PRESS RELEASE **8 DECEMBER 2017**

THE BERKELEY GROUP HOLDINGS PLC

INTERIM RESULTS ANNOUNCEMENT

The Berkeley Group Holdings plc ("Berkeley") today announces its unaudited interim results for the six months ended 31 October 2017.

Berkeley's objective is to be London's leading place-maker, balancing strong operational performance with a desire to produce homes of a high quality in fantastic places for all Londoners, playing a key role in delivering the 300,000 new homes this country needs each year.

These results are the consequence of Berkeley's operating model, which places financial strength and sustainability at its heart, and the sites this enabled Berkeley to acquire in the period from 2010 to 2013. The 2017/18 full year results will represent a peak for Berkeley, before returning to more normal returns in 2018/19. Our guidance of £1.5 billion of pre-tax profit for these two years will be approximately 60% weighted towards the current year.

OPERATIONAL HIGHLIGHTS

- 2,117 homes delivered – includes more than 10% of London's new private and affordable homes
- £300 million of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the period
- Over 12,000 people working across our sites, including over 850 apprenticeships in the six months
- The Berkeley Foundation has added three new strategic partners to its four enduring partnerships, with over £12 million committed to more than 100 charities since the Foundation's inception in 2011

EARNINGS

- £533.3 million of pre-tax profit, up 35.8% from £392.7 million
- Five year pre-tax profit guidance starting 1 May 2016 updated to £3.3 billion from £3.0 billion
- £1.5 billion pre-tax profit to be delivered in two years ending 30 April 2019

FINANCIAL POSITION

- Net cash of £632.8 million (April 2017: £285.5 million)
- Net asset value per share up 14.7% to £17.85 (April 2017: £15.56)
- Cash due on forward sales of £2.45 billion (April 2017: £2.74 billion)
- £6.0 billion of estimated future gross margin in the land bank (April 2017: £6.4 billion)

SHAREHOLDER RETURNS

- £8.34 per share already returned and a further £1.00 per share to be returned by 31 March 2018
- Remaining £7.00 (£1.0 billion) on target to be delivered evenly over the next 3.5 years to September 2021
- 2.7 million shares acquired in the period for £92.8 million and dividends paid of £70.4 million

CHAIRMAN'S STATEMENT

Today's strong results reflect Berkeley's disciplined execution of its unique operating model which places product quality and financial strength at its heart, allowing for investment at the right time in the cycle.

Most major development opportunities today involve complex brownfield sites that require a huge amount of time, expertise and capital to bring them forward and a commitment on all sides to share the risks and rewards, often over one or more decades. Berkeley has the requisite expertise and capital to undertake these complex developments that carry high operational risk, which others are usually not willing or able to take on. It is from this foundation that we can create beautiful, sustainable places where people love to live.

While the political context for housebuilding is turbulent, where there is stability, the potential for growth and delivery remains strong. The London Mayor, Sadiq Khan, has set out his priorities very clearly. We support the increased target in the draft London Plan of 66,000 new homes a year. In our experience, the Mayor is open for business and prepared to fast-track sites that achieve the threshold of 35% affordable housing.

We are also pleased with progress in our newest business, St Joseph, which acquired two sites in the period. The new West Midlands Mayor and Birmingham City Council are showing real leadership and a willingness to make decisions and enable developers to get on with building more good homes.

We welcome the focus on housing in last month's Budget; particularly the help for small developers and measures to get more land into development. It was good to see action on Stamp Duty in respect of First Time Buyers. However, other changes to SDLT and mortgage interest deductibility in recent years remain a constraint on transaction levels and social mobility. This is felt most keenly in London where all housing transactions are down 18% since last year and new starts remain more than 30% down on 2015.

It is crucial that new housing policies support the London market, not least because the capital is so important to prosperity throughout the rest of the country. In this respect, the decision to invest in Crossrail 1 is now paying off handsomely and so too would a strong, unambiguous commitment to Crossrail 2. We also remain of the view that the Community Infrastructure Levy ('CIL') is not well suited to large developments, and urge the Government to adopt an approach where the infrastructure and affordable housing for sites with more than 100 homes are funded through Section 106 agreements, with the sites exempt from CIL. Furthermore, while continuing to protect the Greenbelt, we must be prepared to develop the urban fringe where this has little amenity or community value in its existing use.

We should remember, above all, that housing is not a numbers game. Fundamentally, it is about people and community. I believe it is perfectly possible to deliver for our shareholders and for society. Indeed, the only way we will win public trust and sustained political support for housebuilding is by delivering fantastic outcomes for society. This is why I was so delighted that Woodberry Down won the Best Partnership category at this year's What House? Award. We collected this award with our partners – London Borough of Hackney, Woodberry Down Community Organisation (WDCO), Manor House Development Trust and Genesis Housing Association – a testament to the successful, vibrant and cohesive community that we have created together.

That is why Berkeley is developing community plans, investing in skills and training, and delivering a net biodiversity gain on every site. Innovations like these have seen us win Housebuilder of the Year at both the Building and WhatHouse? Awards and ranked second across all industries and sectors in the list of Britain's Most Admired Companies 2017.

Berkeley has now returned, or announced to be returned, £9.34 per share of £16.34 to be returned to shareholders by 30 September 2021. Of the £139.2 million to be returned in the six months to 31 March 2018, £47.5 million has already been returned through share buy-backs. The amount that will be returned as a dividend will be announced on 22 February 2018 and paid on 23 March 2018 to shareholders on the register on 2 March 2018, taking account of any further share buy-backs in the intervening period.

Berkeley itself remains well placed to deliver our current plan, creating exceptional value for our customers, shareholders and society. We remain indebted to our staff for all the talent and sheer hard work they contribute to this business and I would like to extend my thanks to them all.

Tony Pidgley CBE
Chairman

THE BERKELEY GROUP HOLDINGS PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2017

CHIEF EXECUTIVE'S STATEMENT

Introduction

Berkeley is committed to delivering homes and places of a high quality that all can aspire to live in, while delivering the strong, sustainable risk-adjusted returns to our shareholders that make this possible, with a clear social purpose. This is articulated in "Our Vision". We aim to deliver exceptional customer service, creating real and enduring communities. We have made leading commitments on net bio-diversity gain and becoming the first carbon positive house-builder and are tackling the skills crisis through our leading apprenticeship programme and commitment to modular construction. In addition, The Berkeley Foundation provides an opportunity for us to utilise our resources and relationships to make a measurable and material impact in areas of greatest need in our society.

Summary of Performance

Berkeley has delivered pre-tax earnings of £533.3 million for the six month period, an increase of 35.8% on the equivalent period last year. This is from the sale of 2,117 homes (2016: 2,076) at an average selling price of £719,000 (2016: £655,000), reflecting the mix of properties sold in the period.

Six months ended 31 October	**2017**	**2016**	**Change**	
	£'m	**£'m**	**£'m**	**%**
Revenue	1,607.7	1,413.4	+194.3	+13.7%
Gross profit	590.4	503.6	+86.8	+17.2%
Operating expenses	(79.6)	(112.2)	+32.6	-29.1%
Operating profit	510.8	391.4	+119.4	+30.5%
Net finance costs	(2.1)	(3.2)	+1.1	
Share of joint ventures	24.6	4.5	+20.1	
Profit before tax	533.3	392.7	+140.6	+35.8%
Pre-Tax Return on Equity	46.9%	41.5%	+5.4%	
Earnings Per Share – Basic	316.6p	225.7p	+90.9p	+40.3%
Period end shares in issue excl. Treasury/EBT shares	135.0m	138.8m	-3.8m	-2.7%
Shareholder Returns	**£'m**	**£'m**	**£'m**	
Dividend paid	70.4	137.0	-66.6	
Share Buy-backs under Shareholder Returns Programme	92.8	-	+92.8	
Shareholder Return in the period	163.2	137.0	+26.2	
Adjusted Shareholder Return in the period *	138.9	137.0	+1.9	+1.4%
Adjusted Shareholder Return per share **	102.1p	100.0p	+2.1p	+2.1%

* reflects the absolute value to be returned under the Shareholder Returns Programme in relation to the reporting period

** expresses the absolute value to be returned in the reporting period over the number of shares, excluding Treasury and EBT held shares, benefitting from the Return.

With this good start to the year, Berkeley anticipates delivering £1.5 billion of pre-tax profit in the two years ending 30 April 2019; the split between the two financial years is dependent on the timing of delivery on a number of central London developments, but is anticipated to be approximately 60% weighted towards the current year. The visibility over earnings which the forward sales provide and the quality of the land bank enables Berkeley to update its earnings guidance for the five years ending 30 April 2021 to at least £3.3 billion of pre-tax earnings, assuming the current market conditions continue.

Berkeley's results continue to benefit from the investment made in the financial crisis and strong sales market immediately following. Looking forward to the end of the guidance period, operating margins are expected to moderate towards more normal levels of 17.5% to 19.5% in line with the prevailing market environment.

There remains good underlying demand for property in London and the South East, but the combination of uncertain UK economic and political outlook and high property taxation continues to mean customers are more circumspect and inevitably purchasing later in the development cycle. This is particularly the case for domestic customers who are choosing not to move or invest because of the cost of taxation. The Group has launched homes on new developments and phases in the period which have sold in line with Management's expectations with resilient pricing at or above business plan levels. Consequently forward sales have been well sustained through a period of high revenue delivery and are at £2.45 billion at 31 October 2017, compared to £2.74 billion at 30 April.

Given the uncertainty in both the planning and macro environments Berkeley has remained selective in its land investment, adding five new sites to the land bank in the period, including the first two in the St Joseph business, one in Birmingham's Gun Quarter and the other in Stratford-Upon-Avon. The estimated future gross margin in the land bank has reduced from £6.4 billion (46,351 plots) at 1 May 2017 to £6.0 billion (45,811 plots), as we continue through this period of high profit delivery with more land used in production than added in the period.

Shareholder Returns

The current Shareholder Returns Programme was established in 2011 as a framework through which Berkeley would return £13.00 per share to shareholders over a 10 year timeframe. The total returns were increased by £3.34 per share to £16.34 per share in December 2015. Having returned £4.34 at the time, the remaining £12.00 per share was to be paid in equal annual dividends of £2.00 per share over 6 years by September 2021.

A year later in December 2016, Berkeley introduced flexibility such that the remaining £10.00 per share, at the time, could be returned through a combination of share buy-backs and dividends, as opposed to solely dividends. Consequently, the shareholder return payments are presently categorised as an absolute value per annum which is increased appropriately for any new shares issued, ensuring that the same quantum of cash is returned as previously anticipated. Share buy-backs are undertaken to the extent the Board believes these are in the best interests of all shareholders and not only when the shares are materially under-valued.

In August 2017, Berkeley announced that the next six-monthly return of £138.9 million (now £139.2 million following share awards which vested in September 2017) will be made by 31 March 2018. The amount to be paid as a dividend will be announced on 22 February 2018 and payable on 23 March 2018 to shareholders on the register on 2 March 2018, taking account of any share buy-backs in the intervening period:

As of 7 December 2017	Shareholder Return		Return mechanism	
	Per share *	Value	Dividends	Buy-backs
To 30 September 2016	£6.34	£854.9m	£854.9m	-
To 30 September 2017	£2.00	£277.7m	£188.0m	£89.7m
By 31 March 2018	£1.00	£139.2m	**	£47.5m **
Returns - announced	£9.34	£1,271.8m	£1,042.9m	£137.2m
By 30 September 2018	£1.00	£139.2m		
By 30 September 2019	£2.00	£278.4m		
By 30 September 2020	£2.00	£278.4m		
By 30 September 2021	£2.00	£278.4m		
Shareholder Returns	16.34	£2,246.2m		

* Shareholder Return per share expressed prior to any share-buy-backs

** As of 7 December 2017. The amount to be paid as a dividend in March 2018 will depend upon the extent of any share buy-backs (currently £47.5 million) prior to the announcement of the dividend in February 2018.

Since the amendment to the Shareholder Returns Programme a year ago, Berkeley has returned £137.2 million via share buy-backs acquiring 4.23 million shares, at an average cost of £32.43 pence per share (range: £28.08 - £36.18 per share); 2.7 million of which were acquired at a cost of £92.8 million in the period. The annual returns for the years to 30 September 2018 through 2021 of £278.4 million, initially equated to £2.00 per annum, are currently equivalent to £2.06 per share following share buy-backs undertaken.

Housing Market

Trading has remained in line with our business plan requirements over the first six months of the year, however, the dislocations in the market previously reported remain at large. Brexit uncertainty and concerns over growth and inflation, coupled with the changes to SDLT and mortgage interest deductibility, continue to impact the market. This has been partly offset by good availability of finance at low interest rates, favourable currency movements and the quality of Berkeley's well-presented and well-located homes. UK customers are most acutely affected by the headwinds described above, while overseas customers continue to see relative value in the London market. On an annualised basis, reservations are more than 20% higher than last year and 10% lower than 2015/16.

In these market conditions, Berkeley has sustained forward sales at £2.45 billion, down from £2.74 billion at 30 April 2017, following another period of high revenue. Given the macro back-drop and return to normal market conditions, which results in customers committing later in the development cycle, Berkeley expects its forward sales to continue to moderate during the second half of the financial year.

With forward sales so important to underpinning the highly capital intensive developments Berkeley undertakes in London, we continue to urge the Banks (including the Bank of England) to investigate how mortgage offer periods might be extended to allow UK customers to buy homes earlier in the development cycle. We do not believe this is insurmountable if the common will exists, but do believe it would make a significant difference to the dynamics of the London housing market.

The Group has launched new developments at White City in London and outside London in Wokingham and Rickmansworth during the six month period. Sales on these launches, as well as sales on new phases of existing developments, are in line with Management's expectations and business plan requirements with sales prices achieved remaining at or above business plan levels and cancellation rates at normal levels. Sales continue to be split broadly evenly between owner-occupiers and investors with Help to Buy reservations accounting for a modest 81 sales in the period.

As is well documented, the supply of new homes remains well below required levels, particularly in London, where there is a marked downward trend with construction starts more than 30% down since 2015, according to the latest figures from both the DCLG and the NHBC. This restricts social mobility and the benefits that good, new development from the private sector brings to the economy through new Affordable homes, improved infrastructure, jobs and tax revenues.

In addition to bringing new land forward, speeding up the process between planning consents being granted and developers getting on site must be a priority if this is to be addressed. The competing interests of Affordable Housing, CIL and Section 106 requirements have been proving difficult to reconcile in viability assessments but the Mayor's preparedness to fast-track sites that achieve the threshold of 35% affordable housing is an encouraging development.

Build cost inflation is steady at around 5% per annum as material cost increases fuel inflationary pressure within the supply chain, albeit prevailing economic uncertainty will naturally moderate this.

Our Vision

Berkeley aspires to be a modern world-class business. Through the framework of "Our Vision", we articulate our strategy across our five areas of strategic focus: Customers; Homes; Places; Operations and Our People.

Customers

Our customers' experience remains central to Berkeley's "Our Vision" strategy. This year we have been developing new ways to obtain feedback on both the home-buying process and the product itself so that we can continue to improve our overall offering. Our talented teams are key to this, and in autumn 2017 we welcomed the seventh intake to our Sales Academy.

We benchmark ourselves both within and outside of the housing sector. Our recommend to a friend score of 98.2% and overall satisfaction score of 90.3% significantly exceed the industry average (84% and 79% respectively, House Builders Federation National New Home Customer Satisfaction Survey, March 2017). Out of sector, our Net Promoter Score of 70.8 continues to compare favourably with other top performing consumer facing companies such as John Lewis, Amazon and First Direct.

Homes

The fundamental approach of individual design, coupled with high quality standards, is paramount to Berkeley's reputation. With this strong foundation, the "Our Vision" targets then help us to build the homes of the future. Our focus is on ensuring day one connectivity given that ultrafast broadband is a 'must have' for new home buyers and we have developed minimum requirements for infrastructure on each site. We are also researching and trialling smart technologies for lighting and heating controls, an area which is developing rapidly, and helping to future-proof our homes for broader issues such as a changing climate.

Innovation and research is key and we are constantly evolving our product. The Urban House at Kidbrooke Village and Green Park demonstrates how modern, low-rise family housing can help to meet the housing demand. We were delighted when this typology, the first in the UK to be patented, won an 'Innovative Living Award' at the Sunday Times British Homes Awards in September 2017. We are currently setting up trials of emerging energy and smart technologies on this house type.

We are delighted to report that, in the period, Berkeley completed the acquisition of the site for its modular construction factory at Gravesham in Kent. The site was acquired from the HCA and a planning application has been submitted for a 160,000 square foot facility. We have assembled a team of specialists who are working with the Group's construction teams to design the factory space with the first components undergoing testing.

Places

Our approach to development is to create a strong community where people enjoy a fantastic quality of life. Berkeley is the only UK developer to have a bespoke plan, locally-defined, for building strong communities on every major site. Testament to this is Victory Pier which was selected as the 'People's Choice for Regeneration Impact' at Medway's Design and Regeneration Awards in June. We are also pleased to be a leading founder of a new social enterprise, Public Practice, which will see planners completing year-long placements within local government to help meet housing demand and shape places for the public good.

We are the first house builder to commit to delivering a net biodiversity gain on every site. Put simply, that means there will be more nature afterwards than before we began. This is exemplified by Fitzroy Gate which won a BIG Biodiversity Challenge award for its pond, river walk and wild meadow installation. The opportunity to make London the first national park city is exciting and we fully support the Mayor with this endeavor.

Operations

In October 2017 we had more than 12,000 people working on 60 active construction sites across London and the South East of England. At Southall Waterside, a 25 year regeneration project of a former gasworks site, two years of infrastructure work and remediation of 250,000 cubic metres of contaminated land has involved the creation of an on-site 'soil hospital', saving thousands of transport movements and reducing carbon emissions. On a wider scale, we are working with The Carbon Trust and making good progress with our commitment to become a carbon positive business by summer 2018.

The skills crisis requires immediate and collaborative action which is why we are investing in the future workforce, both in our business and across our supply chain. We held our second Apprenticeship Awards in October to motivate employers and young adults and currently have over 850 apprentices working on our sites and in our offices, including 80 directly employed by Berkeley. 30 new apprentices joined Berkeley as part of the REACH trade apprenticeship scheme in September 2017 and, overall, around 15% of our workforce has been in an apprenticeship or other form of vocational training since May 2016, the start of the current "Our Vision" two year targets.

Collaboration is key; we are delighted to support Build UK and CITB's new Bridge Into Construction course, as well as more local initiatives such as a new dry lining academy in Barnet. We are also pleased to have been awarded the 2017 BEST (Business and Education Succeeding Together) Award for helping inspire young people.

Our People

Health and Safety is of critical importance to Berkeley and we are honoured to hold the Royal Society for the Prevention of Accidents' prestigious Sir George Earle Trophy. Our Accident Incident Rate (1.69) is the lowest recorded in our history, one of the best in the industry and well within our target of 3.00. We are now building upon this by creating healthy workplaces and promoting the wellbeing of our employees. Supporting a pipeline of talent is critical to the future success of the business. We have 25 new graduates across a range of departments and have opened applications for the 2018 scheme for both graduates and undergraduates.

The Berkeley Foundation

We continue to support the wider communities in which we work through the Berkeley Foundation. Our employees continue to show remarkable enthusiasm and support. They have directly raised nearly £4 million and enabled the Foundation to commit over £12 million to more than 100 charities since 2011, helping over 13,000 people.

At the heart of this work are our long-term strategic partnerships focused on four key areas: homes, jobs, skills and care. This year we have added three more strategic partners – Imperial College, The Princes Trust and MyBnk – to our four enduring partnerships with Crisis, the Change Foundation, The Lords Taverners and The Mayor's Fund for London. We are working with these respected organisations to fund innovative programmes, build their capacity and champion the solutions they offer some of the biggest social issues facing Britain.

Outlook

Berkeley's unique operating model, which reflects the cyclical nature of the housing market and always prioritises quality and financial strength, means that we are well positioned at this time of macro uncertainty. While trading has been sufficiently robust to support an increase in our earnings guidance, we are appropriately cautious in our investment strategy at present. We remain prepared to take on operational risk for the right opportunities, but this will be balanced by reduced overall financial risk while the uncertainty prevails and until we have sufficient visibility to invest more decisively.

This means that Berkeley anticipates being broadly working capital neutral as this reduced level of new investment is supplemented by the costs associated with bringing forward the 12,895 conditional plots in the land bank and residual payments on existing owned land holdings.

The fundamentals of the market in London and the South East remain strong and Berkeley remains committed to continuing its prominent position in delivering new homes of all tenures to Londoners. The focus at present is working hard with our partners and stakeholders to ensure we have the right planning consents to deliver the best outcome to address London's housing challenge, reflecting the risks in today's market.

Rob Perrins
Chief Executive

TRADING AND FINANCIAL REVIEW

Trading performance

Revenue of £1,607.7 million in the period (2016: £1,413.4 million) arose primarily from the sale of new homes in London and the South East of England. This included £1,540.3 million of residential revenue (2016: £1,373.2 million), £28.4 million from the sale of ground rent assets (2016: £27.2 million), and £39.0 million of commercial revenue (2016: £13.0 million). There were no land sales in the period (2016: nil).

2,117 new homes (2016: 2,076) were sold across London and the South East of England at an average selling price of £719,000 (2016: £655,000). The changes to the average selling price are a result of mix on the Group's schemes in central London in the period.

Revenue of £39.0 million from commercial activities included the sale of a hotel at Royal Arsenal as well as some 76,000 sqft of office, retail and leisure space across a number of the Group's developments including Kew Bridge Road, Goodman's Fields in Aldgate and Smithfield Square in Hornsey. The £13.0 million of revenue last year was from the sale of some 37,000 sqft of office, retail and leisure space.

The gross margin percentage has increased marginally to 36.7% (2016: 35.6%) as the Group continues to benefit from the significant investment in new land following the 2008/09 downturn.

Overheads of £79.6 million (2016: £112.2 million) decreased by £32.6 million in the period. This is principally due to a decrease in the charge to the income statement for the Group's share schemes. The Company cash settled the tax and National Insurance liabilities arising on the vesting of options for participants in the 2011 LTIP on 2 October 2017 in lieu of issuing shares, as was done in the prior period for the options vesting in September 2016. The lower charge arises firstly, because 13.3% of the options vested on 2 October 2017 compared to 33.3% in September 2016 and secondly, as a result of the imposition of the LTIP caps with effect from 1 May 2017.

The result is that the Group's operating margin has increased to 31.8% from 27.7% last year.

Berkeley's share of the results of joint ventures was a profit of £24.6 million (2016: £4.5 million) which reflects the stage of delivery of completions at 190 Strand, 375 Kensington High Street, Stanmore Place and Green Park within St Edward, and pre-development costs within St William in the early stages of the joint venture.

The Group has remained cash positive on a net basis throughout the period. Net finance costs totaled £2.1 million in the period (2016: £3.2 million) due to facility fees, interest on the £300 million term borrowing and imputed interest on land creditors which outweighed interest income on cash deposits.

Pre-tax return on equity for the period is 46.9%, compared to 41.5% for the comparative period. Basic earnings per share has increased by 40.3% from 225.7 pence to 316.6 pence, which takes into account the issue of a further 0.35 million shares in October to satisfy the net share awards under the 2011 LTIP scheme as well as the buy-back of 2.7 million shares during the period at a cost of £92.8 million.

Financial Position

Net assets increased over the six month period by £271.7 million, or 12.7%, to £2,408.6 million (30 April 2017: £2,136.9 million). This is after payment of £70.4 million of dividends and the £92.8 million of share buy-backs. This equates to a net asset value per share of 1,785 pence, up 14.7% from 1,556 pence at 30 April 2017, given the share buy-backs undertaken in the period.

Inventories have decreased by £271.5 million from £3,483.4 million at 30 April 2017 to £3,211.9 million at 31 October 2017. Inventories include £438.9 million of land not under development (30 April 2017: £414.1 million), £2,668.9 million of work in progress (30 April 2017: £2,981.7 million) and £104.1 million of completed stock (30 April 2017: £87.6 million).

Trade and other payables are £1,681.2 million at 31 October 2017 (£1,878.4 million at 30 April 2017). These include £883.0 million of on account receipts from customers (30 April 2017: £974.9 million) and land creditors of £117.0 million (30 April 2017: £142.9 million). Provisions of £93.2 million (30 April 2017: £99.9 million) include post completion development obligations and other provisions.

The Group ended the period with net cash of £632.8 million (30 April 2017: £285.5 million), which consists of cash holdings of £932.8 million and a £300.0 million term loan drawn under the Group's banking facilities. This is an increase of £347.3 million during the period (2016: increase of £100.5 million) as a result of £516.2 million of cash generated from operations (2016: £402.2 million) and a net inflow of £107.4 million in working capital (2016: net outflow of £118.8 million), before tax and other net cash outflows of £113.1 million (2016: £25.9 million), dividends of £70.4 million (2016: £137.0 million) and share buybacks of £92.8 million (2016: £20.1 million).

Banking

The Group's financial strength is further supported by its banking facilities which total £750 million, consisting of a drawn £300 million term loan and an undrawn £450 million revolving credit facility. The Group has clarity of financing with the facilities in place to November 2022 after the Group exercised the first of two options shortly after the period end to extend the facilities by a year. The Group's cash holdings are currently placed on deposit with its relationship banks.

Joint Ventures

Investments accounted for using the equity method have increased from £135.0 million at 30 April 2017 to £165.1 million at 31 October 2017. Berkeley's joint ventures include St Edward, a joint venture with Prudential plc and St William, a joint venture with National Grid plc. The increase in joint venture investments during the period principally reflects Berkeley's share of joint venture profits of £24.6 million and further funding into St William during the period of £5.5 million.

St Edward has four schemes currently in development at Stanmore Place, 375 Kensington High Street, 190 Strand and Green Park in Reading. 155 homes were sold in the period at an average selling price of £920,000 (2016: 61 at £702,000), which reflects the mix of properties sold. In total, 2,019 plots (April 2017: 2,152 plots) in Berkeley's land holdings relate to St Edward schemes. Stanmore is expected to complete in the second half of the financial year, whilst the joint venture anticipates obtaining vacant possession for its commercial site in Westminster, which has a detailed residential planning consent, during the course of 2018.

6,494 plots (April 2017: 6,459 plots) in Berkeley's land holdings relate to St William schemes, across twelve developments, one more than the recent year-end following the addition of a site in Seven Sisters Road, Highbury. During the period sales continued at Prince of Wales Drive and production commenced on St William's Elmswater development in Rickmansworth. The joint venture anticipates commencing production on its third development, Fairwood Place in Borehamwood in the second half of the financial year. The remaining nine sites all remain within the planning process and these form a significant part of the Group's conditional land bank holdings. Berkeley continues to work closely with National Grid to identify sites from across its portfolio to bring through into the joint venture.

Land

Berkeley's land bank comprises 45,811 plots (30 April 2017: 46,351 plots) at 31 October 2017. Of these land holdings, 32,916 plots (30 April 2017: 33,771) are owned and included on the balance sheet of the Group or joint ventures and 12,895 plots (30 April 2017: 12,580) are contracted sites which do not yet have a planning consent or vacant possession. The Group also holds a strategic pipeline of long-term options for in excess of 5,000 plots.

The plots in the land bank at 31 October 2017 have an estimated future gross margin of £6,047 million (30 April 2017: £6,378 million), which includes the Group's 50% share of the anticipated margin on any joint venture development.

Berkeley has remained selective in the land market, acquiring five new sites in the period. Two sites have been acquired unconditionally, one in Birmingham's Gun Quarter and the other in Stratford-Upon-Avon, both through St Joseph based in Birmingham. Two fully controlled sites have been conditionally contracted, firstly at Camberley in Surrey and secondly a site at the Oval which will complement the Group's existing Oval Gasworks site previously contracted and on which the Group is currently pursuing planning. The fifth site is a St William joint venture site in Highbury.

Berkeley has secured one new planning consent, as well as a number of revised consents in the period which have sought to improve the development solution for each scheme to add value and/or reduce risk, which is a fundamental basis on which the Group manages its assets. The new consent is at Trent Park in Cockfosters, which is now in production.

The Group's land holdings at 31 October 2017 are across some 92 sites (30 April 2017: 90 sites). Of these, 60 (65%) have an implementable planning consent and are in construction and a further 12 (13%) have at least a resolution to grant planning but the consent is not yet implementable; due to either ongoing section 106 negotiations or practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision.

The remaining 20 (22%) are in the planning process, with 17 of these subject to conditional contracts which means there is low financial risk on the Group or joint ventures balance sheet. These 17 sites comprise the 12,895 contracted plots and include a number of large regeneration developments such as Stephenson Street, the two Oval sites (one acquired in the period), a site on Wood Lane adjacent to White City as well as the St William former gasworks sites at Fulham, Poplar and Hornsey.

The estimated future gross margin represents management's risk-adjusted assessment of the potential gross profit for each site, taking account of a wide range of factors, including: current sales and input prices; the political and economic backdrop; the planning regime; and other market forces; all of which could have a significant effect on the eventual outcome.

Principal risks and uncertainties

The principal business risks and uncertainties facing Berkeley for the next six months are the same as those set out on pages 60 to 69 of the Annual Report for the year ended 30 April 2017. These comprise the economic and political outlook, the impact of regulation on the business and the wider industry, the availability of land, the planning process, retention of our people, securing sales, mortgage availability, sustainability and climate change considerations, health and safety on the Group's developments, control of build costs and maintaining programmes, product quality and cyber and data risk. In preparing this interim report, full account has been taken of this risk profile and the future outlook for the Group's developments as embraced within the Group's strategy and outlook.

- End -

For further information please contact:

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Statement of Directors' Responsibilities

This statement, which should be read in conjunction with the independent review of the auditors set out at the end of these condensed interim financial statements (the "interim financial statements"), is made to enable shareholders to distinguish the respective responsibilities of the Directors and the auditors in relation to the interim financial statements which the Directors confirm have been presented on a going concern basis. The Directors consider that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and appropriate judgements and estimates.

A copy of the interim financial statements of the Group is placed on the website of The Berkeley Group Holdings plc: www.berkeleygroup.co.uk. The Directors are responsible for the maintenance and integrity of the information on the website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Directors confirm that this condensed set of interim financial statements has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of The Berkeley Group Holdings plc are listed in the Annual Report of The Berkeley Group Holdings plc for the year ended 30 April 2017. A list of current Directors is maintained on The Berkeley Group Holdings plc's website.

On behalf of the Board

R C Perrins
Chief Executive
8 December 2017

R J Stearn
Finance Director
8 December 2017

Consolidated Income Statement

	Notes	Six months ended 31 October 2017 Unaudited £m	Six months ended 31 October 2016 Unaudited £m	Year ended 30 April 2017 Audited £m
Revenue		1,607.7	1,413.4	2,723.5
Cost of sales		(1,017.3)	(909.8)	(1,783.7)
Gross profit		590.4	503.6	939.8
Net operating expenses		(79.6)	(112.2)	(183.6)
Operating profit		510.8	391.4	756.2
Finance income	3	1.5	0.9	2.1
Finance costs	3	(3.6)	(4.1)	(9.7)
Share of results of joint ventures using the equity method		24.6	4.5	63.8
Profit before taxation for the period		533.3	392.7	812.4
Income tax expense	4	(100.3)	(82.2)	(167.3)
Profit after taxation for the period		433.0	310.5	645.1
Earnings per share:				
Basic	5	316.6p	225.7p	467.8
Diluted	5	308.2p	209.6p	451.4

Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2017 Unaudited £m	Six months ended 31 October 2016 Unaudited £m	Year ended 30 April 2017 Audited £m
Profit after taxation for the period	433.0	310.5	645.1
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Re-measurements of the net defined benefit asset/liability	(0.3)	(0.3)	(0.6)
Deferred tax on re-measurements of the net defined benefit asset/liability	-	-	0.1
Total items that will not be reclassified to profit or loss	(0.3)	(0.3)	(0.5)
Other comprehensive expense for the period	(0.3)	(0.3)	(0.5)
Total comprehensive income for the period	432.7	310.2	644.6

Consolidated Statement of Financial Position

	Notes	At 31 October 2017 Unaudited £m	At 31 October 2016 Unaudited £m	At 30 April 2017 Audited £m
Assets				
Non-current assets				
Intangible assets		17.2	17.2	17.2
Property, plant and equipment		25.7	21.8	22.8
Investments accounted for using the equity method		165.1	117.6	135.0
Deferred tax assets		52.1	59.9	59.4
		260.1	216.5	234.4
Current assets				
Inventories		3,211.9	3,346.2	3,483.4
Trade and other receivables		185.7	212.3	229.5
Cash and cash equivalents	6	932.8	207.9	585.5
		4,330.4	3,766.4	4,298.4
Total assets		4,590.5	3,982.9	4,532.8
Liabilities				
Non-current liabilities				
Borrowings		(300.0)	-	(300.0)
Trade and other payables		(69.0)	(69.5)	(69.2)
Provisions for other liabilities		(72.0)	(72.8)	(73.0)
		(441.0)	(142.3)	(442.2)
Current liabilities				
Trade and other payables		(1,612.2)	(1,770.0)	(1,809.2)
Current tax liabilities		(107.5)	(79.7)	(117.6)
Provisions for other liabilities		(21.2)	(21.8)	(26.9)
		(1,740.9)	(1,871.5)	(1,953.7)
Total liabilities		(2,181.9)	(2,013.8)	(2,395.9)
Total net assets		2,408.6	1,969.1	2,136.9
Equity				
Shareholders' equity				
Share capital		7.0	7.0	7.0
Share premium		49.8	49.8	49.8
Capital redemption reserve		24.5	24.5	24.5
Other reserve		(961.3)	(961.3)	(961.3)
Retained profit		3,288.6	2,849.1	3,016.9
Total equity		2,408.6	1,969.1	2,136.9

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained profit £m	Total equity £m
Unaudited						
At 1 May 2017	7.0	49.8	24.5	(961.3)	3,016.9	2,136.9
Profit after taxation for the period	-	-	-	-	433.0	433.0
Other comprehensive expense for the period	-	-	-	-	(0.3)	(0.3)
Purchase of own shares	-	-	-	-	(92.8)	(92.8)
Issue of ordinary shares	-	-	-	-	-	-
Transactions with shareholders:						
- Credit in respect of employee share schemes	-	-	-	-	(0.5)	(0.5)
- Deferred tax in respect of employee share schemes	-	-	-	-	2.7	2.7
- Dividends to equity holders of the Company	-	-	-	-	(70.4)	(70.4)
At 31 October 2017	7.0	49.8	24.5	(961.3)	3,288.6	2,408.6
Unaudited						
At 1 May 2016	6.9	49.8	24.5	(961.3)	2,692.9	1,812.8
Profit after taxation for the period	-	-	-	-	310.5	310.5
Other comprehensive expense for the period	-	-	-	-	(0.3)	(0.3)
Purchase of own shares	-	-	-	-	(20.1)	(20.1)
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	-	-	-	-	6.4	6.4
- Dividends to equity holders of the Company	-	-	-	-	(137.0)	(137.0)
At 31 October 2016	7.0	49.8	24.5	(961.3)	2,849.1	1,969.1
Audited						
At 1 May 2016	**6.9**	49.8	24.5	(961.3)	2,692.9	1,812.8
Profit after taxation for the year	-	-	-	-	645.1	645.1
Other comprehensive expense for the year	-	-	-	-	(0.5)	(0.5)
Purchase of own shares	-	-	-	-	(64.5)	(64.5)
Issue of ordinary shares	0.1	-	-	-	-	0.1
Transactions with shareholders:						
Credit in respect of employee share schemes	-	-	-	-	(1.3)	(1.3)
Deferred tax in respect of employee share schemes	-	-	-	-	(0.2)	(0.2)
Dividends to equity holders of the Company	-	-	-	-	(254.6)	(254.6)
At 30 April 2017	**7.0**	49.8	24.5	(961.3)	3,016.9	2,136.9

Consolidated Cash Flow Statement

	Notes	Six months ended 31 October 2017 Unaudited £m	Six months ended 31 October 2016 Unaudited £m	Year ended 30 April 2017 Audited £m
Cash flows from operating activities				
Cash generated from operations	6	623.6	283.7	537.0
Interest received		1.6	0.8	1.9
Interest paid		(4.6)	(1.5)	(2.7)
Income tax paid		(100.2)	(62.2)	(115.6)
Net cash flow from operating activities		520.4	220.8	420.6
Cash flows from investing activities				
Purchase of property, plant and equipment		(4.5)	(0.7)	(2.8)
Proceeds on disposal of financial assets		0.1	0.5	-
Dividends from investments		-	40.0	70.0
Proceeds on disposal of property, plant and equipment		-	-	0.5
Movements in loans with joint ventures		(5.5)	(3.1)	8.8
Net cash flow from investing activities		(9.9)	36.7	76.5
Cash flows from financing activities				
Proceeds from issue of shares		-	0.1	0.1
Purchase of own shares		(92.8)	(20.1)	(64.5)
Increase of borrowings		-	-	300.0
Dividends paid to Company's shareholders		(70.4)	(137.0)	(254.6)
Net cash flow from financing activities		(163.2)	(157.0)	(19.0)
Net increase in cash and cash equivalents		347.3	100.5	478.1
Cash and cash equivalents at the start of the financial period		585.5	107.4	107.4
Cash and cash equivalents at the end of the financial period	6	932.8	207.9	585.5

Notes to the Condensed 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.

This condensed consolidated half-yearly financial information was approved for issue on 8 December 2017. It does not comprise statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year ended 30 April 2017 were approved by the Board of Directors on 21 June 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying their audit report, and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2 Basis of preparation

The half year report has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union and the disclosure requirements of the Listing Rules.

This condensed consolidated half-yearly financial information for the six months ended 31 October 2017 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of Financial Services Authority and with IAS 34 “Interim Financial Reporting” as adopted by the European Union.

The comparative figures for the year ended 30 April 2017 do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Sections 498 (2) or (3) respectively of the Companies Act 2006.

The Company reports that, during the period, it settled the proceedings brought by Mr Nicolas Simpkin, its former Finance Director, in the Employment Tribunal and High Court. Under the settlement Berkeley made a payment of £4.95 million to Mr Simpkin and a further payment of £4.55 million towards his legal fees and disbursements. On being dismissed by the Company, Mr Simpkin’s options over 3.5 million shares in the Company lapsed. All allegations made by Mr Simpkin in the proceedings have been withdrawn.

The accounting policies, presentation and method of computations adopted in the preparation of the half year 2017 condensed and consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2017 except in respect of taxation which is based on the expected effective tax rate for the year ending 30 April 2018.

The following new standards, amendments to standards and interpretations are applicable to the Group and are mandatory for the first time for the financial year beginning 1 May 2017: IAS 12 Income Taxes (Amendment); IAS 7 Cashflow Statements (Amendment) and Annual Improvements to IFRSs – 2014-2016 Cycle.

These standards have not had a material impact on the results of the Group for the six months ended 31 October 2017.

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective for the financial year ending 30 April 2018 and have not been adopted early: IFRS 9 Financial Instruments; IFRS 2 Share Based Payments (Amendment); IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.

Notes to the Condensed Consolidated Financial Information

2 Basis of preparation continued

The Group continues to consider the impact of IFRS15 Revenue from Contracts with Customers which will be applicable in Berkeley's financial year ending 30 April 2019, as well as the other new standards. It will report the impact of IFRS15 in the statutory accounts for the year ending 30 April 2018.

3 Net finance costs

	Six months ended 31 October 2017 Unaudited £m	Six months ended 31 October 2016 Unaudited £m	Year ended 30 April 2017 Audited £m
Finance income	2.6	0.9	2.1
Finance costs			
Interest payable on bank loans and non-utilisation fees	(3.6)	(1.4)	(3.9)
Amortisation of facility fees	(0.9)	(0.6)	(1.5)
Other finance costs	(0.2)	(2.1)	(4.3)
	(4.7)	(4.1)	(9.7)
Net finance costs	(2.1)	(3.2)	(7.6)

Finance income predominantly represents interest earned on cash deposits.

Other finance costs represent interest on the corporate facility and on land purchased on deferred settlement terms.

4 Income tax expense

	Six months ended 31 October 2017 Unaudited £m	Six months ended 31 October 2016 Unaudited £m	Year ended 30 April 2017 Audited £m
Current tax			
UK corporation tax payable	(94.4)	(73.2)	(162.4)
Adjustments in respect of previous periods	2.7	(2.5)	1.8
	(91.7)	(75.7)	(160.6)
Deferred tax			
Deferred tax at 17%-19% / 19% / 20%	(7.3)	(6.5)	(6.7)
Deferred tax adjustment in respect of change in tax rate	(1.3)	-	-
	(100.3)	(82.2)	(167.3)

Notes to the Condensed Consolidated Financial Information continued

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 period.

	Six months ended 31 October 2017 Unaudited	Six months ended 31 October 2016 Unaudited	Year ended 30 April 2017 Audited
Profit attributable to shareholders (£m)	433.0	310.5	645.1
Weighted average no. of shares (m)	136.8	137.6	137.9
Basic earnings per share (p)	316.6	225.7	467.8

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 31 October 2017, the Group had two (2016: two) categories of potentially dilutive ordinary shares: 3.7 million (2016: 11.4 million) £nil share options under the 2011 LTIP and 8,770 (2016: 18,221) share options under the 2015 Bonus Banking plan.

A calculation is undertaken 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.

	Six months ended 31 October 2017 Unaudited	Six months ended 31 October 2016 Unaudited	Year ended 30 April 2017 Audited
Profit used to determine diluted EPS (£m)	433.0	310.5	645.1
Weighted average no. of shares (m)	136.8	137.6	137.9
Adjustments for:			
Share options - 2011 LTIP	3.7	10.5	5.0
Bonus plan shares	-	-	-
Shares used to determine diluted EPS (m)	140.5	148.1	142.9
Diluted earnings per share (p)	308.2	209.6	451.4

Notes to the Condensed Consolidated Financial Information continued

6 Notes to the Consolidated Cash Flow Statement

	Six months ended 31 October 2017 Unaudited £m	Six months ended 31 October 2016 Unaudited £m	Year ended 30 April 2017 Audited £m
Net cash flows from operating activities			
Profit after taxation for the period	433.0	310.5	645.1
Adjustments for:			
- Taxation	100.3	82.2	167.3
- Depreciation	1.3	2.0	2.8
- Loss on sale of property, plant and equipment	-	0.1	0.2
- Finance income	(1.5)	(0.9)	(2.1)
- Finance costs	3.6	4.1	9.7
- Share of results of joint ventures after tax	(24.6)	(4.5)	(63.8)
- Non-cash charge in respect of share-based payments	4.1	9.0	10.9
Changes in working capital:			
- Decrease / (increase) in inventories	271.5	(90.1)	(227.3)
- Decrease / (increase) in trade and other receivables	43.5	(0.5)	(18.4)
- (Decrease) / increase in trade and other payables	(207.3)	(27.9)	13.2
- Decrease in employee benefit obligations	(0.3)	(0.3)	(0.6)
Cash generated from operations	623.6	283.7	537.0
Reconciliation of net cash flow to net cash			
Net increase in cash and cash equivalents, including bank overdraft	347.3	100.5	478.1
Net cash inflow from increase in borrowings	-	-	(300.0)
Movement in net cash in the financial period	347.3	100.5	178.1
Opening net cash	285.5	107.4	107.4
Closing net cash	632.8	207.9	285.5
Net cash			
Cash and cash equivalents	932.8	207.9	585.5
Borrowings	(300.0)	-	(300.0)
Net cash	632.8	207.9	285.5

7 Related party transactions

The Group has entered into the following related party transactions:

Transactions with Directors

During the period, Mr A W Pidgley paid £23,610 (2016: £23,490) to the Group in connection with works carried out at his home at commercial rates in accordance with the relevant policies of the Group. In the prior financial period Mr S Ellis paid £90,924 to the Group. There were no balances outstanding at the period end.

Notes to the Condensed Consolidated Financial Information continued

7 Related party transactions continued

Director property purchases previously disclosed, which have all received shareholder approval, include:

- Ms D Brightmore Armour – purchase of an apartment at 190 Strand for £2,985,000 in 2014 along with a storage room at the property for £101,200 in 2015. During the financial period, Ms Brightmore Armour legally completed on the purchase of both the apartment and storage room. All contractual amounts have been paid to the Group.
- Mr K Whiteman – purchase of an apartment at Royal Arsenal Riverside for £650,000 in 2016. During the period Mr Whiteman paid £971 in respect of enhancements to specification. As at 31 October 2017 all contractual amounts due have been paid to the Group.
- Mr S Ellis – purchase of an apartment at 190 Strand for £2,285,000 in February 2017. During the financial period, Mr S Ellis legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group.

Berkeley Homes plc has 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. No payments have been made under this agreement in the period (2016: nil) and there were no outstanding balances at the period end (2016: nil). 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.

Transactions with Joint Ventures

During the financial period there were no transactions with joint ventures other than movements in loans. There were no dividends received in this period (2016: £40,000,000). The outstanding loan balances with joint ventures at 31 October 2017 total £86,200,000 (30 April 2017: £80,700,000).

In 2009 inventory was sold to St Edward Homes Limited for £17,411,000 being the share of the transaction attributable to the other venture in the joint venture. At 31 October 2017 there was no longer any amount outstanding within trade receivables (30 April 2017: £736,000).

INDEPENDENT REVIEW REPORT TO THE BERKELEY GROUP HOLDINGS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2017 which comprises the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Sean McCallion
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
8 December 2017