3	12.1
Profit before taxation for the year		539.7	380.0
Income tax expense	4	(116.2)	(87.1)
Profit after taxation for the year		423.5	292.9
Earnings per share:			
Basic	5	313.0p	221.8p
Diluted	5	276.9p	188.4p

Consolidated Statement of Comprehensive Income

For the year ended 30 April

	2015 Unaudited £m	2014 Audited £m
Profit after taxation for the year	423.5	292.9
Other comprehensive income/(expense)		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial loss recognised in the pension scheme	(0.6)	(0.6)
Deferred tax on actuarial loss recognised in the pension scheme	0.1	0.1
Total items that will not be reclassified to profit or loss	(0.5)	(0.5)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Change in value of other investments	1.0	1.0
Total items that may be reclassified subsequently to profit or loss	1.0	1.0
Other comprehensive income for the year	0.5	0.5
Total comprehensive income for the year	424.0	293.4

The Berkeley Group Holdings plc

Consolidated Statement of Financial Position

As at 30 April	2015 Unaudited £m	2014 Audited £m
Assets		
Non-current assets		
Intangible assets	17.2	17.2
Property, plant and equipment	23.5	22.0
Investment properties	0.2	7.2
Investments accounted for using the equity method	50.1	61.4
Other investments	12.0	11.0
Deferred tax assets	72.7	61.1
	175.7	179.9
Current assets		
Inventories	2,654.1	2,481.2
Trade and other receivables	145.6	159.0
Cash and cash equivalents	430.9	130.2
	3,230.6	2,770.4
Total assets	3,406.3	2,950.3
Liabilities		
Non-current liabilities		
Trade and other payables	(131.7)	(148.6)
Provisions for other liabilities and charges	(61.1)	(48.5)
	(192.8)	(197.1)
Current liabilities		
Borrowings	-	(1.0)
Trade and other payables	(1,503.8)	(1,218.6)
Current tax liabilities	(57.8)	(83.7)
Provisions for other liabilities and charges	(14.0)	(8.6)
	(1,575.6)	(1,311.9)
Total liabilities	(1,768.4)	(1,509.0)
Total net assets	1,637.9	1,441.3
Equity		
Shareholders' equity		
Share capital	6.8	6.8
Share premium	49.6	49.3
Capital redemption reserve	24.5	24.5
Other reserve	(961.3)	(961.3)
Revaluation reserve	-	4.1
Retained profit	2,518.3	2,317.9
Total equity	1,637.9	1,441.3

The Berkeley Group Holdings plc

Consolidated Statement of Changes in Equity

	Attributable to shareholders						Total £m
	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Revaluation reserve £m	Retained profit £m	
Unaudited							
At 1 May 2014	6.8	49.3	24.5	(961.3)	4.1	2,317.9	1,441.3
Profit after taxation for the year	-	-	-	-	-	423.5	423.5
Other comprehensive income for the year	-	-	-	-	-	0.5	0.5
Reserves transfer from revaluation reserve	-	-	-	-	(4.1)	4.1	-
Issue of ordinary shares	-	0.3	-	-	-	-	0.3
Transactions with shareholders:							
- Credit in respect of employee share schemes	-	-	-	-	-	2.7	2.7
- Deferred tax in respect of employee share schemes	-	-	-	-	-	13.1	13.1
- Dividends to equity holders of the Company	-	-	-	-	-	(243.5)	(243.5)
At 30 April 2015	6.8	49.6	24.5	(961.3)	-	2,518.3	1,637.9
Audited							
At 1 May 2013	6.7	49.3	24.5	(961.3)	4.0	2,199.2	1,322.4
Profit after taxation for the year	-	-	-	-	-	292.9	292.9
Other comprehensive income for the year	-	-	-	-	-	0.5	0.5
Reserves transfer (to) revaluation reserve	-	-	-	-	0.1	(0.1)	-
Issue of ordinary shares	0.1	-	-	-	-	-	0.1
Transactions with shareholders:							
- Credit in respect of employee share schemes	-	-	-	-	-	3.3	3.3
- Deferred tax in respect of employee share schemes	-	-	-	-	-	17.3	17.3
- Dividends to equity holders of the Company	-	-	-	-	-	(195.2)	(195.2)
At 30 April 2014	6.8	49.3	24.5	(961.3)	4.1	2,317.9	1,441.3

The Berkeley Group Holdings plc

Consolidated Cash Flow Statement

For the year ended 30 April

	Notes	2015 Unaudited £m	2014 Audited £m
Cash flows from operating activities			
Cash generated from operations	6	643.6	259.7
Proceeds from sale of investment properties *		8.3	138.2
Interest received		3.2	2.7
Interest paid		(5.4)	(5.0)
Income tax paid		(140.5)	(92.4)
Net cash flow from operating activities		509.2	303.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(4.6)	(8.9)
Purchase of financial assets		-	(10.0)
Dividends from investments accounted for using the equity method		12.3	-
Proceeds on disposal of property, plant and equipment		0.6	0.6
Movements in loans with joint ventures		27.3	(5.2)
Net cash flow from investing activities		35.6	(23.5)
Cash flows from financing activities			
Proceeds from issue of shares		0.4	-
Repayment of borrowings		(1.0)	(21.1)
Dividends paid to Company's shareholders		(243.5)	(195.2)
Net cash flow from financing activities		(244.1)	(216.3)
Net increase in cash and cash equivalents		300.7	63.4
Cash and cash equivalents at the start of the financial year		130.2	66.8
Cash and cash equivalents at the end of the financial year		430.9	130.2

* The Group has reviewed the classification of Proceeds from the sale of investment properties which is included within Cash flows from operating activities. In 2014, this was included in Cash flows from investing activities.

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 2015 and the comparative audited information for the year ended 30 April 2014 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 16 June 2015, 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 2014 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 2014, 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 2014 Annual Report.

There were no new standards, amendments and interpretations that were adopted by the Group and effective for the first time for the financial year beginning 1 May 2014 that had a material impact on the Group. Furthermore, there are no standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

During the year the Company dismissed its finance director, Mr Nicolas Simpkin, who is currently on full paid garden leave until 23 September 2015. Mr Simpkin issued legal proceedings against the Company on 28 November 2014, which the Company is defending with the assistance of external professional advisors.

3 Net finance costs

For the year ended 30 April	2015 Unaudited £m	2014 Audited £m
Finance income	3.0	3.4
Finance costs		
Interest payable on bank loans and non-utilisation fees	(4.8)	(5.1)
Amortisation of facility fees	(5.7)	(1.3)
Other finance costs	(5.2)	(3.9)
	(15.7)	(10.3)
Net finance costs	(12.7)	(6.9)

Finance income predominantly represents interest earned on cash deposits.

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

The Berkeley Group Holdings plc

Notes to the consolidated financial information

4 Income tax expense

For the year ended 30 April	2015 Unaudited £m	2014 Audited £m
Current tax		
UK corporation tax payable	(130.2)	(94.3)
Adjustments in respect of previous periods	4.8	(4.0)
	(125.4)	(98.3)
Deferred tax	9.2	11.2
	(116.2)	(87.1)

5 Earnings per share

Basic earnings per share are 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	2015 Unaudited	2014 Audited
Profit attributable to shareholders (£m)	423.5	292.9
Weighted average no. of shares (m)	135.3	132.1
Basic earnings per share (p)	313.0	221.8

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares. At 30 April 2015, the Group had three (2014: three) categories of potentially dilutive ordinary shares: 2.9 million £4.96 share options under the 2009 LTIP Part B, 16.1 million (2014: 19.6 million) £nil share options under the 2011 LTIP and 0.5 million (2014: nil) share options under the Bonus Banking plan. 2.9 million share options vested on 15 April 2015 under Part B of the 2009 LTIP scheme and 1.3 million were issued to participants, with the Company settling the option price and participants' tax liability in respect of the balance, in lieu of issuing shares. (In 2014: 4.4 million share options vested and were issued on 31 January 2014 under the Part A of the 2009 LTIP scheme).

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 Group 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.

For the year ended 30 April	2015 Unaudited	2014 Audited
Profit used to determine diluted EPS (£m's)	423.5	292.9
Weighted average no. of shares (m's)	135.3	132.1
Adjustments for:		
Share options - 2009 LTIP Part A	-	3.0
Share options - 2009 LTIP Part B	3.5	4.0
Share options - 2011 LTIP	13.6	16.4
Bonus plan shares	0.5	-
Shares used to determine diluted EPS (m's)	152.9	155.5
Diluted earnings per share (p)	276.9	188.4

The Berkeley Group Holdings plc

Notes to the consolidated financial information

6 Notes to the Consolidated Cash Flow Statement

For the year ended 30 April

	2015	2014
	Unaudited	Audited
	£m	£m
Net cash flows from operating activities		
Profit for the financial year	423.5	292.9
Adjustments for:		
Taxation	116.2	87.1
Depreciation	2.7	2.0
Loss on sale of fixed assets	0.2	0.7
Profit on sale of investment properties	(1.3)	(43.2)
Finance income	(3.0)	(3.4)
Finance costs	15.7	10.3
Share of results of joint ventures after tax	(28.3)	(12.1)
Non-cash charge in respect of share awards	2.7	3.3
Changes in working capital:		
Increase in inventories	(172.9)	(414.5)
Increase/(decrease) in receivables	7.6	(33.6)
Increase in trade and other payables	281.1	370.8
Decrease in employee benefit obligations	(0.6)	(0.6)
Cash generated from operations	643.6	259.7
Reconciliation of net cash flow to net cash		
Net increase in cash and cash equivalents, including bank overdraft	300.7	63.4
Net decrease in borrowings	1.0	21.1
Movement in net cash in the financial year	301.7	84.5
Opening net cash	129.2	44.7
Closing net cash	430.9	129.2
Net cash		
Cash and cash equivalents	430.9	130.2
Current borrowings	-	(1.0)
Net cash	430.9	129.2

The Berkeley Group Holdings plc

Notes to the consolidated financial information

7 Related party transactions

The Group has entered into the following new related party transactions that have not previously been disclosed:

Transactions with Directors

- i) During the financial year, Mr A W Pidgley paid £25,470 (2014: £440,052) to Berkeley Homes plc for works carried out at his home under the Group's own build scheme. 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.
- ii) Berkeley Homes plc has entered into an agreement with Langham Homes, a company controlled by Mr T K Pidgley who is the son of the Group's Chairman, under which Langham Homes will be paid a fee for a land introduction on an arm's length basis. A fee of £173,000 was paid under this agreement in the period and there were no outstanding balances at 30 April 2015 when the land purchase became unconditional. Langham Homes continues to introduce land to the Group and in the event that any further land purchases are agreed, further fees may be payable to Langham Homes in future periods. In prior years, £1,274,000 has been paid to Langham Homes in respect of two sites acquired by the Group, also on an arm's length basis.
- iii) Mr G J Fry, a Director of the Company, contracted to purchase an apartment at Brewery Wharf, London and a car parking space for £565,000 on 21 August 2014 from St James Group Limited, a wholly owned subsidiary of the Company.

Ms D Brightmore-Armour, on 14 April 2014 prior to becoming a Director of the Company, contracted to purchase an apartment at 190 Strand, London for £2,985,000 from St Edward Homes Limited, a joint venture of the Company, for which shareholder approval was not required. Subsequent to this purchase, and having been appointed a Director of the Company, Ms Brightmore-Armour received Board approval to purchase a storage room at the property for £101,200.

The agreements between St James Group Limited and Mr Fry and St Edward Homes Limited and Ms Brightmore-Armour are standard form sale and purchase agreements used by the Company on its developments, save that Mr Fry's purchase of his apartment and Ms Brightmore-Armour's purchase of the storage room are conditional upon the agreement of shareholders.

As these transactions are in excess of £100,000, they constitute a substantial property transaction with a Director of the Company under sections 190 and 191 of the Companies Act 2006 and are therefore conditional on the approval of shareholders, which will be sought at the Annual General Meeting in September 2015.

Mr Fry paid a ten per cent deposit on exchange of contracts which will only be returned to him in the event that shareholders do not approve the transaction. Ms Brightmore-Armour has already paid a 10% deposit on exchange of contracts for the apartment and no further deposit is payable on purchase of the storage room, with payment due on completion.

In terms of transactions previously disclosed, all of which received shareholder approval, the purchases of an apartment by Mr G Fry at at Sovereign Court for £819,950 in 2014 and by Mr R C Perrins at 190 Strand for £2,100,000 in 2013. At 30 April 2015, any contractual deposit due to date had been paid to the Group, there were no current balances outstanding and the properties were still under construction and so the sales had not yet completed. The purchase of an apartment by Mr A W Pidgley at Ebury Square in 2013 for £10,500,000 completed and the balance of monies were fully settled in the year, along with a further £1,330,000 for enhancements to specification. The purchase of an apartment by Mr G Fry at Chelsea Creek in 2012 for £725,000 completed and the balance was fully settled in the year.

The Berkeley Group Holdings plc

Notes to the consolidated financial information

Transactions with Joint Ventures

During the financial year there were no transactions with joint ventures other than movements in loans. 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 2015 an amount of £14,449,000 was outstanding and included within trade receivables (2014: £16,219,000).