PRESS RELEASE **6 DECEMBER 2019**

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 2019.

Berkeley is the country's leading place-maker, operating principally in London, Birmingham and the South East. We are a proud UK business specialising in the creation of beautiful, successful and sustainable places where communities thrive and people of all ages and backgrounds enjoy a great quality of life.

DELIVERING FOR ALL STAKEHOLDERS

- 1,389 homes delivered – Berkeley delivers more than 10% of London's new private and affordable homes
- Over 11,000 people working across our sites
- 300 apprentices worked on Berkeley sites in the six months
- Maintaining the Industry's leading Net Promoter Score and customer service ratings
- 29 developments now have approved Net Biodiversity Gain strategies to measurably increase their environmental value and support nature recovery
- Maintaining net carbon positive business operations and progressing work to enable our new developments to operate at net zero carbon by 2030

EARNINGS

- Pre-tax profit now returned to normal level, following successful delivery of a number of Central London developments acquired in the period from 2009 to 2013
- £276.7 million of pre-tax profit (2018: £401.2 million), with EPS down 28.3%, as anticipated
- On target to deliver £3.3 billion of pre-tax profit in the six years to 30 April 2025, with the profit in any one year ranging between £500 million and £700 million, depending upon the timing of delivery, generating pre-tax ROE of at least 15% per annum from long-term regeneration activities

FINANCIAL POSITION

- Net cash of £1,060.6 million (April 2019: £975.0 million)
- Net asset value per share up 5.2% to £24.25 (April 2019: £23.05)
- Cash due on forward sales of £1.9 billion (April 2019: £1.8 billion)
- £6.3 billion of estimated future gross margin in land holdings (April 2019: £6.2 billion)

STRATEGY FOR INVESTMENT AND SHAREHOLDER RETURNS

- Berkeley is delivering 25 large and extremely complex regeneration schemes in London and the South East, resulting in net investment in working capital in the period as it brings forward the next wave of regeneration sites
- 2 new large regeneration sites added to land holdings in the period, comprising more than 3,000 homes
- 3 new significant planning consents in the period at Staines, High Wycombe and Poplar, covering approximately 4,000 homes, with 6 sites beginning production in the period
- On track to deliver last year's extended Shareholder Returns commitment of £280 million per annum to 2025
- 3.3 million shares acquired in the six month period for £124.6 million and dividends paid of £25.2 million

CHAIRMAN'S STATEMENT

Today's results reflect the consistent execution of Berkeley's uniquely long-term strategy and represent a mix of sales on a number of Central London developments acquired after the financial crisis, which are now reaching completion, and ongoing delivery of our long-standing complex, large-scale brownfield regeneration developments. A number of these regeneration developments have matured into welcoming and popular communities after years of patient investment and place-making, including Kidbrooke Village, Woodberry Down, Royal Arsenal Riverside, Chelsea Creek and Beaufort Park. Our holistic approach to reviving these undervalued sites generates sustainable commercial returns and a lasting mix of social, economic and environmental benefits that extend well beyond the site boundaries.

Looking forward in London, Berkeley is now one of very few remaining developers delivering long-term regeneration programmes at scale, due to the complexity of bringing these sites through the development process, their high capital requirements and the uncertain macro conditions that have seen others step back, despite the city's undersupply of housing. In contrast, Berkeley's strategy is founded on our expertise and experience which, combined with our balance sheet strength, enables us to effectively manage these high risk regeneration programmes and unlock the latent value within London's vast industrial spaces for all stakeholders. This long-term approach to development enables Berkeley to respond to all stages of the housing market cycle and to invest in new land opportunities at the right time.

The period has seen good progress in the development of our own volumetric modular construction facility in Ebbsfleet which will be an exemplar of innovation in construction, helping address a number of challenges within our industry's supply chain around quality and skills. The machinery is due to be commissioned throughout 2020 when the first modules will be delivered to our sites. We have employed more than 30 staff for the factory operations, with ten apprentices being trained to operate the machinery.

In October we were delighted to see the publication of the Government's draft Environment Bill, which confirmed plans to make biodiversity net gain mandatory for all developments. Berkeley has led the industry on this issue, with a total of 29 sites already committed to measurably increasing nature. We hope any future Government will progress this policy which is so vital to restoring our natural environment and ensuring more local communities will benefit from beautiful, wild and nature rich landscapes.

We are also committed to driving the decarbonisation of the built environment, and have now developed our first zero carbon transition plans for three of our sites. This research has helped establish the design principles, infrastructure choices, energy strategies and technologies that will enable Berkeley, and others, to deliver homes that can operate at net zero carbon by 2030.

I am pleased to report that Berkeley's industry leading approach to sustainability has been recognised with a series of awards, including Carbon Reduction or Offset Programme of the Year (Better Society Awards 2019); Sustainable Housebuilder of the Year (Housebuilder Awards 2019); National Company of the Year (Estate Gazette Awards 2019); and Future of Real Estate Awards (Estates Gazette Awards 2019).

Berkeley has a long-term programme in place to return £280 million to shareholders each year, through either share buy-backs or dividends in equal semi-annual instalments. The year for measuring these returns, that now equate to £2.23 per share, runs from October to September. In the first six months of the year, Berkeley paid dividends of £25.2 million and acquired 3.3 million shares for £124.6 million. This completed the return for the year ended 30 September 2019, and also included £15.3 million of the £140.1 million committed to be returned by 31 March 2020.

I want to thank everyone at Berkeley for making these achievements possible and for the great passion and creativity they bring to their work. Our driving purpose is to build fantastic homes, strengthen communities and improve people's lives. This guides everything we do and I'm very proud of the many positive and lasting impacts that stem from our work.

Tony Pidgley CBE
Chairman

CHIEF EXECUTIVE'S STATEMENT

Summary of Performance

Berkeley has delivered pre-tax earnings of £276.7 million for the six month period. This is from the sale of 1,389 homes (2018: 2,027) at an average selling price of £644,000 (2018: £740,000), reflecting the mix of properties sold in the period. The reduction in profit before tax of 31.0% on the equivalent period last year was anticipated and reflects the completion of a number of Central London developments acquired in the period from 2009 to 2013.

Six months ended 31 October	2019	2018	Change	
	£'m	£'m	£'m	%
Revenue	930.9	1,653.4	-722.5	-43.7%
Gross profit	336.3	482.8	-146.5	-30.3%
Operating expenses	(79.9)	(80.7)	+0.8	+1.0%
Operating profit	256.4	402.1	-145.7	-36.2%
Net finance costs	0.9	(3.2)	+4.1	
Share of joint ventures	19.4	2.3	+17.1	
Profit before tax	276.7	401.2	-124.5	-31.0%
Pre-Tax Return on Equity	18.4%	30.5%		
Earnings Per Share – Basic	176.4p	246.0p	-69.6p	-28.3%

These results represent a good start to the six year pre-tax profit target of £3.3 billion announced with Berkeley's September Trading Update, which is underpinned by the visibility provided by the Group's unrivalled land holdings, strong forward sales position and financial strength.

Berkeley's net cash of £1,060.6 million continues to reflect the under-investment of the last three years, commensurate with the uncertain operating environment. Notwithstanding this, and the high level of profit delivery over this period, Berkeley has increased the estimated gross profit in its land holdings to £6.3 billion (April 2019: £6.2 billion).

Strategy Update and Shareholder Returns

Berkeley's strategy for capital allocation is to: first, invest in opportunities for the business where the right risk-adjusted returns are available; second, to ensure the financial strength reflects the prevailing macro environment; and third, to make returns to shareholders through either dividends or share buy-backs.

Berkeley's business model as an added value developer is founded on maintaining the financial strength appropriate to its regeneration activities which carry high operational risk through their complexity and require significant capital investment. Since the end of the financial crisis in 2011, Berkeley has acquired a number of fantastic new long-term regeneration sites, on its own balance sheet and with its joint venture partners; a number of which are now in, or coming into, production. In total, we are now bringing forward 25 large and extremely complex residential-led developments in London and the South East, 20 of which have been acquired since the start of this period, transforming the Group's business.

In London, these include sites at White City, London Dock in Wapping, Grand Union in Brent, Southall Waterside and Oval Village, amongst others. Outside the capital, these include sites in Birmingham, Reading and Slough. In its joint ventures, this includes Green Park Village in Reading and Hartland Village in Fleet in St Edward, and Prince of Wales Drive in Battersea, Clarendon in Hornsey and King's Road Park in Fulham in St William.

Berkeley has the unique expertise to unlock the social and economic value in all of these long-term sites, coupled with the strong capital base required to execute their delivery as, by nature they are highly capital intensive; particularly in the early stages of remediation and investment in site infrastructure. The success of these sites is founded on trusted partnerships with local authorities and communities and their development is directly aligned to the Government's strategy for increasing the supply of good quality homes for everyone, across all tenures. Few other developers have the expertise, capital or appetite to undertake these projects as they require a skill-set and business model that is largely unique to Berkeley.

Over the last 18 months we have begun construction on 20 new sites, including a number of those listed above. This and the robust forward sales of the Group underpin the target set with our September Trading Update to deliver £3.3 billion of pre-tax profits in the six years to 30 April 2025, which in turn underpinned the commitment made this time last year to extend the £280 million annual Shareholder Returns to September 2025.

By the end of the six-year period Berkeley will have increased its annual housing delivery (including in its joint ventures) by as much as 50%, with the majority of its sales from these regeneration sites which are at a lower average selling price than properties taken to sales in recent accounting periods.

In this next phase of its strategy, Berkeley is targeting a long-term, sustainable pre-tax return on equity of at least 15% per annum. This return is commensurate with the investment required to bring forward the next generation of sites, their longevity and relative risk profile, alongside Berkeley's lasting commitment to investing in the wider community benefits that good development brings.

Berkeley is able to make the payments under its Shareholder Returns programme through either share buy-backs or dividends. Since January 2017, when share buy-backs were first introduced, the Company has acquired 14.4 million shares for £508 million, at an average price of £35.27 per share and the annual return of £280 million now equates to £2.23 per share; an 11% increase to the initial £2.00 per share.

In line with its commitment made following the Company's Annual General Meeting in September, the Board will consult with Shareholders in the New Year on its Remuneration Policy, ensuring that it remains closely aligned to Berkeley's strategy, including capital allocation.

Housing Market

The six months has seen Berkeley bring two new regeneration developments to the market at Grand Union in Brent and St William's King's Road Park, as well as releasing the next phases at established developments of White City, London Dock, West End Gate and Prince of Wales Drive.

The confidence customers have in Berkeley to deliver homes and places of quality in vibrant and sustainable locations, have supported these launches with underlying reservation levels ahead of last year by some 10%. Pricing has remained firm and we continue to secure prices above our business plan levels, broadly covering any cost increases. This reflects the combined impact of both our increased launch activity in London and continued stability in our underlying sales markets, particularly in London where there is good relative value in a number of locations and supply remains well below the numbers required to meet the Capital's housing need. In addition, St Edward agreed to dispose of 190 retirement living apartments at Royal Warwick Square, Kensington, through a forward sale agreement to a retirement living provider.

We have also launched four developments to the market outside London and a further one in London: Abbey Barn Park in High Wycombe, Huntley Wharf in Reading, Hollyfields in Royal Tunbridge Wells and St William's Courtyard Gardens in Oxted and The Cottonworks in Finsbury Park. Our increased launch activity reflects the current investment phase with 15 sites having moved into production last financial year and a further six sites this half year.

Consequently, as anticipated, the Group's cash due on forward sales has stabilised following a period of moderation from exceptional levels, rising to £1.9 billion from £1.8 billion at the most recent year-end. The cash due on these forward sales will be collected in the next three financial years and it excludes sales of Affordable Housing and sales by our joint ventures. Berkeley's sales continue to be split broadly evenly between owner occupiers and investors, with overseas customers continuing to see value in the London market. Our cancellation rates have been at normal levels and Help-to-Buy reservations accounted for 167 sales in the period.

Berkeley has added two new sites in London to its land holdings in the period; firstly in Old Kent Road in Southwark where the Group has completed a challenging land assembly and has achieved a resolution to grant consent for up to 1,300 new homes, and secondly, a conditional purchase in Brentford in the St Edward joint venture where we will be working with the Council and local community to develop a planning submission encompassing a significant number of new homes and other facilities. Both sites are examples of Berkeley's value added approach in taking on complex situations and creating fantastic long-term development opportunities.

We continue to appraise a number of new land opportunities but these take time to secure given the prevailing macro environment and planning complexity in London. We have obtained three new planning consents in the period, including St William's development in Poplar for up to 2,800 new homes and obtained more than 35 revisions to existing consents.

Build cost rises remain around 4% per annum. We expect these to remain around this level as we are seeing capacity in certain trades with London residential starts so low and less activity in the retail sector, offsetting the wider risks that exist around Brexit and political uncertainty.

Our Vision

Through the 'Our Vision' strategy for the business we aim to generate long-term value and have a positive impact on our employees, customers, the environment and society.

Every two years we set commitments under our five strategic focus areas: Customers, Homes, Places, Operations and Our People. We are on track for completion of the current commitments by April 2020 and are evolving the strategy to take the business forward from May 2020.

Customers

Our Net Promoter Score of 78.9 (on a scale of -100 to +100) and recommend to a friend score of 98% are both significantly higher than the industry averages of 32 and 87%, respectively (HBF, March 2019 figures).

Homes

Berkeley wants to be at the forefront of providing homes where occupants can live a low carbon lifestyle. We co-sponsored the UK Green Building Council Advancing Net Zero Framework to help produce a definition for the industry as a whole, whilst progressing work on our own commitment on how to deliver homes which can operate at net zero carbon by 2030.

Detailed research was undertaken on three developments to understand the impact of future changes in low carbon technology and energy supply. Our commitment from May 2019 is for all new sites submitted for planning to develop a low carbon transition plan, taking into account how the design, specification and infrastructure we provide can reduce the carbon emissions of home owners both now and in the future.

Places

Our strong partnership approach to building communities is bespoke to each site and we are progressing work to demonstrate the value to society that each of our developments can bring.

Our leading approach to achieve a net biodiversity gain on each and every site we develop has been commended by Natural England and is echoed in the Government's draft Environment Bill which sets out the intention to mandate net biodiversity gain for new developments. Nature is just one area for which we were recognised as Sustainable Housebuilder of the Year at the Housebuilder Awards 2019.

We continue to undertake research on how new technologies and more sustainable transport methods, including electric cars, will impact our urban landscape. We are now developing design principles for our developments to encourage the use of more sustainable methods of transport.

Operations

We are proud to run our sites with consideration to local communities and the environment. Our 12-month rolling average Considerate Constructors Scheme score of 43.2/50 is significantly above the industry average for the same period (36.7/50) and demonstrates the care we take on each development under construction to limit our impact on our surroundings. More broadly, we continue to develop our award-winning approach to ensuring our day-to-day operations are carbon positive, implementing measures to reduce our emissions as a priority and using offsetting as an additional and immediate measure to reduce carbon whilst our processes and technologies evolve.

We have a target to increase the proportion of construction delivered through off-site assembly and each of our project teams reviews the potential for using off-site manufacture from the outset. We continue to work with our supply chain partners to create a volumetric modular solution for production at the Berkeley Modular facility.

Our People

We employ more than 2,600 talented individuals whose skills and expertise are central to the successful redevelopment of the most complex of sites.

We focus on emerging talent as a means of helping to address the industry skills shortage and have welcomed 31 new graduates this autumn. In addition, more than 100 apprentices currently work for Berkeley and during the last six months there was an average of 180 apprentices working on our sites each month for our contractors. Individuals and contractors were recognised at the fourth Berkeley Group Apprentice Awards in October and we were delighted that our REACH Apprentice Scheme was named CITB's Large Apprentice Employer of the Year 2019.

We recognise the benefits a diverse workforce can bring and are implementing new measures as part of our Diversity and Inclusion strategy. 38% of employees are women and to increase diversity our autonomous businesses are introducing initiatives ranging from enhancing recruitment processes to providing awareness training and creating a more inclusive working environment. We also support wider initiatives such as the development of a training programme for women at the West London Construction Academy at Southall Waterside.

Health, safety and wellbeing is of the highest priority. Our latest 12-month rolling Accident Injury Incidence Rate (AIIR) is 1.14 reportable incidents for every 1,000 people working on our sites and in our offices (2019: 1.14). This is testament to the dedication of our teams in focusing on behavioural safety in addition to adhering to stringent standards. This year we have developed a network of mental health first aiders and have signed up to the Building Mental Health Charter and Framework.

The Berkeley Foundation

We continue to support our local communities through the Berkeley Foundation (the "Foundation"), a registered charity. The Foundation works in partnership with the voluntary sector across London, Birmingham and the South East, to help young people overcome barriers, improve their lives and build a fairer society.

Berkeley employees continue to support the Foundation's work with enthusiasm, with 65% of staff getting involved each year through fundraising and volunteering. Their efforts, coupled with those of our supply chain, have enabled the Foundation to support more than 100 charities since 2011, reaching over 24,000 people.

The Foundation has recently renewed three of its key Strategic Partnerships. It will be working with homeless charity Crisis for a further three years, supporting The Lord's Taverners' disability cricket coaching for an additional four years, and will be a key partner in The Change Foundation's Street Elite programme for another five years. Each of these relationships builds on the strength of the Foundation's current partnerships, enabling charities to deepen their impact, reach into new geographical areas, and help even more people to improve their lives.

Outlook

This has been a good start to the year for Berkeley. We have a clear long-term strategy to deliver strong, sustainable, risk-adjusted returns for our shareholders, while transforming highly complex brownfield sites to produce fantastic outcomes for all our stakeholders, including a high proportion of London and the South East's much needed new homes, across all tenures.

We remain alert to market risks with a General Election next week and the delay to the UK's proposed exit from the European Union prolonging the uncertain operating environment of the last three years. This is damaging to our economy and London where fewer developers are prepared or able to accept the high operational risk of bringing forward new homes, with supply falling as a consequence.

Berkeley's unique operating model equips it with the expertise and capital required to operate at scale in London which remains a fantastic, vibrant, global city; rich in its diversity and opportunity. With our uniquely well positioned land holdings, forward sales of £1.9 billion and £1.06 billion of net cash, we are well placed to continue making a positive contribution to the economic, social and environmental well-being of London and the South East.

Rob Perrins
Chief Executive
TRADING AND FINANCIAL REVIEW

Trading performance

Revenue of £930.9 million in the period (2018: £1,653.4 million) arose primarily from the sale of new homes in London and the South East. This included £912.4 million of residential revenue (2018: £1,513.7 million) and £18.5 million of commercial revenue (2018: £139.7 million).

1,389 new homes (2018: 2,027) were sold across London and the South East at an average selling price of £644,000 (2018: £740,000). The changes to both volumes and average selling price were in line with expectations and reflect the mix of developments and varying stages thereon, particularly in London.

Revenue of £18.5 million from commercial property includes the disposal of 41,000 sq ft of mainly retail and leisure space across London developments including One Blackfriars, Goodman's Fields and Vista amongst others. In the comparative period revenue of £139.7 million included two significant disposals of a 190-bed hotel at 250 City Road and 71,000 sq ft of office, retail and leisure space at One Tower Bridge.

The gross margin percentage has increased to 36.1% (2018: 29.2%), reflective of the mix of properties sold in the period. Overheads of £79.9 million are similar to the comparable period at £80.7 million.

Berkeley's share of the results of joint ventures was a profit of £19.4 million (2018: £2.3 million). St William delivered its first profits in the period resulting from the completions across three developments; Prince Of Wales Drive in Battersea, Elmswater in Rickmansworth and Fairwood Place in Borehamwood. The stage of delivery on St Edward developments means the current completions are predominately at Green Park Village in Reading.

The Group has remained cash positive on a net basis throughout the period. Net finance income totaled £0.9 million in the period (2018: £3.2 million finance cost) due to interest income on cash deposits which outweighed facility fees, interest on the £300 million term borrowing and imputed interest on land creditors.

Pre-tax return on equity for the period is 18.4%, compared to 30.5% for the comparative period reflecting the return of profitability to normal levels. Basic earnings per share has decreased by 28.3% from 246.0 pence to 176.4 pence, which takes into account the buy-back of 3.3 million shares during the period at a cost of £124.6 million.

Financial Position

Net assets increased over the six month period by £82.5 million, or 2.8%, to £3,046.8 million (30 April 2019: £2,963.3 million). This is after payment of £25.2 million of dividends and the £124.6 million of share buy-backs. This equates to a net asset value per share of 2,425 pence, up 5.2% from 2,305 pence at 30 April 2019, given the share buy-backs undertaken in the period.

Inventories have increased by £158.9 million from £3,114.7 million at 30 April 2019 to £3,273.6 million at 31 October 2019. Inventories include £219.8 million of land not under development (30 April 2019: £395.2 million), £2,885.4 million of work in progress (30 April 2019: £2,584.7 million) and £168.4 million of completed stock (30 April 2019: £134.8 million). The reduction in land not under development reflects the movement of a number of sites into production, with work in progress increasing accordingly alongside build investment.

Trade and other payables are £1,652.4 million at 31 October 2019 (30 April 2019: £1,595.5 million). These include £740.5 million of on account receipts from customers (30 April 2019: £686.1 million) and land creditors of £125.9 million (30 April 2019: £92.6 million). Provisions of £105.2 million (30 April 2019: £79.1 million) include post completion development obligations and other provisions.

The Group ended the period with net cash of £1,060.6 million (30 April 2019: £975.0 million), which consists of cash holdings of £1,360.6 million and a £300.0 million term loan drawn under the Group's banking facilities.

This is an increase of £85.6 million during the period (2018: £172.4 million) as a result of £251.3 million of cash generated from operations (2018: £396.3 million) and a net outflow of £97.3 million in working capital (2018: net inflow of £126.0 million), before tax and other net cash inflows of £81.4 million (2018: outflow £112.4 million), dividends of £25.2 million (2018: £43.8 million) and share buy-backs of £124.6 million (2018: £193.7 million).

Banking

The Group has 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 2023. The Group's cash holdings are currently placed on deposit with its relationship banks.

Joint Ventures

Investments accounted for using the equity method have decreased from £374.7 million at 30 April 2019 to £247.9 million at 31 October 2019. Berkeley's joint ventures include St Edward, a joint venture with M&G and St William, a joint venture with National Grid plc. The decrease in joint venture investments during the period reflects Berkeley's share of joint venture profits of £19.4 million, further funding into St William of £2.5 million, offset by a dividend distribution from St Edward of £148.7 million.

In St Edward, 36 homes were sold in the period at an average selling price of £711,000 (2018: 57 at £863,000). The majority of completions occurred at Green Park Village, complimented by further completions at the Kensington development.

In total, 5,338 plots (30 April 2019: 3,736 plots) in Berkeley's land holdings relate to six St Edward developments, three in London (Westminster, Kensington and Brentford which was acquired in the period) and three outside the capital (Reading, Fleet and Wallingford). The joint venture will not be proceeding with a conditional site in Queensway, Birmingham which has been removed from the land holdings in the period.

In St William, 176 homes were sold in the period at an average selling price of £825,000 (2018: nil). These completions were across three developments: Prince of Wales Drive, Elmswater and Fairwood Place.

In total, 9,643 plots (30 April 2019: 9,812 plots) in Berkeley's land holdings relate to 16 St William developments which are contracted in the joint venture. St William has completed the purchase of eight of these sites which are all in production and include the long-term regeneration developments of Prince of Wales Drive (over 900 homes), Clarendon in Hornsey (over 1,700 homes) and King's Road Park in Fulham (over 1,800 homes).

The remaining eight St William sites are included in Berkeley's conditional land holdings. Shortly before the half year, St William completed the section 106 agreement for its site at Leven Road in Poplar which will enable the delivery of up to 2,800 new homes. The site will move into production during the second half of the financial year. A development in Sunninghill, Ascot has a detailed planning consent for 76 homes but remains conditional. The other six sites all remain in the planning process and Berkeley continues to work closely with National Grid to identify further sites from across its portfolio to bring through into the joint venture.

Land Holdings

Berkeley's land holdings comprise 57,122 plots at 31 October 2019 (30 April 2019: 54,955 plots) including joint ventures. Of these land holdings, 43,329 plots (30 April 2019: 41,639) are on 82 sites that are owned and included on the balance sheet of the Group or joint ventures and 13,793 plots (30 April 2019: 13,316) are on 15 contracted sites which either do not yet have a planning consent or have another conditional element such as 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 holdings at 31 October 2019 have an estimated future gross margin of £6,317 million at 27.4% (30 April 2019: £6,247 million at 27.6%), which includes the Group's 50% share of the anticipated margin on any joint venture development.

Berkeley has obtained three new planning consents in the period: Abbey Barn Park in High Wycombe, 17-51 London Road in Staines and St William's Leven Road in Poplar. In addition, there have been over 30 revised consents which have sought to improve the development solution for each scheme to add value and/or reduce risk.

Of Berkeley's 82 owned sites, 72 sites (plots: 38,295) have an implementable planning consent and are in construction. A further four sites (plots: 1,059) have a consent which is not yet implementable; due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. This means Berkeley has just six sites (plots: 3,975) which it owns unconditionally that do not have a planning consent.

Of the 15 contracted sites, three sites do have a planning consent, but they remain conditional on other factors, typically vacant possession, whilst two sites have a resolution to grant which is subject to a section 106 agreement. Given the contracted nature of all of these sites, there is low financial risk on the balance sheets of the Group or its joint ventures.

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 2019. 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.

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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 2019. 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
6 December 2019

R J Stearn
Finance Director
6 December 2019

Condensed Consolidated Income Statement

	Notes	Six months ended 31 October 2019 Unaudited £m	Six months ended 31 October 2018 Unaudited £m	Year ended 30 April 2019 Audited £m
Revenue		930.9	1,653.4	2,957.4
Cost of sales		(594.6)	(1,170.6)	(2,031.2)
Gross profit		336.3	482.8	926.2
Net operating expenses		(79.9)	(80.7)	(157.8)
Operating profit		256.4	402.1	768.4
Finance income	3	7.0	4.6	10.7
Finance costs	3	(6.1)	(7.8)	(12.7)
Share of results of joint ventures using the equity method		19.4	2.3	8.8
Profit before taxation for the period		276.7	401.2	775.2
Income tax expense	4	(53.0)	(76.1)	(147.8)
Profit after taxation for the period		223.7	325.1	627.4
Earnings per share:				
Basic	5	176.4p	246.0p	481.1p
Diluted	5	170.4p	240.0p	469.4p

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2019 Unaudited £m	Six months ended 31 October 2018 Unaudited £m	Year ended 30 April 2019 Audited £m
Profit after taxation for the period	223.7	325.1	627.4
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain recognised in the pension scheme	(0.3)	(0.3)	1.6
Deferred tax on actuarial loss recognised in the pension scheme	-	-	-
Total items that will not be reclassified to profit or loss	(0.3)	(0.3)	1.6
Other comprehensive expense for the period	(0.3)	(0.3)	1.6
Total comprehensive income for the period	223.4	324.8	629.0

Condensed Consolidated Statement of Financial Position

	Notes	At 31 October 2019 Unaudited £m	At 31 October 2018 Unaudited £m	At 30 April 2019 Audited £m
Assets				
Non-current assets				
Intangible assets		17.2	17.2	17.2
Property, plant and equipment		45.1	30.6	42.5
Right-of-use assets		5.5	-	-
Investments accounted for using the equity method		247.9	331.0	374.7
Deferred tax assets		55.9	45.9	45.8
		371.6	424.7	480.2
Current assets				
Inventories		3,273.6	3,111.5	3,114.7
Trade and other receivables		79.3	71.0	65.5
Current tax assets		19.3	-	2.5
Cash and cash equivalents	6	1,360.6	1,159.7	1,275.0
		4,732.8	4,342.2	4,457.7
Total assets		5,104.4	4,766.9	4,937.9
Liabilities				
Non-current liabilities				
Borrowings	6	(300.0)	(300.0)	(300.0)
Trade and other payables		(60.7)	(57.6)	(40.5)
Lease liability		(4.5)	-	-
Provisions for other liabilities		(52.9)	(69.8)	(59.1)
		(418.1)	(427.4)	(399.6)
Current liabilities				
Trade and other payables		(1,585.7)	(1,641.5)	(1,555.0)
Lease liability		(1.5)	-	-
Current tax liabilities		-	(14.1)	-
Provisions for other liabilities		(52.3)	(12.9)	(20.0)
		(1,639.5)	(1,668.5)	(1,575.0)
Total liabilities		(2,057.6)	(2,095.9)	(1,974.6)
Total net assets		3,046.8	2,671.0	2,963.3
Equity				
Shareholders' equity				
Share capital		6.8	7.0	7.0
Share premium		49.8	50.3	49.8
Capital redemption reserve		24.7	24.5	24.5
Other reserve		(961.3)	(961.3)	(961.3)
Retained profit		3,926.8	3,550.5	3,843.3
Total equity		3,046.8	2,671.0	2,963.3

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Capital redemption reserve	Other reserve	Retained profit	Total equity
	£m	£m	£m	£m	£m	£m
Unaudited						
At 1 May 2019	7.0	49.8	24.5	(961.3)	3,843.3	2,963.3
IFRS 16 application adjustment at 1 May 2019	-	-	-	-	(0.5)	(0.5)
Profit after taxation for the period	-	-	-	-	223.7	223.7
Other comprehensive expense for the period	-	-	-	-	(0.3)	(0.3)
Purchase of own shares	(0.2)	-	0.2	-	(124.6)	(124.6)
Transactions with shareholders:						
- Charge in respect of employee share schemes	-	-	-	-	(8.0)	(8.0)
- Deferred tax in respect of employee share schemes	-	-	-	-	18.4	18.4
- Dividends to equity holders of the Company	-	-	-	-	(25.2)	(25.2)
At 31 October 2019	**6.8**	**49.8**	**24.7**	**(961.3)**	**3,926.8**	**3,046.8**
Unaudited						
At 1 May 2018 – originally reported	7.0	49.8	24.5	(961.3)	3,500.0	2,620.0
Impact of IFRS 15	-	-	-	-	(28.8)	(28.8)
At 1 May 2018 – restated*	7.0	49.8	24.5	(961.3)	3,471.2	2,591.2
Profit after taxation for the period	-	-	-	-	325.1	325.1
Other comprehensive expense for the period	-	-	-	-	(0.3)	(0.3)
Purchase of own shares	-	-	-	-	(193.7)	(193.7)
Issue of ordinary shares	-	0.5	-	-	-	0.5
Transactions with shareholders:						
- Charge in respect of employee share schemes	-	-	-	-	(7.0)	(7.0)
- Deferred tax in respect of employee share schemes	-	-	-	-	(1.0)	(1.0)
- Dividends to equity holders of the Company	-	-	-	-	(43.8)	(43.8)
At 31 October 2018	**7.0**	**50.3**	**24.5**	**(961.3)**	**3,550.5**	**2,671.0**
Audited						
At 1 May 2018 – originally	7.0	49.8	24.5	(961.3)	3,500.0	**2,620.0**
Impact of IFRS 15	-	-	-	-	(28.8)	**(28.8)**
At 1 May 2018 – restated*	7.0	49.8	24.5	(961.3)	3,471.2	**2,591.2**
Profit after taxation for the year	-	-	-	-	627.4	**627.4**
Other comprehensive income for year	-	-	-	-	1.6	**1.6**
Purchase of own shares	-	-	-	-	(198.9)	**(198.9)**
Transactions with shareholders:						
Charge in respect of employee share schemes	-	-	-	-	(3.9)	**(3.9)**
Deferred tax in respect of employee share schemes	-	-	-	-	(1.1)	**(1.1)**
Dividends to equity holders of the Company	-	-	-	-	(53.0)	**(53.0)**
At 30 April 2019	**7.0**	**49.8**	**24.5**	**(961.3)**	**3,843.3**	**2,963.3**

*Results for the year ended 30 April 2018 were restated to reflect the adoption of IFRS 15 with effect from 1 May 2018 as reported previously.

Condensed Consolidated Cash Flow Statement

	Notes	Six months ended 31 October 2019 Unaudited £m	Six months ended 31 October 2018 Unaudited £m	Year ended 30 April 2019 Audited £m
Cash flows from operating activities				
Cash generated from operations	6	154.0	522.3	789.2
Interest received		6.9	4.6	10.7
Interest paid		(4.8)	(4.2)	(8.8)
Income tax paid		(61.4)	(90.6)	(178.8)
Net cash flow from operating activities		94.7	432.1	612.3
Cash flows from investing activities				
Purchase of property, plant and equipment		(4.4)	(6.1)	(19.5)
Proceeds on disposal of property, plant and equipment		0.4	0.2	0.3
Dividends from joint ventures		148.7	-	-
Movements in loans with joint ventures		(2.5)	(16.8)	(54.0)
Net cash flow from investing activities		142.2	(22.7)	(73.2)
Cash flows from financing activities				
Proceeds associated with settlement of share options		-	0.5	0.5
Purchase of own shares		(124.6)	(193.7)	(198.9)
Lease capital repayments		(1.5)	-	-
Dividends paid to equity holders of the Company		(25.2)	(43.8)	(53.0)
Net cash flow from financing activities		(151.3)	(237.0)	(251.4)
Net increase in cash and cash equivalents		85.6	172.4	287.7
Cash and cash equivalents at the start of the financial period		1,275.0	987.3	987.3
Cash and cash equivalents at the end of the financial period	6	1,360.6	1,159.7	1,275.0

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 6 December 2019. 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 2019 were approved by the Board of Directors on 19 June 2019 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 2019 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 2019 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 accounting policies, presentation and method of computations adopted in the preparation of the interim 2019 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 2019 except in respect of taxation which is based on the expected effective tax rate for the year ending 30 April 2020 and the impact of IFRS 16 which is set out below.

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 2019:

IFRS 16, 'Leases' replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease' setting out criteria for recognition, measurement and disclosure of leases. The standard is effective for periods beginning on or after 1 January 2019 and has been implemented by the Group from 1 May 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 May 2019. Comparative information has therefore not been restated and is reported under the previous accounting policies.

Under IFRS 16, most leases previously classified as operating leases under IAS 17 are recognised on the Balance Sheet as a right-of-use asset along with a corresponding lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019.

The associated right-of-use assets for the Group's leases were measured on a prospective basis, applying the new rules from 1 May 2019.

Notes to the Condensed Consolidated Financial Information (continued)

Impact on the financial statements

On transition to IFRS 16, the Group recognised an additional £6.9 million of right-of-use assets and £7.4 million of lease liabilities. The net difference of £0.5 million was recognised in retained earnings.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease. For the period ended 31 October 2019, payments charged to the income statement related to low value and short-term leases were insignificant.

Right-of-use assets are presented separately in non-current assets on the face of the Balance Sheet and lease liabilities are shown separately on the Balance Sheet in current liabilities and non-current liabilities depending on the length of the lease term.

Amendment to IAS 28 'Investments in Associates and joint ventures' and IFRIC 23 'Uncertainty over income tax treatments', which have both not had a significant impact on reported results or position.

3 Net finance costs

	Six months ended 31 October 2019 Unaudited £m	Six months ended 31 October 2018 Unaudited £m	Year ended 30 April 2019 Audited £m
Finance income	7.0	4.6	10.7
Finance costs			
Interest payable on bank loans and non-utilisation fees	(3.6)	(4.2)	(8.6)
Amortisation of facility fees	(1.0)	(1.0)	(1.8)
Other finance costs	(1.5)	(2.6)	(2.3)
	(6.1)	(7.8)	(12.7)
Net finance costs	0.9	(3.2)	(2.0)

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.

Notes to the Condensed Consolidated Financial Information (continued)

4 Income tax expense

	Six months ended 31 October 2019 Unaudited £m	Six months ended 31 October 2018 Unaudited £m	Year ended 30 April 2019 Audited £m
Current tax			
UK corporation tax payable	(48.2)	(61.0)	(132.4)
Adjustments in respect of previous periods	0.1	0.5	0.3
	(48.1)	(60.5)	(132.1)
Deferred tax	(4.9)	(15.6)	(15.7)
	(53.0)	(76.1)	(147.8)

5 Earnings per share

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

	Six months ended 31 October 2019 Unaudited	Six months ended 31 October 2018 Unaudited	Year ended 30 April 2019 Audited
Profit attributable to shareholders (£m)	223.7	325.1	627.4
Weighted average no. of shares (m)	126.8	132.2	130.4
Basic earnings per share (p)	176.4	246.0	481.1

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 2019, the Group had two (2018: two) categories of potentially dilutive ordinary shares: 4.1 million (2018: 3.3 million) £nil share options under the 2011 LTIP and 25,823 (2018: 19,362) £nil 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 2019 Unaudited	Six months ended 31 October 2018 Unaudited	Year ended 30 April 2019 Audited
Profit used to determine diluted EPS (£m)	223.7	325.1	627.4
Weighted average no. of shares (m)	126.8	132.2	130.4
Adjustments for:			
Share options - 2011 LTIP	4.5	3.3	3.1
Bonus plan shares	-	-	-
Shares used to determine diluted EPS (m)	131.3	135.5	133.5
Diluted earnings per share (p)	170.4	240.0	469.9

Notes to the Condensed Consolidated Financial Information (continued)

6 Notes to the Condensed Consolidated Cash Flow Statement

	Six months ended 31 October 2019 Unaudited £m	Six months ended 31 October 2018 Unaudited £m	Year ended 30 April 2019 Audited £m
Net cash flows from operating activities			
Profit after taxation for the period	223.7	325.1	627.4
Adjustments for:			
- Taxation	53.0	76.1	147.8
- Depreciation	2.9	1.2	2.4
- Loss on sale PPE	-	-	0.2
- Finance income	(7.0)	(4.6)	(10.7)
- Finance costs	6.1	7.8	12.7
- Share of results of joint ventures after tax	(19.4)	(2.3)	(8.8)
- Net settlement of share-based payments	(8.0)	(7.0)	(4.4)
- Net settlement of pension deficit	-	-	0.6
Changes in working capital:			
- (Increase) / Decrease in inventories	(158.9)	185.1	181.9
- Increase in trade and other receivables	(13.8)	(27.8)	(20.9)
- Increase / (Decrease) in trade and other payables	75.7	(31.0)	(138.4)
- Decrease in employee benefit obligations	(0.3)	(0.3)	(0.6)
Cash generated from operations	154.0	522.3	789.2
Reconciliation of net cash flow to net cash			
Net increase in cash and cash equivalents, including bank overdraft	85.6	172.4	287.7
Net cash inflow from increase in borrowings	-	-	-
Movement in net cash in the financial period	85.6	172.4	287.7
Opening net cash	975.0	687.3	687.3
Closing net cash	1,060.6	859.7	975.0
Net cash			
Cash and cash equivalents	1,360.6	1,159.7	1,275.0
Borrowings	(300.0)	(300.0)	(300.0)
Net cash	1,060.6	859.7	975.0

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 £41,939 (2018: £192,619), Mr R C Perrins paid £41,279 (2018: £38,864), Mr S Ellis paid £101,880 (2018: £nil) and Mr P Vallone paid £656,230 (2018: £26,416) to the Group in connection with works carried out at their homes at commercial rates in accordance with the relevant policies of the Group. There were no balances outstanding at the period end.

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 once the land purchase has completed. A fee of £300,000 has been made under this agreement in the period (2018: £nil), there were no outstanding balances at the period end (2018: £nil) and there are no contingent fees outstanding. Langham Homes has not introduced any new land to the Group in the period.

7 Related party transactions (continued)

Transactions with Joint Ventures

During the financial period there were no transactions with joint ventures other than movements in loans and distribution of dividends. The outstanding loan balances with joint ventures at 31 October 2019 total £177.2 million (30 April 2019: £156.7 million).

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 2019 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, the condensed 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 2019 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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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.

INDEPENDENT REVIEW REPORT TO THE BERKELEY GROUP HOLDINGS PLC (continued)

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.

Michael Harper
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

6 December 2019