The Berkeley Group plc

PRESS RELEASE **5TH DECEMBER 2003**

INTERIM STATEMENT

BERKELEY EARNINGS PER SHARE UP 11.9% WITH

PRE-TAX PROFITS UP 3.5% TO £116.8 MILLION

The Berkeley Group plc ("Berkeley" or "The Group"), the urban regenerator and residential property developer, announces its interim results for the six months ended 31st October 2003. Highlights of the results include:

• **Pre-tax Profits**	**Up 3.5% to £116.8 million**
• **Operating Margins**	**Group housebuilding operating margins, excluding land sales, up to 18.9% from 18.6% at the full year.**
• **Earnings Per Share**	**Increased by 11.9% to 64.8 pence (2002: 57.9 pence)**
• **Net Asset Value Per Share**	**Up 15.0% to 889 pence (2002: 774 pence)**
• **Interim Dividend**	**Up 20.8% to 5.8 pence**
• **Net Debt**	**Down £90.1 million to £3.4 million**
• **ROCE**	**Increased to 20.7% from 20.4%**
• **Land Holdings**	**Up to 26,002 plots from 25,850 at the full year**
• **Forward Order Book**	**Remains solid at £875 million**
• **Share buy-backs**	**1.25 million (1%) shares bought back for £7.8 million with a further 5.3 million (4%) bought back for £40.6 million after the period end**

	October 2003	October 2002	% Difference
Turnover	**£575.8m**	**£559.1m**	**+3.0%**
Operating Profit	**£110.1m**	**£109.7m**	**+0.4%**
Joint Ventures	**£10.6m**	**£9.6m**	**+10.4%**
Interest	**(£3.9m)**	**(£6.5m)**	**-40.0%**
Profit before Tax	**£116.8m**	**£112.8m**	**+3.5%**
EPS	**64.8p**	**57.9p**	**+11.9%**
DPS	**5.8p**	**4.8p**	**+20.8%**
NAVPS	**889p**	**774p**	**+15.0%**

Commenting on the results, Managing Director, A W Pidgley said:

"In our full year statement I described how Berkeley was in a position to continue to deliver enhanced performance in the coming year. I am delighted to report that we have delivered on this intent. In the last six months Berkeley has achieved record profits, generated £144 million of free cashflow and reduced its gearing level to below 1%. At the same time, we have maintained our forward sales position at £875 million, improved operating efficiencies within the Group and increased our unrivalled land holdings.

The property market in the UK has been uncertain, especially in our core markets in London and the South East. However these are the conditions we predicted and for which we planned some time ago.

In the first half Berkeley continued its transition from a traditional home building company to Britain's premier urban regenerator. I am especially proud that our scheme at Gunwharf Quays in Portsmouth was chosen out of 180 schemes to win English Partnership's coveted Partnership in Regeneration Award as well as a prestigious 2003 BURA (British Urban Regeneration Association) Best Practice Award for outstanding regeneration. I was also delighted with the announcement at the beginning of this month that Land Securities has taken full control of the commercial and leisure elements of Gunwharf Quays, allowing Berkeley to focus on completing the residential development of Gunwharf Quays and continuing the regeneration of Portsmouth Harbour.

Our dynamic management approach continued to find innovative ways to give life to the entrepreneurial spirit at the heart of Berkeley. The deal that saw the Crosby management team led by Geoff Hutchinson acquire rights in that business was true to this character, which remains central to our management approach and I believe is key to our continuing success. This transition continued the strategy of simplifying Berkeley, giving security of cashflow and incentivising an experienced management team to deliver. Crosby is on target to deliver over £500 million of operating cashflow within seven years.

Berkeley has a very clear and consistent strategy balancing between Earnings Per Share growth, cash generation and a well-bought land bank to give security of future profits. Berkeley has increasingly focused on protecting asset value and generating cash flow as opposed to primarily focusing on the profit and loss account."

Roger Lewis, Group Chairman said "The housing market over the last six months has been broadly similar in transaction terms to the previous six months, with sales prices holding up relatively well but with varying trends from location to location. New launches have performed extremely well in London, Birmingham and Manchester. There has been over-supply in certain markets and the Group has sold aggressively where this has occurred. These include large detached houses throughout the country and completed city centre schemes in Manchester, Bristol and Cardiff. The Group's house building operating margin was 18.9% compared to 18.6% in the last full year. This shows our unique strength in terms of product quality and diversity, marketing flair and innovation."

Corporate Governance

Berkeley made a statement at the Annual General Meeting that it would be considering its overall remuneration structure this Autumn which it has been undertaking using Halliwell Consulting. The Board is aware of the objectives of our shareholders to have a clear, transparent and understandable remuneration policy. This review is likely to be completed in the New Year and the results will be communicated to our principal shareholders and advisory bodies for feedback and comment.

Fred Wellings, our Senior Independent Director and Chairman of the Audit Committee has resigned from the Board after serving for 9 years. The Board would like to thank Fred for his numerous contributions to Berkeley over the last 9 years which have been greatly valued.

Berkeley has initiated the process to appoint two further Non-Executive Directors to meet our objective of having a balanced Board in line with the principles of the Combined Code. Independent consultants have been appointed and a number of names are already being considered.

The Board has reviewed the composition and Terms of Reference for the Nominations and Audit Committees. The Nominations Committee will comprise of the Chairman and Non-Executive Directors and be chaired by the Group Chairman, unless the Committee is considering the appointment of the Group Chairman or Group Managing Director. In this case, the Nominations Committee will be chaired by the Senior Independent Director. The Terms of Reference of the Audit Committee have been updated to reflect recommended practice following a review of the Combined Code by the Board.

Following the resignation of Fred Wellings, the Audit Committee will be chaired by Roger Lewis the Group Chairman with the view that a new appointee will have the relevant skills to become Chairman of the Audit Committee.

Tony Palmer has been appointed as the Senior Independent Director.

Results

Berkeley is delighted to announce pre-tax profits of £116.8 million for the six months ended 31st October 2003 – an increase of 3.5% on the £112.8 million for the same period last year. Earnings Per Share rose 11.9% from 57.9 pence to 64.8 pence. Berkeley is expecting a broadly similar trading profile between the first and second halves of the year as last year.

Net assets increased by £70.8 million to £1,127.0 million (30th April 2003 - £1,056.2 million), an increase of 6.7%. Net assets per share stand at 889 pence, an increase of 15.0%.

Due to the buy-backs in May 2003, net assets are £7.8 million lower at 31st October 2003 and will be £48.4 million lower at 30th April 2004 as a result of the buy-backs in May and November. Net assets in total have been reduced by £90.1 million since Berkeley began buying back shares in December 2002.

Return on Capital Employed was 20.7%, up from 20.4% last time. At 31st October 2003 bank loans and overdrafts were £3.4 million (April 2003 - £143.1 million) representing a gearing of less than 1% (April 2003 – 13.5%).

Dividends

The Directors are pleased to recommend an interim dividend of 5.8 pence per share. This is 20.8% higher than 2002's interim dividend – continuing our aim to move towards a better balance between the interim and final dividend and not to increase the cover ratios. The cost of this dividend will be £7.1 million and will be payable on 12th February 2004 to shareholders on the register at 16th January 2004.

Trading Analysis

Group turnover was £575.8 million (2002 - £559.1 million). This comprises £555.9 million (2002 - £546.8 million) of residential turnover and £19.9 million (2002 - £12.3 million) of commercial turnover.

During the period Berkeley sold 2,015 units at an average selling price of £271,000. This compares to 1,810 units at an average selling price of £285,000 in the corresponding period in 2002. In the period the Group realised £9.4 million from land sales (2002 - £2.2 million). The Group's policy has always been to take advantage of suitable land opportunities – Berkeley's performance is not, however, dependent on realising such opportunities. Group commercial turnover increased by £7.6 million to £19.9 million with Berkeley taking to profit 10 commercial opportunities on our mixed-use schemes, including Gunwharf Quays, disposing of 52,000 sq ft of offices and 88,000 sq ft of retail, restaurants and hotels.

Joint venture turnover totalled £59.4 million (2002 - £52.1 million). This comprises of £56.9 million (2002 - £49.5 million) from residential projects and £2.6 million (2002 - £2.6 million) from commercial opportunities on mixed-use schemes. The number of units sold was 493 at an average selling price of £231,000. This compares to last year's figure of 283 units at an average selling price of £136,400.

The housebuilding operating margin excluding joint ventures and land sales is 18.9% compared to 18.6% in the last full year; consistent with the range between 18.5% and 19.5% (depending on mix) achieved over recent reporting periods. Joint venture operating margins are 17.8%. In this period £1.2 million has been included in net operating expenses resulting from fees incurred on the Crosby transaction. In the comparable period £1.2 million of goodwill amortisation was included and all goodwill was fully written off last year.

Share Buy Backs

During the period Berkeley purchased 1,250,000 shares at an average cost of 625 pence per share with a further 5,308,318 shares being purchased at an average cost of 764 pence per share in November 2003. The financial costs of these buy-backs were £7.8 million and £40.6 million respectively. Since December 2002 Berkeley has bought back 13,344,877 shares at an average price of 675 pence. As previously stated, buy-backs are not part of Berkeley's core investment strategy but if the opportunity does arise it will be fully considered, especially if it improves shareholder value. The shares bought in November were at a 14% discount to the net asset value per share as at 31st October 2003, and this increased net asset value per share by 5 pence. In total, the shares have been bought at a discount of 24% to October's net asset value per share and have increased net assets per share by approximately 22 pence.

Berkeley Group Strategy

Berkeley's strategy has been consistently applied since the mid 1990s when the decision was made for the Group to concentrate on added value large scale mixed-use brownfield developments as opposed to traditional volume housebuilding.

To deliver this strategy, Berkeley has built up an exceptional and unique management team with experience gained at the forefront of the regeneration industry. This experience has enabled us to undertake some of the most exciting regeneration projects in the country, delivering both the level of quality expected by our customers and the returns sought by our shareholders.

Our business philosophies are unique, bringing entrepreneurial skills to the corporate environment. These skills are difficult to replace and require special focus to ensure they are refreshed and motivated.

Berkeley's sound capital base is demonstrated by our gearing level at 31st October 2003 of less than 1% (2002 – 9.0%). If joint venture debt is included, the gearing level would be 7.0% (2002 – 14.3%). Following the half year end Berkeley has received £85 million from Gunwharf Quays which has resulted in the Group currently being cash positive and less than 5% geared if joint venture debt is included.

Current Trading and The Housing Market

During the first six months of the current financial year, Berkeley's reservations have been in line with the same period in 2002. It is interesting to note that, despite the comments being made in respect of investors and the buy to let market, investors have risen from 44% in the same period last year to over 50%. The Group defines investors as ranging from customers purchasing a second home through to large institutional investors. The continued strength of the underlying investment market for Berkeley has been reassuring.

The recent 0.25% rise in interest rates and uncertainty over future rate movements may affect consumer confidence to some degree. However, high employment levels, interest rates which remain low and a lack of credible alternative investment options should continue to underpin consumer confidence whilst constraints on supply are likely to continue due to planning delays and the complexity of delivering urban regeneration schemes.

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The market, especially in London and the South East continues to provide us a stable environment in which to operate. Sales price increases are very dependent on the location, type of development and stage of construction. As we reported last year, demand for detached houses in the Home Counties and large apartments in Central London has moderated and Berkeley has modest exposure to these markets.

On completed schemes in Manchester, Cardiff and Bristol we have sold aggressively and to achieve this, sales prices achieved have been 5% below our business plan forecast. This is as a result of over-supply of the market and other developers cutting prices to achieve volume and cashflow requirements especially in Manchester. This has been offset by new launches in London, the South East and Home Counties which have achieved between 3.0% to 8.0% above our business plan forecast. Build costs continue to remain under pressure given the skills shortage, though through careful management and intelligent engineering of the build process, Berkeley has been able to maintain its operating margin.

For the Group to achieve its full year targets, 51% of sales are required on units under £300,000 and 76% under £500,000. Of the sales required, 85% are outside London. Although this is cause for optimism, we have no illusion about the competitiveness of the market and the effect on sales prices which can occur if our competitors require volume for year-end or cashflow targets. Current market conditions favour companies with distinctive and high quality products.

Forward Sales

Berkeley's strategy has always been to sell its houses at an early stage in the development cycle in order to secure an early commitment from customers and thus enhance the quality of future income and security in the profit and loss account. This strategy has always stood the Group in good stead, whatever the market conditions. At 31st October 2003 Berkeley held forward sales of £875.4 million, a drop of £45.4 million from 30th April 2003. Of this total £164.9 million was included in the results for six months to October 2003. Shown as debtors in the balance sheet, it reflects cash to be collected on units taken to sales. The balance of £710.5 million will benefit the second six months of the current year as well as future years.

Land Holdings

Berkeley has broadly replaced the number of units used up during trading in the six months from May to October. The land market has been extremely competitive in the period and Berkeley has adopted very strict investment criteria. Berkeley has continued to review its owned land holdings maximising densities wherever possible in line with best planning practice. This has the advantage of improving unit numbers and gross margin without using up further capital employed in land.

As a result, at 31st October the Group controlled some 26,002 plots compared to 25,850 at 30th April 2003. Of these holdings, 18,884 (April 2003 – 19,459) are owned and included in the balance sheet. In addition, 5,411 (April 2003 – 3,358) are contracted and a further 1,707 (April 2003 – 3,033) have terms agreed and solicitors instructed. At 31st October 2003 the estimated gross margin on those 26,002 remains over £2 billion. Over 95% of our land holdings are on brownfield or recycled land.

Group Structure

During the period, Berkeley has continued to simplify its structure as it continues to move away from developing small sites to large urban regeneration projects. The Group now operates through 9 divisions and 26 operating companies. Of the 26 operating companies, six are project focused and this is forecast to increase.

In the period the Crosby management team subscribed for shares in Crosby which will entitle them to 50.01% of the economic and voting rights of Crosby after the generation of £450 million of operating cashflow. I am delighted to report that Crosby is in front of its business plan and has to date generated £39.9 million of operating cashflow.

The Board announced earlier this week that Land Securities has taken full control of the retail and leisure elements of Gunwharf Quays. Land Securities will pay The Berkeley Group in aggregate for Gunwharf Quays around £170 million, of which £64 million was paid by April 2003, £90 million is forecast by the end of April 2004, of which £85 million was received in November 2003, and the remainder thereafter. The remainder is paid to The Berkeley Group in tranches, the timing of which will be related initially to the base rents secured and one year thereafter, to the level of turnover rents. The final amount payable will depend on the turnover element of the rents received. The commercial and leisure phase at Gunwharf Quays is forecast to contribute £9 million of gross margin to the second half pre-tax profits. This week Berkeley submitted planning applications for a further 483 residential units on the next phase of Gunwharf Quays.

Prospects

At Berkeley we have never forgotten the particular challenges inherent in a cyclical business. The policy of the Board has always been to ensure a sound capital base and to put in place financial resources well ahead of need, enabling it to invest in new opportunities. This approach has delivered consistently impressive profits and has allowed the Group to be selective in its timing of new land acquisitions.

This position, which is maintained by focused and determined management, creates the platform for the entrepreneurial characteristics of our business to flourish, adding value to our shareholders and producing homes that our customers want. Berkeley is well placed for the future, which we look forward to with confidence.

For Further Information:

The Berkeley Group	Smithfield Financial
Roger Lewis, Chairman 01932 868555	John Antcliffe Rupert Trefgarne 0207 360 4900

The Berkeley Group plc

Consolidated Profit and Loss Account

	Notes	Six months ended 31 October 2003 Unaudited £000	Six months ended 31 October 2002 Unaudited £000	Year ended 30 April 2003 Audited £000
Turnover including share of joint ventures	2(a)	635,199	611,252	1,250,165
Less: share of joint ventures' turnover		(59,449)	(52,123)	(99,325)
Turnover – continuing operations		575,750	559,129	1,150,840
Cost of sales		(419,157)	(403,167)	(835,770)
Gross profit		156,593	155,962	315,070
Net operating expenses		(46,485)	(46,246)	(99,406)
Operating profit – continuing operations		110,108	109,716	215,664
Share of operating profit in joint ventures		10,596	9,618	16,542
Total operating profit including share of joint ventures	2(b)	120,704	119,334	232,206
Net interest payable	3	(3,890)	(6,495)	(11,025)
Profit on ordinary activities before taxation		116,814	112,839	221,181
Taxation	4	(34,804)	(35,195)	(66,497)
Profit on ordinary activities after taxation		82,010	77,644	154,684
Dividends		(7,089)	(6,479)	(24,909)
Retained profit for the period		74,921	71,165	129,775
Dividends per Ordinary Share		5.8p	4.8p	19.2p
Earnings per Ordinary Share - basic	5	64.8p	57.9p	116.0p
- diluted	5	64.6p	57.7p	115.7p

The Berkeley Group plc

Consolidated Balance Sheet

	As at 31 October 2003 Unaudited £000	As at 31 October 2002 Unaudited £000	As at 30 April 2003 Audited £000
Fixed assets			
Intangible assets	-	1,159	-
Tangible assets	16,016	19,266	18,492
Investments	2,100	2,803	2,145
Joint ventures			
- Share of gross assets	232,758	230,393	227,387
- Share of gross liabilities	(168,955)	(175,952)	(170,612)
	63,803	54,441	56,775
	81,919	77,669	77,412
Current assets			
Stocks	1,080,288	1,133,053	1,151,103
Debtors	184,402	149,117	247,436
Investments	62,609	58,672	62,047
Short term deposits and cash at bank	96,691	106,688	57,103
	1,423,990	1,447,530	1,517,689
Creditors (amounts falling due within one year)			
Borrowings	(120)	(163)	(153)
Other creditors	(274,567)	(272,781)	(316,573)
	(274,687)	(272,944)	(316,726)
Net current assets	1,149,303	1,174,586	1,200,963
Total assets less current liabilities	1,231,222	1,252,255	1,278,375
Creditors (amounts falling due after more than one year)			
Borrowings	(100,000)	(200,000)	(200,000)
Other creditors	(4,214)	(12,829)	(22,219)
	(104,214)	(212,829)	(222,219)
Net assets	1,127,008	1,039,426	1,056,156
Capital and reserves			
Share capital	31,881	33,743	32,054
Share premium	425,057	420,427	420,603
Capital redemption reserve	2,010	-	1,697
Retained profit	633,425	558,103	571,248
Joint ventures' reserves	34,135	27,153	30,554
Equity shareholders' funds	1,126,508	1,039,426	1,056,156
Equity minority interest	500	-	-
	1,127,008	1,039,426	1,056,156
Net assets per Ordinary Share	889p	774p	829p

The Berkeley Group plc

Consolidated Cash Flow Statement

	Six months ended 31 October 2003 Unaudited £000	Six months ended 31 October 2002 Unaudited £000	Year ended 30 April 2003 Audited £000
Cash inflow from operating activities	193,241	180,269	204,385
Dividends from joint ventures	355	1,079	1,245
Returns on investments and servicing of finance	(2,498)	(4,677)	(7,233)
Taxation	(29,102)	(14,604)	(46,579)
Capital expenditure and financial investment	18	4,744	13,744
Equity dividends paid	(18,324)	(16,875)	(23,321)
Net cash inflow before financing	143,690	149,936	142,241
Financing	(104,102)	(35,486)	(77,376)
Increase in cash in the period	39,588	114,450	64,865
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period	39,588	114,450	64,865
Cash outflow from decrease in debt	100,033	35,532	35,542
Movement in net debt in the period	139,621	149,982	100,407
Opening net debt	(143,050)	(243,457)	(243,457)
Closing net debt	(3,429)	(93,475)	(143,050)

	Six months ended 31 October 2003 Unaudited £000	Six months ended 31 October 2002 Unaudited £000	Year ended 30 April 2003 Audited £000
Reconciliation of operating profit to operating cash flows			
Operating profit	110,108	109,716	215,664
Goodwill amortised	-	1,200	2,359
Depreciation	1,428	1,578	3,147
Profit on sale of tangible fixed assets	(161)	(1,238)	(1,634)
Stocks – decrease/(increase)	70,815	(14,808)	(32,858)
Debtors – decrease	65,152	131,306	32,898
Investments - increase	(517)	(3,158)	(6,533)
Creditors – decrease	(53,584)	(44,327)	(8,658)
Cash inflow from operating activities	193,241	180,269	204,385

The Berkeley Group plc

Reconciliation of Movements In Shareholders' Funds

	Six months ended 31 October 2003 Unaudited £000	Six months ended 31 October 2002 Unaudited £000	Year ended 30 April 2003 Audited £000
Profit for the period	82,010	77,644	154,684
Dividends	(7,089)	(6,479)	(24,909)
Retained earnings	74,921	71,165	129,775
Share buy-backs	(7,863)	-	(42,039)
New share capital subscribed	4,592	71	255
Contribution to QUEST	(1,298)	(25)	(50)
Net additions to equity shareholders' funds	70,352	71,211	87,941
Opening equity shareholders' funds	1,056,156	968,215	968,215
Closing equity shareholders' funds	1,126,508	1,039,426	1,056,156

The Berkeley Group plc

Notes to the Interim Report

1. **Basis of preparation**

The interim accounts have been prepared in accordance with the accounting policies set out in the audited financial statements for the year ended 30 April 2003.

	Six months ended 31 October 2003 Unaudited £000	Six months ended 31 October 2002 Unaudited £000	Year ended 30 April 2003 Audited £000
2. **Analysis by Activity**			
(a) Turnover			
Residential housebuilding			
Group	555,862	546,841	1,130,062
Joint ventures	56,859	49,497	91,450
	612,721	596,338	1,221,512
Commercial property and other activities			
Group	19,888	12,288	20,778
Joint ventures	2,590	2,626	7,875
	22,478	14,914	28,653
Total	635,199	611,252	1,250,165
(b) **Operating profit**			
Residential housebuilding			
Group	105,454	106,098	212,012
Joint ventures	9,860	8,565	14,205
	115,314	114,663	226,217
Commercial property and other activities			
Group	4,654	3,618	3,652
Joint ventures	736	1,053	2,337
	5,390	4,671	5,989
Total	120,704	119,334	232,206

Included in Group residential housebuilding turnover and operating margin is £9,424,000 and £2,264,000 in respect of land sales (2002: £2,225,000 and £988,000).

The Berkeley Group plc

Notes to the Interim Report continued

	Six months ended 31 October 2003 Unaudited £000	Six months ended 31 October 2002 Unaudited £000	Year ended 30 April 2003 Audited £000
3. **Net interest payable**			
Interest receivable	1,898	761	2,395
Interest payable on bank loans and overdrafts	(4,055)	(5,942)	(10,403)
Interest payable - share of joint ventures	(1,733)	(1,314)	(3,017)
	(3,890)	(6,495)	(11,025)
4. **Taxation**			
UK corporation tax	(34,291)	(32,397)	(62,021)
Deferred tax	2,118	(328)	(352)
Share of joint ventures' tax	(2,631)	(2,470)	(4,124)
	(34,804)	(35,195)	(66,497)

5. **Earnings per Ordinary Share**
   Earnings per Ordinary Share is based on the profit after taxation of £82,010,000 (2002: £77,644,000) and the weighted average of number of Ordinary Shares in issue during the period of 126,489,348 (2002: 134,179,832). For diluted earnings per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted to assume the conversion of all dilutive potential Ordinary Shares. The dilutive potential Ordinary Shares relate to shares granted under employee share schemes where the exercise price is less than the average market price of the Ordinary Shares during the period. The effect of the dilutive potential Ordinary Shares is 506,367 shares (2002: 323,325), this gives a diluted weighted average number of Ordinary Shares of 126,995,715 (2002: 134,503,157).

6. These interim accounts are unaudited but have been reviewed by the auditors who review report is set out below. The abridged financial information relating to the year ended 30 April 2003 is an extract from the latest financial statements, which have been filed with the Registrar of Companies. The report of the auditors on these financial statements was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The financial information summarised above does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

7. The interim results were approved by the Board on 4th December 2003 and the interim statement, which is available for inspection at the Company's Registered Office, will be sent by mail to shareholders in December 2003.

Independent Review Report to The Berkeley Group plc

Introduction

We have been instructed by the company to review the financial information which comprises the profit and loss account, the balance sheet, the cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2003.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 December 2003

Notes:

(a) The maintenance and integrity of The Berkeley Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.