Berkeley Group

Annual Report 2012

ABOUT THIS REPORT

Welcome to the Annual Report of The Berkeley Group Holdings plc ("the Berkeley Group" or "Berkeley"), a publicly owned company, listed on the London Stock Exchange within the FTSE 250.

In this year's report, we start by highlighting Berkeley's vision and performance this year, followed by an explanation of our business, our strategy and how we run our business, and then a trading and financial review. Our Governance section and the detailed financial statements accompanied by a report from the Group's auditors, complete the Annual Report.

WHO WE ARE AND WHAT WE DO

The Berkeley Group Holdings plc ("Berkeley") is a developer of residential-led mixed-use schemes, with a passion for delivering successful, sustainable places.

Berkeley's focus is on its core markets of London and the South East of England where its knowledge, experience and proven track record, with over thirty years of experience in this market, give it a competitive advantage in the planning and delivery of its schemes.

The business benefits from a strong balance sheet and good visibility over performance in the near-term from cash due on forward sales of over £1 billion. Berkeley will continue to forward sell its developments wherever possible, keeping financial risk low to mitigate the operating risks of delivery, and carefully allocating capital to the right projects at the right time, matching supply to demand wherever it can.

Berkeley's strategy is dedicated to delivering its long-term corporate objectives:

To maximise shareholder value over the long-term in a sustainable and safe way, returning £13 per share to shareholders by 2021, and to remain one of the most successful and sustainable businesses in Britain.

Berkeley Group

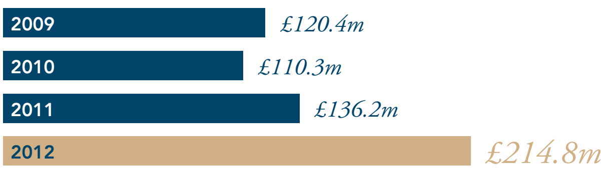
Proud to be a member of the Berkeley Group of Companies

Berkeley St Edward St James Berkeley St George

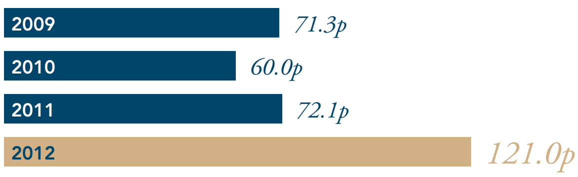
DELIVERING VALUE

BERKELEY IS DELIGHTED TO REPORT A SET OF RESULTS WHICH DEMONSTRATE THAT IT HAS EMBARKED ON ITS TEN-YEAR FRAMEWORK TO RETURN £13 PER SHARE TO SHAREHOLDERS IN THE RIGHT WAY, DELIVERING A SOLID PERFORMANCE WHILST REMAINING FOCUSED ON THE LONG-TERM SUCCESS OF THE BUSINESS.

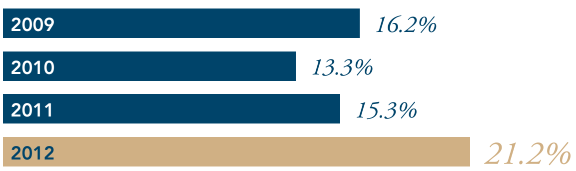
PROFIT BEFORE TAX



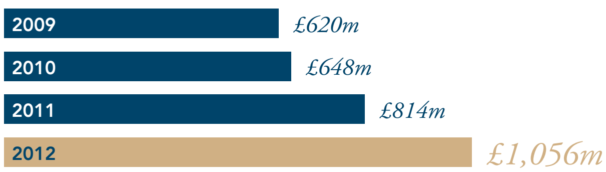
EARNINGS PER SHARE



RETURN ON EQUITY



CASH DUE ON FORWARD SALES



NET ASSET VALUE PER SHARE

LAND BANK GROSS MARGIN

Berkeley's results for the year ended 30 April 2012 demonstrate a strong underlying operating performance which, along with further growth in forward sales, a strong balance sheet and a solid land bank, leaves Berkeley well-positioned to meet its previous target of doubling its profit before tax from £110 million to £220 million by 30 April 2013, some two years earlier than originally planned, and to embrace its new operational targets as it heads towards the first targeted dividend repayment of £4.34 per share in September 2015.

The objective to make returns to shareholders in cash, by agreed milestone dates, is aligned to ensuring that Berkeley operates at an optimal size in which returns must be matched with a disciplined approach to risk management over the long-term. To deliver consistent earnings from an efficient balance sheet, whilst continuing to build the value of the business in the land bank, Berkeley's core performance targets of Return on Equity and Land Bank Growth will remain a focus over the next twelve months.

Berkeley has maintained its balance sheet strength throughout the challenging markets of recent years, and is committed to keeping flexibility at the heart of its business plan. This approach is intended to ensure that Berkeley can remain agile when faced with what it knows to be an inherently cyclical property market.

PROFIT BEFORE TAX

Profit before tax up 57.7% to £214.8 million
(2011: £136.2 million)

+57.7%

OPERATING MARGIN

Operating margin before exceptional item up 0.5% to 18.8%
(2011: 18.3%)

18.8%

RETURN ON EQUITY

Pre-tax return on shareholders' equity of 21.2%
(2011: 15.3%)

21.2%

NET DEBT

Net debt of £57.9 million
(April 2011: net cash of £42.0 million) after £311 million of investment in new land in the year.

CASH DUE ON FORWARD SALES

Cash due on forward sales of £1,055.7 million
(April 2011: £813.5 million)

+29.8%

LAND BANK

26,021 plots in land bank
(April 2011: 27,026) and future anticipated gross margin in land bank up 12.0% to £2,580 million (April 2011: £2,304 million)

+12.0%

A strong underlying performance and balance sheet and a solid land bank.

One Tower Bridge, SE1
Area: 3.75 acres
Homes: c.400
Developed by: Berkeley

CHAIRMAN'S STATEMENT

"I am delighted to report a strong performance again this year. Basic earnings per share have increased by 67.8%, our balance sheet remains strong and forward sales stand at over £1 billion.

Last year Berkeley put in place a ten-year framework to return £13 per share by September 2021 with the overwhelming support of shareholders and has been laying the foundations to ensure that we retain a strong, sustainable business, which can endure well beyond this period. This set of results demonstrates that we have embarked on this in the right way, delivering solid performance whilst remaining focused on the long-term success of the business.

Against a backdrop of a challenging economic outlook, both in the UK and abroad, creating the conditions in which businesses can stimulate growth has become a political imperative. New housing is uniquely placed to deliver growth; it is a sector that delivers employment both during and after the development process and stimulates activity throughout the supply chain in manufacturing and service industries. Since repositioning its strategy in February 2009 following the collapse of Lehman Brothers and at the height of the banking crisis, Berkeley has invested over £1 billion in new land and a further £2 billion breathing new life into disconnected communities and delivering new homes. Over this same period, we have created over 6,000 new jobs in delivering new housing across our sites; a contribution to the economy which should not be overlooked.

We have achieved this over a period in which the industry has seen unprecedented change, with the removal of the South East Plan, the introduction of the National Planning Policy Framework and the implementation of changes to the way in which new housing contributes to local communities through the introduction of the Mayoral Community Infrastructure Levy alongside Section 106 contributions. Whilst I support the joint objective of these initiatives to increase local engagement and supply, the implementation of these new policies has created numerous practical issues that have yet to be resolved. These include the role that localism plays in development on a large scale and how to ensure that the delivery of new housing is commercially viable in an environment where planning authorities and government place ever increasing financial burdens on developers.

"Berkeley has been laying the foundations to ensure that we retain a strong, sustainable business."

The decision for businesses such as Berkeley to invest is finely balanced despite the sound long-term fundamentals for residential property in London and the South East of England. Growth requires a stable political and economic environment with well-considered policies that welcome inward investment and give businesses the confidence to invest and grow; it is essential that London's competitiveness on a world stage is preserved. Unnecessary bureaucracy, over-zealous regulation and taxation policy, and a negative rhetoric that undermines confidence, create barriers to the delivery of new housing which will pose an unwelcome drag on growth. Indeed, there are indications across the wider industry that the recent upturn in construction levels is beginning to stagnate.

To remain a truly successful and sustainable business, we must respect and impress our customers, investors, partners, contractors and the communities within which we operate. This can only be done with the right people working at the heart of any business, and I continue to admire the passion, dedication and hard work of all of our employees at Berkeley. I, along with the rest of the Board, am grateful above all for their loyalty, and the stability that this brings to the company.

The Board has positioned Berkeley to give it the best chance to prosper and thrive with a truly sustainable business model. With the right conditions, both economically and politically, I am confident that Berkeley will achieve this, but this confidence must inevitably be tempered by the need to react to prevailing market conditions, however they develop."

Tony Pidgley
Chairman

MANAGING DIRECTOR'S STATEMENT

"It is pleasing to report a tremendous year of performance and growth for Berkeley. Profit before tax increased 57.7% to £214.8 million from £136.2 million the previous year and basic earnings per share are up 67.8% to 121.0 pence per share reflecting both underlying earnings growth and the reduction in the rate of corporation tax. Pre-tax return on shareholders' equity, one of Berkeley's two core performance targets, was 21.2% up from 15.3% a year earlier on shareholders' equity that increased by £170.4 million to £1,099.8 million in the period.

The second core annual performance target is growth in the value of the Group's land bank in line with our strategy to invest in land. The further investment of some £311 million in land acquisitions during the year contributed to growth of the potential gross margin in the land bank by 12.0% to £2,580 million and exceeds the targets set at the beginning of the year. This investment has continued into the new financial year with the acquisition of 15 acres in Zone 1 at Wapping for £150 million, payable in instalments, as announced in May 2012.

Importantly, the results also demonstrate the continued strengthening of the balance sheet and management of key operating risks, above all through an increase in cash due on forward sales to £1,056 million which underpins our investment in future delivery; an enhancement in the quality of our land bank in which some 84% is now fully consented; and an increase in banking facilities to £525 million, extended until April 2017, providing financial security well beyond the first planned date of shareholder returns.

Looking forward, we have updated our operating guidance which is aligned to returning some £568.5 million to shareholders, equivalent to £4.34 per share, by September 2015, whilst maintaining our balance sheet at least at the current level. The Group is currently well-positioned, with the land bank and planning consents now in place, to achieve this guidance assuming overall market conditions remain resilient.

The Board also believes that there remain opportunities to add further shareholder value over the long-term through additional land investment at this point in the cycle and has maintained its target for land bank growth in the next financial year at 10%. We will also now aim to meet our objective to grow the value in the land bank to £3 billion, by April 2014, one year earlier than originally intended.

The objective to return some £568.5 million in cash to shareholders by September 2015 places a responsibility on the Board to maintain strong discipline in its investment strategy. The challenge is to balance the return of £13 per share in cash to existing shareholders over the remaining nine years of the plan with our continued investment in land and construction. It is forecast that we will continue to invest retained profits into land and construction until 2014 before generating the cash flow to pay the first dividends. The Board is giving further consideration to ways in which share buybacks can be integrated into this overall framework, where it believes that this can create additional long-term shareholder value.

This is an exciting stage in the cycle for Berkeley. Our objectives are clear, and through the framework of Vision2020 our stakeholders have specific, identifiable commitments which focus every area of the business; these commitments have been diligently and enthusiastically embraced by all. I firmly believe that we have the right strategy, and the right people to implement the operational plan, to give the company, our shareholders and our wider stakeholders confidence in Berkeley's ability to deliver its objectives over the long-term.

Our approach brings with it an appreciation that we are positioned well to outperform, with an unrivalled land bank, a strong balance sheet, a healthy forward sales position and a stable, experienced management team, but we recognise that we are operating in an uncertain market and must remain sensitive to changes in the market and the wider economy."

Rob Perrins
Managing Director

"This is an exciting stage in the cycle for Berkeley. I firmly believe that we have the right strategy for Berkeley to deliver its objectives over the long-term."

OUR BUSINESS

BERKELEY IS A RESIDENTIAL-LED PROPERTY DEVELOPER WITH A PASSION FOR CREATING SUCCESSFUL, SUSTAINABLE PLACES.

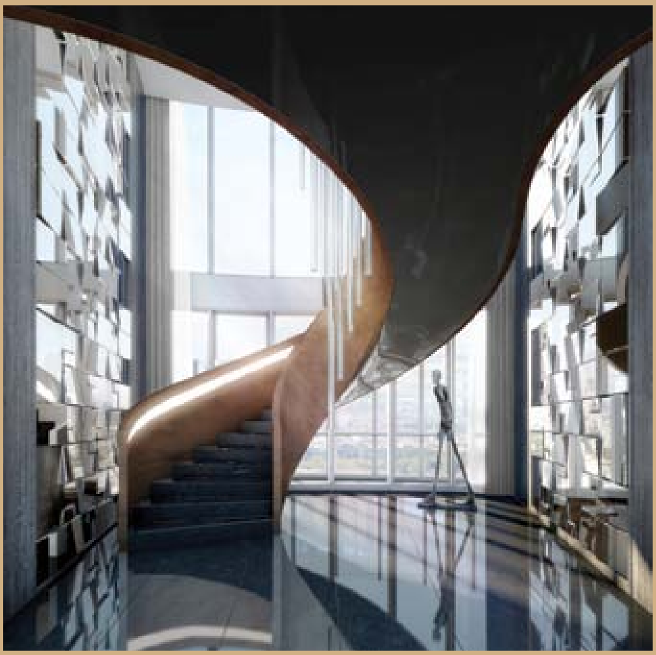
Prestigious schemes in the heart of the Capital offering the very best in luxury living.

1 The Tower, One St. George Wharf, SW8
Overlooking the River Thames and the Houses of Parliament, The Tower, One St. George Wharf will, at 50 storeys, be one of Europe's tallest residential towers.

2 Ebury Square, Belgravia, SW1
Ebury Square lies in the heart of Belgravia, one of London's most distinguished neighbourhoods.

3 190 Strand, WC2
A luxurious new development situated in an historic location, overlooking Sir Christopher Wren's Grade I listed St Clement Danes church, and close to the Courtauld Gallery and Somerset House.

1



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Our Business

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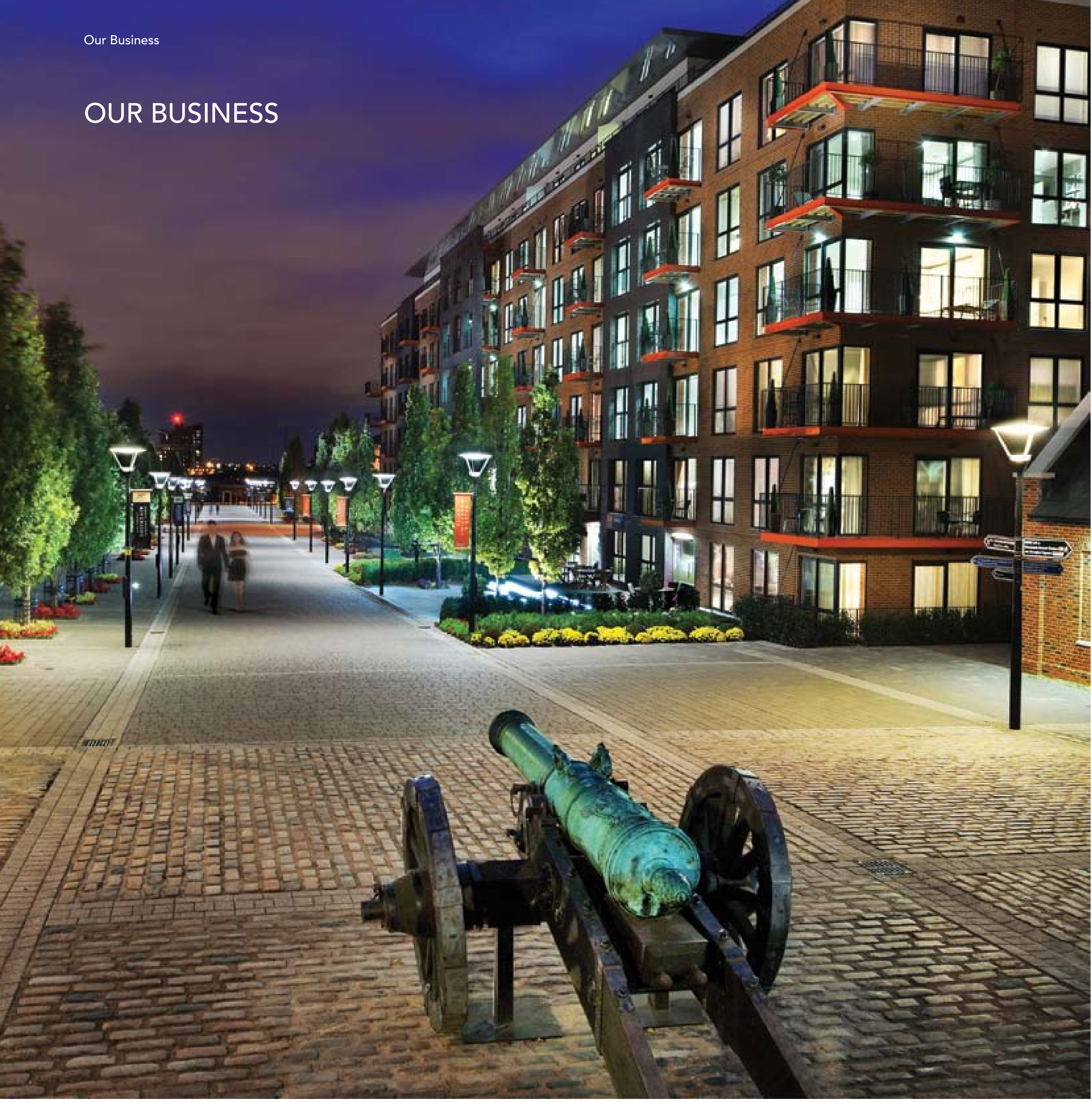
OUR BUSINESS



BERKELEY HAS A SIMPLE BUSINESS MODEL WHICH PLAYS TO ITS STRENGTHS AND EXPERTISE.

The Group makes money for its shareholders by developing and selling homes, whether city apartments or detached family houses, student residences, Extra Care accommodation or shops and restaurants, across London and the South East of England.

Berkeley's principal operating activities are to identify and buy development sites, secure suitable viable planning consents, and then construct and deliver homes for its customers.

Berkeley's long-term corporate objectives are to maximise shareholder value in a sustainable and safe way, returning £13 per share to shareholders by 2021, and to retain a successful and sustainable business thereafter.

No.1 Street, Royal Arsenal Riverside, SE18
One of London's largest regeneration schemes

Berkeley believes that its focus on creating not just homes, but thriving, successful places is what sets it apart from its peers.

LAND

The Group employs experienced, committed staff whose role is to identify potential new site acquisitions which meet Berkeley's challenging acquisition criteria. Berkeley continues to operate in its core markets of London and the South East of England, where it has a competitive advantage, and acquires new sites opportunistically only in those locations where market demand supports such investment. Each new site acquisition is rigorously assessed to ensure that the Group can give a wholehearted commitment to invest in the planning and delivery of a scheme based on its underlying financial viability and an understanding of the significant operational risks of development.

PLANNING

The priority on new land is to eliminate planning risk quickly and effectively, to secure a viable, implementable planning consent appropriate to the location, demand and context of each site. This is carried out in a spirit of engagement and dialogue with local communities and stakeholders impacted by these schemes. The Group also maintains a disciplined approach to optimisation, and fosters a culture of improvement in which consented schemes are continually reassessed to ensure that they remain appropriate to the location and to the local market and demand, which itself can evolve in terms of the mix of homes or planning uses. More relevant on the Group's longer-term schemes, Berkeley considers it right to look regularly at what is planned to be delivered, and to continually challenge itself to improve this.

DELIVERY

With a focus on sales early in the delivery process, Berkeley aims to reduce financial risk before investing in the capital intensive phase of construction. This is Berkeley's way of ensuring that supply meets demand, tailoring its product and delivery to the demands of the market at prices which it knows are supported in each location. The Group is committed to a considerate and sustainable approach to the design and construction of its schemes, with clear direction from the Board, which champions, through Vision2020, a framework of clear, modern and focused sustainability practices.

PRODUCT

Berkeley's product is spread across a wide target market, at a range of affordability levels. This includes its core product of residential apartments and houses, as well as diversified product such as student accommodation and Extra Care accommodation. There is a commitment to quality across its entire portfolio which Berkeley believes will continue to underpin its brand and reputation, now and in the future. Customer satisfaction is a key performance measure; third party surveys are instructed by Berkeley on all sales of new homes and results fed back to inform Berkeley's future product and approach.

PLACEMAKING

Across all phases of the development cycle, Berkeley believes that its focus on creating not just homes, but thriving, successful places is what sets it apart from its peers and is at the heart of its success over recent years. From Putney Wharf in London, to Gunwharf Quays in Portsmouth, or the regeneration of the Royal Arsenal buildings and docks at Woolwich, this has remained central to Berkeley's priorities.

INNOVATION AND AGILITY

Outside of its core activities, Berkeley has found innovative ways to enhance value in the business, whether delivering schemes in partnership with the Prudential, the sale of postgraduate accommodation constructed for Imperial College London, or delivering and investing in rental properties with the Housing and Communities Agency. Berkeley remains alert to such opportunities as they arise; an attribute which is integral to maintaining a flexible, agile business, and has a business model which allows this, with balance sheet strength, financial capacity and the discipline of a programme of shareholder returns.

Berkeley's experience and understanding is that the property market is inherently cyclical, an understanding which has been at the heart of its success in the past, and is central to its strategy to meet its stated long-term corporate objectives.

BRANDS AND PEOPLE

Berkeley has autonomous management teams operating under five core brands: Berkeley; St George; St James; St Edward; and Berkeley First. These teams operate across all the disciplines of the business, and comprise those people charged with implementing the Group's strategy to deliver its long-term corporate objectives.

OUR STRATEGY

The Tower, One St. George Wharf, SW8
View from the Sky Garden on 8th floor

BERKELEY IS A BUSINESS FOCUSED ON SECURING AND DELIVERING LONG-TERM VALUE.

Berkeley's strategy is dedicated to delivering its long-term corporate objectives to 'maximise shareholder value over the long-term in a sustainable and safe way, delivering £1.7 billion in cash to shareholders over the next 10 years' and 'by 2020, to remain one of the most successful and sustainable businesses in Britain'.

Berkeley's aim is to deliver the targeted shareholder returns from earnings, and to invest opportunistically in new sites and optimise existing sites to underpin the business in the long-term.

To meet these objectives, the Group will continue to focus on organic growth in its core markets of London and the South East of England. This is where its knowledge, experience and proven track record, with over thirty years of experience in this market, give it a competitive advantage in the planning and delivery of its schemes.

The business benefits from a strong balance sheet and good visibility over performance in the near-term from cash due on forward sales of over £1 billion. Berkeley will continue to forward sell its developments wherever possible, keeping financial risk low to mitigate the operating risks of delivery, and carefully allocating capital to the right projects at the right time, matching supply to demand wherever it can.

Berkeley believes that the requirement to make returns to shareholders, in cash, by agreed milestone dates is aligned to ensuring Berkeley operates at an optimal size in which returns must be matched with a disciplined approach to risk management over the long-term.

Dial Arch pub at Royal Arsenal Riverside, SE18

People enjoying a restaurant at Imperial Wharf, SW6

Flexibility in its business plan affords Berkeley the ability to act quickly and decisively when faced with opportunities to add value outside of the normal development cycle. This has been evidenced over the last two years through the creation of Berkeley's rental fund, in partnership with the Homes and Communities Agency, which promoted the delivery of a number of schemes across Berkeley's portfolio where rental demand has been strong and which now benefit both Berkeley and the Homes and Communities Agency through a portfolio of properties generating solid market rental returns.

Operationally, to succeed in meeting its objectives, the Group needs all of its employees to understand the long-term Berkeley vision, and to give them the framework to embed the concept of a 'sustainable business' in all of their dealings and decisions. This is the role of Vision2020, which provides clear guidelines and commitments within which all of our people can operate at all levels of the business. This in turn sets clear benchmarks, which Berkeley can report to its wider stakeholders to demonstrate that Berkeley is the right developer and partner for the long-term. Berkeley's approach to running a sustainable business is explained further in a separate chapter of this report under that heading.

To implement this strategy, Berkeley relies on the recruitment and retention of the best people. A clear philosophy founded on integrity, a challenging and fulfilling working environment and competitive remuneration is key to achieving this. Berkeley's people have embraced Vision2020, and have been integral to the successful first year of the Berkeley Foundation, which spearheads Berkeley's Corporate Social Responsibility programme. Wholehearted engagement of Berkeley with its people, and their engagement with Berkeley and its wider stakeholders, is fundamental to its strategy to be one of the best and most sustainable businesses in Britain.

The ultimate success of this strategy will be measured through performance against the long-term corporate objectives. Berkeley is a business focused on securing and delivering long-term value. To deliver consistent earnings from an efficient balance sheet, whilst continuing to build the value of the business in the land bank, Berkeley's core performance targets of Return on Equity and Land Bank Growth will remain a focus over the next twelve months.

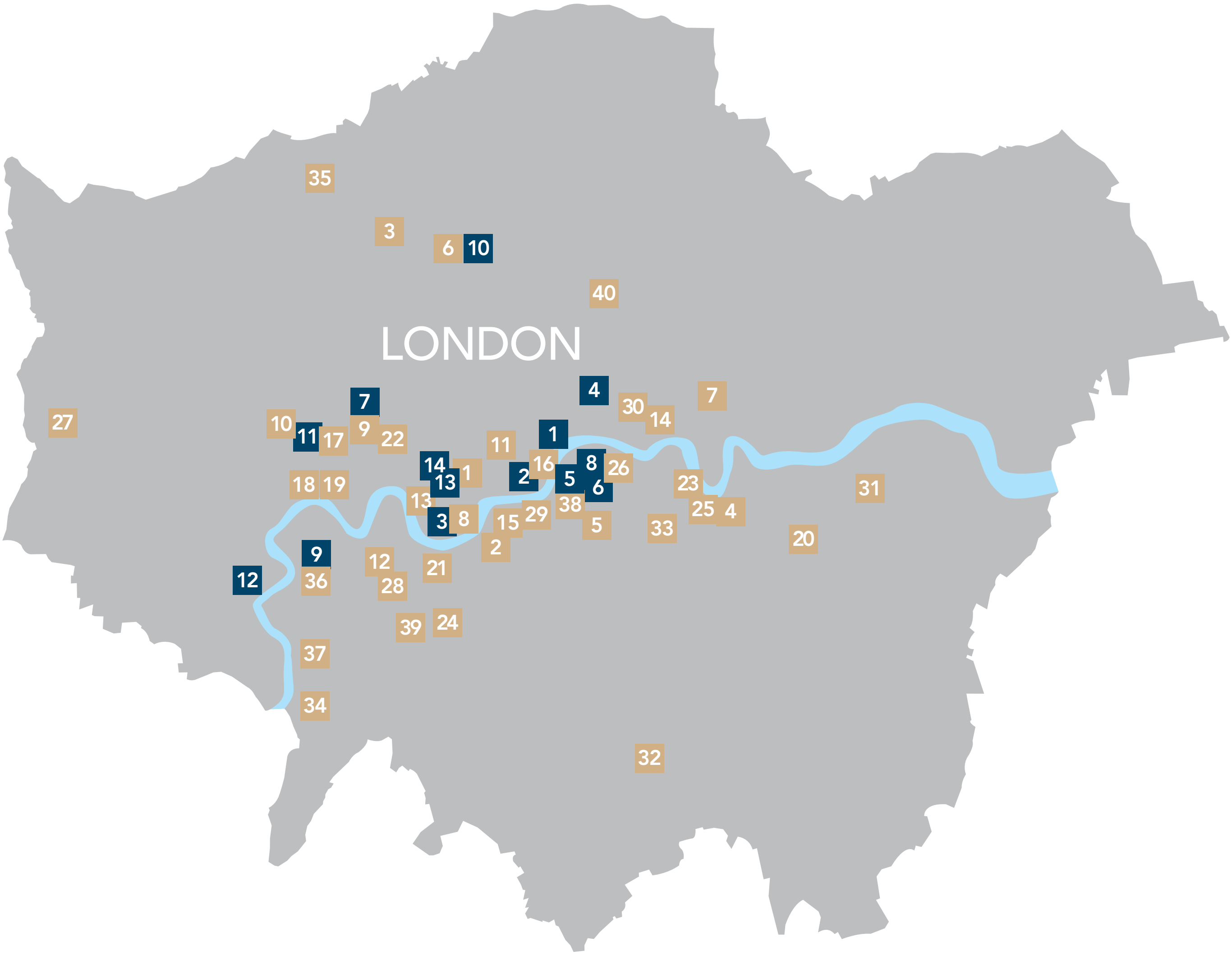
This year, a return on equity of 21.2% (2011: 15.3%), continuing growth in land bank margin of 12.0% to £2,580 million (2011: £2,304 million) and a strong balance sheet in which total equity now stands at £1,099.8 million (2011: £929.4 million) are the solid foundations in 2012 which demonstrate that the business has embarked on the route towards these long-term objectives in the right way.

Goodmans Fields and
75 Leman Street, Aldgate
Area: 7.2 acres
Homes: c.900
Developed by: Berkeley


GOODMANS FIELDS
& 75 LEMAN STREET

OUR LAND

BERKELEY'S SCHEMES: ARE CENTRED ON ITS CORE MARKETS OF LONDON...



1 375 Kensington High Street


Computer generated images are indicative only.

13 Fulham Reach, Hammersmith


Computer generated images are indicative only.

40 Woodberry Park

London

London Under Construction

1. 375 Kensington High Street
2. Battersea Reach
3. Beaufort Park, Hendon
4. Blackheath Road, Deptford
5. Camberwell Grove
6. Carmelite, Finchley*
7. Caspian Wharf, Bow
8. Chelsea Creek / Imperial Wharf
9. Costume Store, Acton
10. Dickens Yard, Ealing
11. Ebury Square, Belgravia
12. Emerald Square, Roehampton
13. Fulham Reach, Hammersmith
14. Goodmans Fields, Aldgate
15. Griffon Studios, Clapham
16. Grosvenor Waterside
17. Napier, Acton
18. Kew Bridge Road
19. Kew Bridge West, Brentford
20. Kidbrooke Village
21. Langham Square, Putney
22. Lime Grove Mews, Hammersmith
23. Marine Wharf, Deptford
24. Marryat Place, Wimbledon*
25. ONESE8, Deptford
26. One Tower Bridge
27. Parkwest, West Drayton
28. Queen Mary's Place, Roehampton
29. Riverlight, Battersea
30. Roman House, City of London
31. Royal Arsenal Riverside
32. Saffron Square, Croydon
33. St Catherine's Place, New Cross
34. St James Park Mews, Surbiton
35. Stanmore Place
36. Terrace Yard, Richmond
37. The Boatyard, Kingston
38. The Tower, One St George Wharf
39. Wimbledon Hill Park
40. Woodberry Park

London Future Sites

1. 190 Strand, City of London
2. Abell & Cleland House, Westminster
3. Carnwath Road, Fulham
4. City Forum, City of London*
5. Eastbury House, Albert Embankment*
6. Hampton House, Albert Embankment*
7. NEC House, Acton*
8. One Blackfriars, Southwark*
9. Queen's Rise, Richmond*
10. Section House, Finchley*
11. Sir Alexander Close, Acton
12. Twickenham Sorting Office*
13. Warwick Road, Kensington (Telereal)
14. Warwick Road, Kensington (Homebase)

* Sites purchased during the year

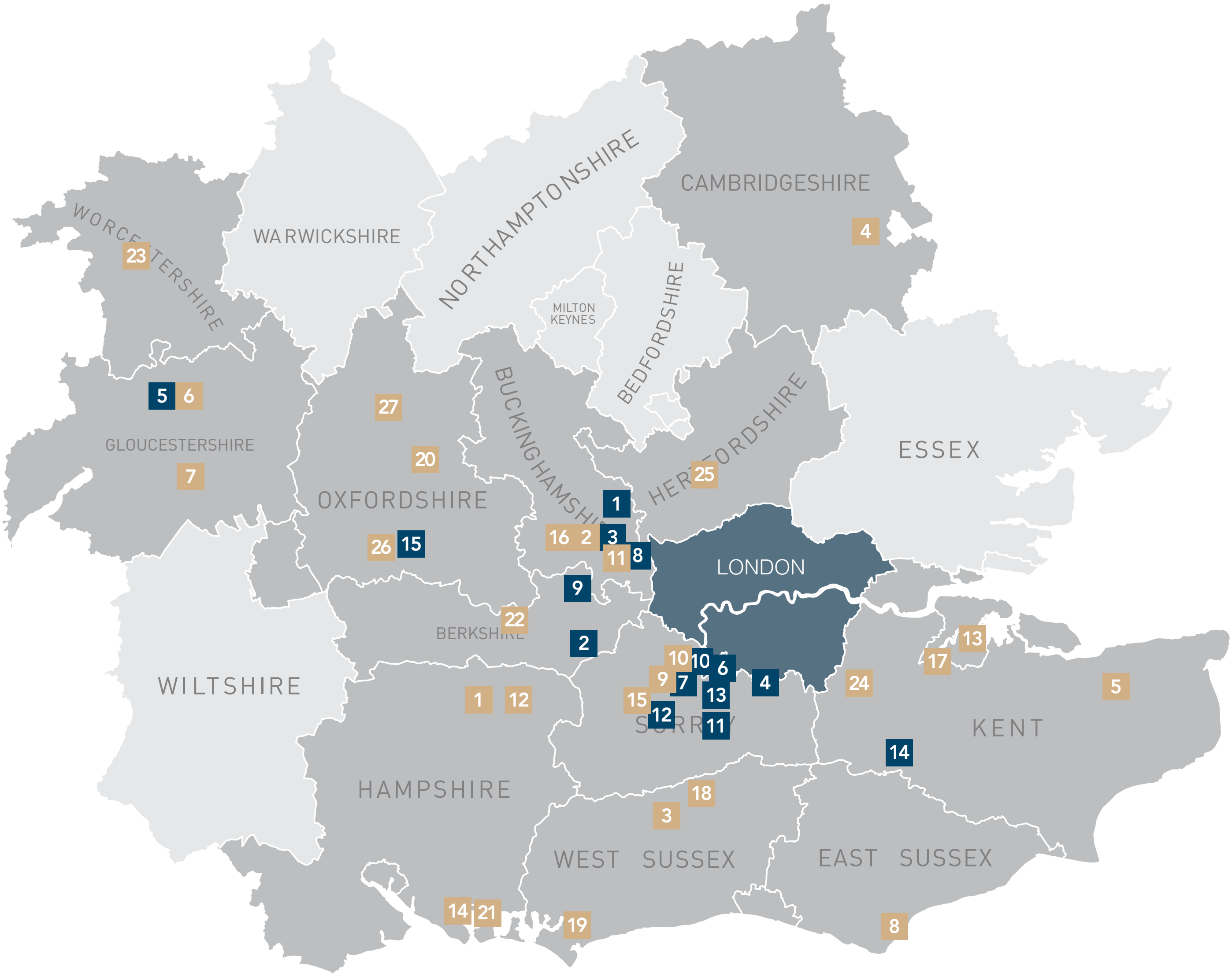
OUR LAND

...AND THE SOUTH EAST OF ENGLAND

5 Canterbury

10 Esher

7 Cirencester



South East

Out of London Under Construction

1 Basingstoke
2 Beaconsfield
3 Billingshurst
4 Cambridge
5 Canterbury
6 Cheltenham
7 Cirencester
8 Eastbourne
9 Effingham
10 Esher
11 Farnham Common
12 Fleet (2 sites)
13 Gillingham
14 Gosport
15 Guildford
16 High Wycombe
17 Holborough
18 Horsham
19 North Bersted
20 Oxford (2 sites)
21 Portsmouth
22 Reading
23 Worcester
24 Sevenoaks
25 St Albans
26 Wantage
27 Woodstock

Out of London Future Sites

1 Amersham*
2 Ascot (2 sites)
3 Beaconsfield
4 Caterham*
5 Cheltenham*
6 Claygate
7 Cobham
8 Gerrards Cross (2 sites)*
9 Maidenhead*
10 Oxshott*
11 Reigate
12 Shalford*
13 Tadworth (2 sites)*
14 Tunbridge Wells*
15 Wantage

* Sites purchased during the year

190 Strand Lobby, WC2
Area: 1.2 acres
Homes: c.200
Developed by: St. Edward

Computer generated images are indicative only.

OUR LAND
DELIVERED THIS YEAR

DURING 2012, BERKELEY DELIVERED 3,565 NEW HOMES ACROSS ITS PORTFOLIO OF DEVELOPMENTS IN LONDON AND THE SOUTH EAST OF ENGLAND.

The breadth of homes delivered stretches from modern new build apartment schemes on prime stretches of the River Thames, to major regeneration schemes in Greater London, along with new build and restoration family housing schemes outside London.

Across Berkeley's waterfront schemes in London, the first phase of homes at Chelsea Creek was delivered in the year, along with a new spa and leisure complex serving these apartments, as were the first new homes at Kew Riverside and further sales in the latest phase at Battersea Reach. The apartments at Chelsea Creek are the first of a total of some 900 homes to be constructed in this new waterside location adjacent to Imperial Wharf.

There was a further phase of occupations at Berkeley's major regeneration schemes at Woodberry Park, Kidbrooke Village and Royal Arsenal Riverside in the year, in addition to new sales at established schemes including Beaufort Park in Hendon and Queen Mary's Place in Roehampton. Outside London, new housing delivered at Edenbrook in Fleet and Queens Acre in Beaconsfield are on schemes designed to form vibrant new communities in harmony with their surroundings.

This year, Berkeley also delivered the first phase of high-specification postgraduate student accommodation for Imperial College at Griffon Studios near Clapham Junction, first occupied by Imperial's students in October 2011, with the second phase due for delivery in September 2012. Student schemes at the Costume Store in Acton and at Dorset House in Oxford are due for delivery in the next financial year.

Queens Acre, Beaconsfield
Area: 6.8 acres
Homes: 50
Developed by: St. James

OUR LAND
DELIVERED THIS YEAR

Chelsea Creek, SW6
Area: 10 acres
Homes: c.900
Developed by: St George

The redevelopment of a former gas works and an historic dock basin and lock in Fulham, the completed scheme will provide 889 homes over nine residential blocks and an office building, with contemporary architecture based on dockside living in Amsterdam and Copenhagen. Purchasers started taking occupation of the first phase in early 2012. The site benefits from the amenities of Imperial Wharf and Chelsea Harbour close by, the convenience of the new Imperial Wharf station delivered by St George, and the on-site residents' only health and fitness centre with swimming pool, sauna, steam room and gymnasium.

Edenbrook, Hampshire
Area: 54 acres
Homes: c.300
Delivered by: Berkeley

A ground-breaking development in Hampshire, new residential homes are bordered by an 84 acre country park developed by Berkeley, which includes cycle paths, walkways, boardwalks, brooks and meadowlands, having been subject to extensive ecological study and an approach to preserve and encourage wildlife to evolve within the park. Designed to integrate its surroundings, and to take inspiration from the Arts and Crafts movement, each home has been carefully positioned to maximise its aspect and views, and benefits from Berkeley's exceptional specification and attention to detail. With the first phases of homes now delivered at Edenbrook, Berkeley has created a truly unique place.

Griffon Studios, SW11
Area: 1.6 acres
Beds: 566 studios
Developed by: Berkeley First

Delivered in partnership with Imperial College London, Berkeley First completed the first phase of 452 high quality postgraduate student studios at Griffon Studios in September 2011. With easy access to Imperial's West London campuses, Griffon Studios provides individual studios with kitchens and en-suite shower rooms, and additional facilities include a central common room, gym, laundry, 24/7 reception and management suite. The remaining 114 studios are due for delivery to Imperial in September 2012. Berkeley First and Imperial's joint interest in the completed scheme was sold in September 2012 to Legal and General, backed by a long lease from Imperial.

OUR LAND
MAJOR PROJECTS

THERE ARE SEVEN MAJOR PROJECTS WHICH, IN AGGREGATE, COMPRISE APPROXIMATELY 22% OF THE VALUE OF BERKELEY'S CURRENT LAND BANK.

These are projects in prominent locations in Central London, which have detailed planning consents and which are scheduled to commence completions over the next five years.

The seven major projects are The Tower at St George Wharf in Vauxhall, Riverlight in Nine Elms, Chelsea Creek, One Tower Bridge, 375 Kensington High Street, Ebury Square in Belgravia and 190 Strand. The first completions at Chelsea Creek were reported in the year, and first completions on the other six schemes are anticipated over the course of the next five years.

Both 375 Kensington High Street and 190 Strand are schemes owned, and being delivered by, St Edward, Berkeley's joint venture with Prudential.

The complex nature and size of these schemes means that it is inherently difficult to provide absolute certainty over the timing of delivery, which in some cases is up to five years away, as construction can frequently be affected by factors outside the direct control of management as well as the risk of any slowdown in sales. Whilst delivery will be phased over several years, these projects may lead to an uneven distribution of earnings and increased average selling price over the medium-term depending on the exact date of delivery.

Riverlight, SW8
Area: 5 acres
Homes: c.750
Developed by: St. James

Computer generated images are indicative only.

OUR LAND
MAJOR PROJECTS

Computer generated images are indicative only.

One Tower Bridge, SE1
Area: 3.75 acres
Homes: c.400
Developed by: Berkeley

Adjacent to Tower Bridge, the GLA headquarters and More London, and opposite the Tower of London, Berkeley's development at One Tower Bridge comprises the regeneration of a redundant site and retention and refurbishment of listed school buildings on the site. Designed by Squire and Partners, and being delivered in partnership with the London Borough of Southwark, the scheme will complete the regeneration of More London, and provide a mix of residential, retail, convenience, leisure and cultural uses within a truly sustainable community. The first phase is now under construction.


Computer generated images are indicative only.

Ebury Square, Belgravia, SW1
Area: 1 acre
Homes: 71
Developed by: Berkeley

A scheme located in the prime Central London neighbourhood of Belgravia, Ebury Square is the redevelopment of a vacant apartment building formerly owned by the Metropolitan Police. The architectural design reflects the high quality precedents of the surrounding Thomas Cubitt buildings in Belgravia. The quality of specification will match this, and will include basement car parking, a Health Suite, Business Centre, residents' lounges, 24/7 concierge and security service. A planning consent was secured in early 2012, demolition of the existing buildings has since commenced.

The Tower, One St George Wharf, SW8
Area: 7.25 acres
Homes: c.1,400
Developed by: St George

The Tower is the final phase of the 20-year redevelopment of a redundant cold storage depot and coach park by Vauxhall Bridge. Designed by award-winning architects Broadway Malyan, at 50 storeys it will be one of the tallest residential towers in Europe and will benefit from the vibrant mixed-use community already active at St George Wharf. It is also well connected with adjacent bus, underground and rail links across London. Erection of the frame is now nearing completion.


Computer generated images are indicative only.

OUR LAND
SCHEMES IN DELIVERY

OF BERKELEY'S LAND BANK OF 101 SITES, THERE WERE 69 IN PRODUCTION AT 30 APRIL 2012.

During the course of the year, some 20 sites moved from land not under development into production, following successful planning consents and sales releases.

Production levels are at their highest in London (40 of the 69 sites in production). Here, Berkeley's investment in construction is concentrated on the seven major schemes separately identified above. There has also been significant investment in its major London regeneration schemes at Woodberry Park, Kidbrooke Village and Royal Arsenal Riverside, along with other schemes across Berkeley's London portfolio.

Outside London, where the remaining 29 of Berkeley's sites in production are located and where the market relies more on traditional owner-occupiers who tend to purchase closer to completion, Berkeley has continued to invest in the right schemes, working carefully to try to match supply to demand and allocating capital as efficiently as possible.

This year has also seen Berkeley invest in two significant heritage schemes, including the restoration of the Grade I Listed 18th Century Roehampton House in London and the Victorian period All Saints development in Eastbourne, both in partnership with English Heritage. The additional financial and operational investment in delivering such challenging schemes has again been carefully considered in light of Berkeley's approach to limit the financial risk on these schemes and match supply to demand.

Roehampton House at Queen Mary's Place, Roehampton
Area: 13.8 acres
Homes: 447
Developed by: St James

OUR LAND
SCHEMES IN DELIVERY

All Saints, Eastbourne
Area: 6 acres
Homes: 104
Developed by: Berkeley

Berkeley's painstaking refurbishment of this Victorian hospital in Eastbourne has restored the architectural detail of this building to its former glory, blending authentic period features with modern interiors. The latest phase of homes has been released and the external restoration, including landscaping across the 6 acres of grounds, is complete. Berkeley has worked closely with English Heritage in delivering this project, to preserve the history and essence of the place.

Roehampton House at Queen Mary's Place, Roehampton
Area: 13.8 acres
Homes: 447
Developed by: St James

The refurbishment of the ornate Grade 1 listed Roehampton House is the latest phase of St James' development at Queen Mary's Place in Roehampton. The renowned award-winning historic gardens, previously paved over to provide temporary parking for the prior occupants, are being restored together with stunning new landscaped areas. St James has worked closely with English Heritage throughout the restoration process, to provide wonderful living spaces within a truly historic building. These homes represent a landmark phase at Queen Mary's Place.

Woodberry Park, N4
Area: 60 acres
Homes: c.4,600
Developed by: Berkeley

At Woodberry Park, Berkeley has taken forward placemaking in a way that combines social, economic and environmental sustainability considerations in pursuit of the 'total living environment' agreed with local residents, and has worked closely with key stakeholders to deliver a broad range of new community facilities, shops, open spaces, play facilities and transport facilities early to support the needs of existing and new residents. Occupations of the first phases have commenced, and Berkeley's skill and expertise in identifying and delivering the right framework and approach to this major regeneration project will remain the key to its enduring success.

OUR BUSINESS
NEW CONSENTS

WITH ALL NEW LAND ACQUIRED, BERKELEY'S INITIAL FOCUS IS ON SECURING A VIABLE, IMPLEMENTABLE PLANNING CONSENT APPROPRIATE TO THE LOCATION, DEMAND AND CONTEXT OF EACH SITE.

The Group has achieved some significant successes this year, and the quality of Berkeley's land bank was enhanced over the year by the resolution to grant planning consent on 36 schemes.

Of Berkeley's Central London schemes, the new consents included 489 additional homes at Chelsea Creek, 275 homes at Abell and Cleland House in Westminster, some 200 apartments at 190 Strand and 90 apartments at Roman House.

Across Greater London, consents were secured for some 750 new homes at Fulham Reach in Hammersmith, 144 homes at Thameside in Kew, some 150 apartments at Carnwath Road in Fulham, a housing and apartment scheme in Wimbledon and an apartment scheme in Finchley. This is in addition to consents on the next phases at Berkeley's large-scale regeneration schemes at Kidbrooke Village, Royal Arsenal Riverside and Woodberry Park.

Outside London, nine new consents were secured, including amongst others a new housing scheme in Caterham and a selection of the Group's boutique schemes of less than ten homes.

At 30 April 2012, 84% of the sites in Berkeley's land bank benefited from an implementable planning consent (2011: 77%), a statistic which gives strong visibility over the future viability of the land bank.

The improvement of any scheme, whether through an initial consent or an optimised consent, is reliant on swift, helpful and proactive engagement from all parties involved in the planning process. Berkeley's approach is characterised by a spirit of engagement and dialogue with local communities and stakeholders impacted by its schemes, an approach which it believes is the most effective to unlocking each of its sites, and the key to ensuring the delivery of new housing in England.

Wimbledon Hill Park, SW20 ▶
Area: 5.7 acres
Homes: c.80
Delivered by: Berkeley

OUR BUSINESS
NEW CONSENTS

Roman House, City of London
Area: 0.3 acres
Homes: 90
Delivered by: Berkeley

A consent was secured by Berkeley to refurbish this existing office block in the City of London close to the Barbican, to provide 90 luxury apartments in the heart of London's financial district. The new consent retains the Portland stone façade of the current building, and the interiors, designed by The Manser Practice, have been inspired by the original piece of Roman Wall adjacent to the development.


Computer generated images are indicative only.

Fulham Reach, W6
Area: 7.4 acres
Homes: 744
Delivered by: St George

St George commenced construction during the year on the first phase of this scheme on the River Thames close to Hammersmith. Having secured a consent for some 744 new homes, based on designs by John Thompson & Partners, St George's plans in the first phase include a mix of Manhattan, one, two and three bedroom apartments along with a spa, gymnasium, concierge, snooker room and private cinema room for the use of residents, and have already refurbished and opened the riverfront walkway.

Abell and Cleland House, SW1
Area: 1.7 acres
Homes: 275
Delivered by: Berkeley

In the heart of Westminster, Berkeley recently secured a planning consent for the redevelopment of these former government office buildings into a residential scheme. Providing 275 new homes, the scheme will provide a high quality environment not just for the scheme's residents, but with sensitive, contemporary architectural and landscape design, will represent a significant improvement for all of the local community. Berkeley secured a planning consent in early 2012, and the existing buildings are currently being readied for demolition.

Computer generated images are indicative only.

OUR BUSINESS
NEW ACQUISITIONS

THE PRIORITY FOR A SUCCESSFUL AND SUSTAINABLE DEVELOPMENT BUSINESS IS TO BUY LAND WELL, AND BERKELEY HAS A STRONG TRACK RECORD IN THIS AREA.

At Berkeley, land opportunities are assessed with a rigour that relies on the expertise and application of trusted land teams, as well as their understanding of and support for Berkeley's long-term vision. The commercial viability, above all the demand assessment, and investment returns of each scheme are crucial; but it is the vision for each scheme, tied in with the aspirations of the local community and of local government, the quality of the place that we can create, and Berkeley's willingness to interact with stakeholders along the way, which are the key to adding value throughout the development process.

This year, Berkeley secured 2,444 plots across 20 new sites, investing a further £311 million, which equates to an average plot cost of £127,000. The average plot cost reflects a concentration of land acquired in London, in line with the Group's strategy to invest in markets in which it has a competitive advantage and where the planning, political and market environment supports investment.

In Central London, the sites included a commercial property in EC1, which is currently tenanted until 2015 and has a planning consent for some 700 homes, two schemes on the Albert Embankment (Eastbury House and Hampton House) and a scheme at One Blackfriars which has an established consent for a 52-storey development.

In Greater London the sites included a former monastery in Finchley and a Royal Mail sorting office in Twickenham amongst others.

Outside London, Berkeley has acquired a former hospital site in Tunbridge Wells, a housing scheme in Caterham, and a selection of boutique housing schemes each with fewer than 10 homes. Most of the sites were either acquired with a planning consent or conditional on a planning consent being secured.

Berkeley's land holdings at 30 April 2012 do not include the acquisition of Wapping Village on which terms were agreed and the purchase completed in May 2012.

Berkeley prides itself on its track record of acquiring the right land selectively and at the right point in the cycle, and with the acquisition of Wapping, has now invested over £1 billion in new land since the Group repositioned its strategy in February 2009 to invest in land.

City Forum, EC1V
Area: 4.7 acres
Delivered by: Berkeley

Computer generated images are indicative only.

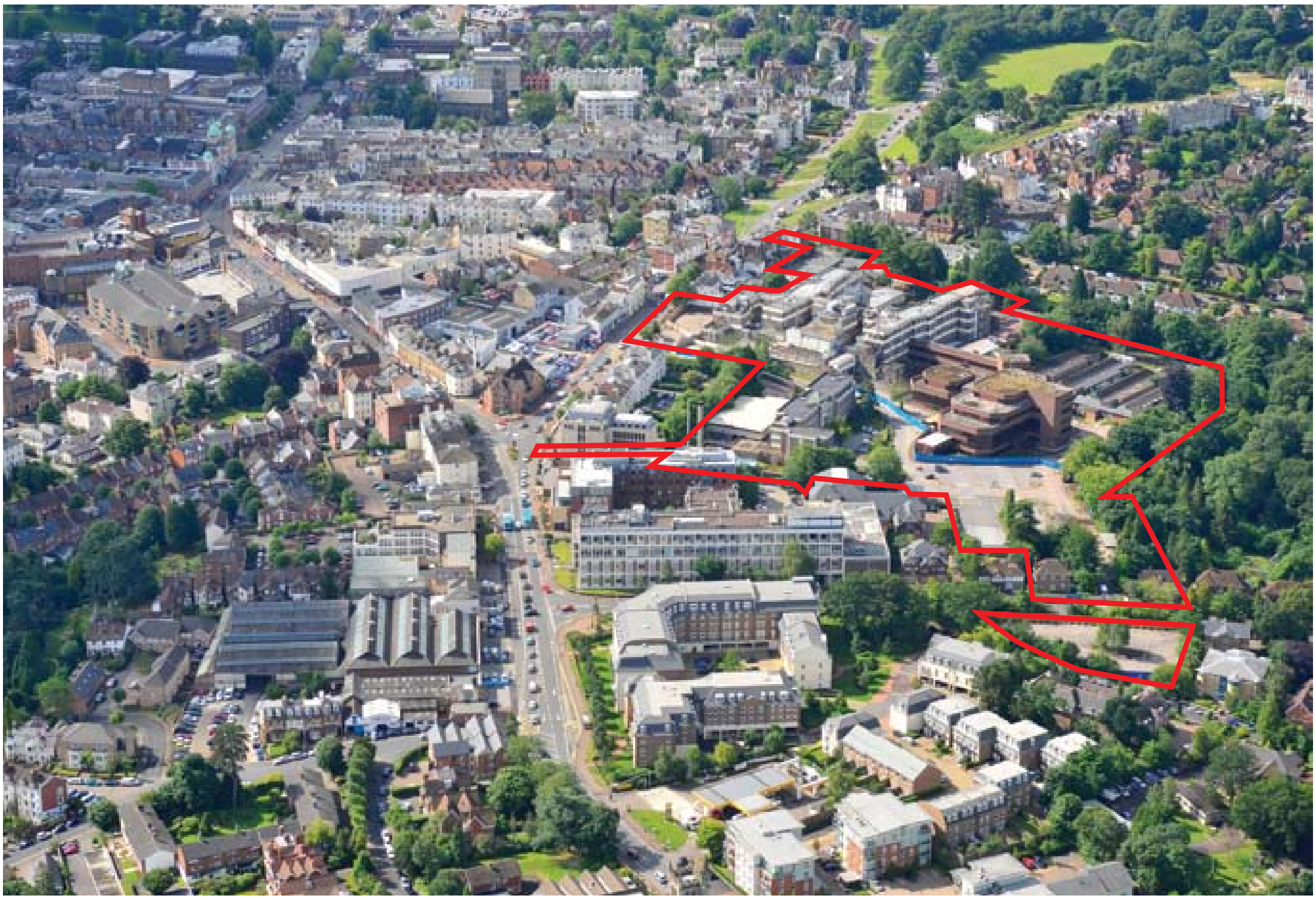
OUR BUSINESS
NEW ACQUISITIONS

Eastbury House and Hampton House, Vauxhall ▲
Area: 1.2 acres
Delivered by: St James

Eastbury House and Hampton House, on the Albert Embankment in Vauxhall and overlooking the River Thames, were acquired during the year. An application for a new 28 storey development, designed by Rogers Stirk Harbour + Partners, has been submitted on Eastbury House, whilst Hampton House was acquired with an existing consent for 242 homes, a 167 bedroom hotel and approximately 5,000 sq ft of commercial space.

Royal Tunbridge Wells
Area: 11.6 acres
Delivered by: Berkeley

A housing scheme in Royal Tunbridge Wells in Kent, this was the acquisition of the former Kent and Sussex Hospital, in an area where Berkeley believes that there is good infrastructure and there will be strong demand. Berkeley is working on an application to demolish the existing redundant buildings and deliver a new housing scheme appropriate to the market in this location.



Computer generated images are indicative only.

One Blackfriars, SE1
Area: 1.6 acres
Delivered by: St George

Acquired in December 2011, One Blackfriars is a 1.6 acre cleared site to the south of the River Thames in Blackfriars. The site was purchased with an existing consent for a combination of residential, hotel and commercial uses within a 50-storey tower. Since the year end, and having reviewed the existing consent, St George has submitted an application to revise this consent.

RUNNING A SUSTAINABLE BUSINESS

OUR VISION IS TO REMAIN ONE OF THE MOST SUCCESSFUL AND SUSTAINABLE BUSINESSES IN BRITAIN.

Running a Sustainable Business

Berkeley is passionate about quality-led placemaking.

From one of the UK's largest regeneration projects, to a high profile civil engineering scheme, to an 84 acre country park.

1 Kidbrooke Village
Putting a 'village' back into London and bringing a renewed social and community vibrancy into everyday lives to enhance the wider area.

2 Crossrail at Woolwich
Berkeley is delivering and co-funding the Crossrail station box at Woolwich as part of their regeneration of Royal Arsenal Riverside.

3 Edenbrook Country Park
Encompassing 84 acres of meadowlands, wetlands and woodland areas, the country park is connected via a network of footpaths and cycleways.

1

BEFORE – FERRIER ESTATE

DURING – DEMOLITION

AFTER – PHASE 1

2

Computer generated images are indicative only.

3

Running a Sustainable Business

RUNNING A SUSTAINABLE BUSINESS

BERKELEY'S OBJECTIVES AND STRATEGY HAVE A CLEAR FOCUS ON THE LONG-TERM.

We believe that a business in this sector cannot and should not operate with only short-term targets, and that a sound understanding of the long-term cyclical nature of the market in which we operate must be reflected in our approach.

Our targets to return £13 per share in cash to shareholders by 2021 and to retain a strong sustainable business throughout this period and thereafter is a clear statement of long-term intent, and requires us to run our business in a sustainable and safe way. We manage the business on a day-to-day basis with these long-term objectives in mind, and with a series of specific commitments under the framework of Vision2020, which embed this approach within our operating teams. We track and measure our performance towards the long-term objectives through review of our financial performance and progress, and against our commitments under each key area of Vision2020, which overall comprise our key performance indicators. Our long-term financial strategy, in combination with the fundamental principles of Vision2020, and the importance of recruiting and retaining the best people to run the business sustainably and with integrity, support Berkeley in its drive to be one of the most successful and sustainable businesses in Britain.

Our vision for the future

Vision2020 provides Berkeley with the framework to meet this ambition and focuses the business on four key impact areas:

- The Customer Experience
- Building Greener Homes
- Delivering Sustainable Communities
- Running a Sustainable Business

FINANCIAL STABILITY

An assessment of financial performance and outlook is central to the Annual Report of every business, and this is no different for Berkeley. The Trading and Financial Reviews elsewhere in this report provide a detailed analysis of our performance in the year. This performance is underpinned by our trading success, under which we have delivered Profit Before Tax of £214.8 million (2011: £136.2 million) and an Operating Margin before exceptional items of 18.8% (2011: 18.3%). However it is a Return of Equity of 21.2% (2011: 15.3%), one of our core performance targets, which best measures our performance towards delivering sustainable success.

A return on equity at this level is central to our assertion that the Berkeley Group business is being run at an optimal size which enables it to deliver exceptional returns in an efficient way.

Careful control of the balance sheet is at the root of Berkeley's ability to deliver such returns. Despite a growth in capital employed from £891.7 million at 30 April 2011 to £1,157.7 million at 30 April 2012, we have carefully controlled gearing levels at 5% from net debt of £57.9 million (2011: nil from net cash of £42.0 million), reflecting our planned investment in high quality land assets and in a demand-led investment in construction as we entered this phase of the cycle. This investment in construction is supported by our strong forward sales position which at £1,055.7 million (2011: £813.5 million) is at a level which gives us the confidence to commit investment in construction to the sites to which the sales relate. This balance sheet strength is reflected in Net Asset Value per Share of 839.3 pence, up from 709.2 pence in 2011.

We have continued to invest in land in a controlled way, and have invested £311 million over the course of the year. Together with our focus on securing the right planning consents for our schemes, we have increased Gross Margin in the land bank from £2,304 million at 30 April 2011 to £2,580 million at 30 April 2012, our second core performance target. Where we invest in land is where we have confidence in the fundamentals of that land in terms of location, planning and demand. Once secured, land is the asset which fundamentally supports the long-term earning potential of the business.

It is the combination of solid trading performance, balance sheet strength and land bank potential which, together with the right approach to running a business for the long-term, gives us the confidence in Berkeley's ability to continue to perform at this level in the long-term.

£214.8 million

(2011: £136.2 million)
Profit Before Tax

21.2%

(2011: 15.3%)
Return on Equity

18.8%

(2011: 18.3%)
Operating Margin before exceptional items

£1,055.7 million

(2011: £813.5 million)
Forward Sales

£2,580 million

(2011: £2,304 million)
Land Bank

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Our vision
for the future

97%

(2011: 96%)

Percentage of customers that would "Recommend us to a friend"

53%

(2011: 45%)

Percentage of commercial space completed which achieved BREEAM Very Good

THE CUSTOMER EXPERIENCE

THE CUSTOMER AT THE HEART OF OUR BUSINESS

The customer is at the heart of every decision that we make, from the land that we buy, through development planning, to the detailed design, specification and construction of our housing and commercial space. Our vision for 2020 is that:

"We will consistently meet or exceed our customers' expectations by delivering well-designed, beautiful homes and communities where they can live happy, healthy and environmentally-efficient lifestyles. The service that we provide to our customers throughout the purchasing process and after completion will be exceptional. Customers will be positioned at the heart of our business and will be central to the decisions that we make."

Edenbrook, Hampshire

Our customers include private purchasers, housing associations, universities, student and Extra Care accommodation providers, commercial occupiers, hotel operators and investors. We take our relationships with all our customers very seriously, and challenge ourselves to meet or exceed their expectations in everything we do.

We use customer satisfaction surveys undertaken by an independent external agency to measure how well we are meeting our customers' expectations. All of our private purchasers are asked to complete a survey, and this year 97% of our customers reported that they would recommend Berkeley to a friend, compared to 96% in 2010/11. This is above our target of 90%, and represents further reassurance that, through Vision2020, we are succeeding in embedding the customer experience at the heart of our business.

Whilst we are primarily a residential developer, we also target high performance standards on our commercial space on mixed-use developments and on our student accommodation schemes. Our objective is to ensure that all commercial space (including student accommodation) achieves BREEAM Very Good, or is capable of achieving this if fitout is to be undertaken by the tenant. BREEAM is an assessment which measures the environmental impact of the buildings that we develop. During 2011/12, 100% of our commercial space submitted for planning will meet these requirements and 53% of our completed commercial space was certified to BREEAM Very Good.

The Customer Experience is central to Berkeley's reputation, its ability to secure sales and hence the viability of the future business. As such, it is a central focus of management at all levels, and one in which we will continue to strive for exceptional performance.

DRIVING PERFORMANCE THROUGH VISION2020 (OUR LEADING COMMITMENTS UP TO 2014)

Over the last two years the commitments we have made in this area through Vision2020 have concentrated on embedding the customer experience at the heart of our business. We are now setting ourselves targets that will deliver exceptional customer service on a par with the best performing companies in Britain.

From now on, we are moving our "Recommend us to a friend" target up to 95%.

We will also:

- Provide every customer with a Customer Satisfaction Commitment. This is our way of making sure our customers are completely satisfied with their purchase.
- Provide our customers with a dedicated point of contact at every stage of the customer journey. We believe customers should have individually tailored support to guide them through the purchasing process.

We take our relationships with all our customers very seriously, and challenge ourselves to meet or exceed their expectations in everything we do.

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Our vision
for the future

81%

(2011: 65%)
Percentage of homes certified using an environmental performance methodology

89%

(2011: 92%)
Percentage of development on brownfield land

BUILDING GREENER HOMES

ENVIRONMENTAL SUSTAINABILITY

It is a reality of the world today that environmental sustainability must be at the heart of any business that wishes to be successful. Berkeley prides itself on having led the way in its commitments to achieving environmental performance standards across its portfolio, and believes that this is the right and responsible approach to take in this industry. Our vision for 2020 is that:

"We will have completed our first zero carbon community and all our new developments will be low or zero carbon. Our proven track record of delivering high quality, well-designed, comfortable homes with low environmental impact will make them highly desirable to customers and will have expanded our market base. Homes built by Berkeley will be recognised throughout the industry as the very best examples of sustainable design and construction."

Holborough Lakes, Kent

Our continued focus is on developing on brownfield land, with 89% of our development this year on brownfield rather than greenfield land.

The homes we build have an environmental impact not only during the construction process, but also through their occupation. Designing homes to meet environmental performance standards such as the Code for Sustainable Homes helps minimise these impacts whilst giving us the ability to clearly demonstrate their performance to our customers and other stakeholders. We are also committed to integrating additional measures to reduce impact where we believe that these add value or meet the demands of our stakeholders.

Our industry-leading commitment to certify all homes to Level 3 of the Code for Sustainable Homes has been the driving force behind our achievement of 81% of homes built this year certified using an environmental performance methodology (2011: 65%). We continue to investigate the feasibility of improving environmental performance standards still further, and are pleased to confirm that this year we will be designing several schemes to Level 4 of the Code for Sustainable Homes. Delivering energy-efficient homes and improving water efficiency is not only right for the environment, it is immediately reflected in reduced utility bills for our customers.

Our continued focus is on developing on brownfield land, with 89% of our development this year on brownfield rather than greenfield land (2011: 92%), thereby bringing back to life often redundant or under-utilised land. The ecological impact of our work has included the introduction of brown roofs, country parks, and waterfront walks at certain of our schemes, providing a sensitive balance in the places that we deliver.

As the wider movement is towards prioritising the environmental agenda, Berkeley will continue to remain at the forefront in promoting this agenda, its importance both internally and externally reflecting its rightful place at the heart of Berkeley's strategy to build and consolidate its business for the long-term.

DRIVING PERFORMANCE THROUGH VISION2020 (OUR LEADING COMMITMENTS UP TO 2014)

In recent years our focus has been on reducing carbon emissions from the homes we build. To address this, in 2007 we launched a Climate Change Policy which committed all of our new homes to Level 3 of the Code for Sustainable Homes.

Climate change would pose risks to the built environment, primarily from higher temperatures and changed rainfall patterns. In this context, our next challenge is to make sure our homes provide high levels of comfort and simplicity and sit within a landscape that can cope with more extreme weather conditions. From now on, Berkeley will ensure our homes are not only low carbon – every place we create will also be designed for adaptation to a future changed climate.

We will also:

- Put in place adaptation measures on all new developments by investing in the space between buildings to create beautiful landscapes which help places adapt to climate change.
- Harvest rainwater for use on all new developments.
- Provide 'living roofs' on every suitable apartment roof space.

Computer generated images are indicative only.

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Our vision for the future

44%

(2011: 29%)

Percentage of homes completed which met the Lifetime Homes standard

14

(2011: 30)

Number of new developments achieving 14 or more of the Building for Life criteria

DELIVERING SUSTAINABLE COMMUNITIES

CREATING PLACES THAT WILL STAND THE TEST OF TIME

Berkeley has an emphasis on creating a successful, sustainable place from every site that we develop. Our vision for 2020 is that:

"We will create high quality, sustainable places where people choose to live, work and spend their time. These will be places that directly encourage the well-being of residents and offer them a space and a base from which to lead safe and fulfilling lives. Our ability to transform sites into thriving communities will be considered the best in our industry. Through our ability both to engage and to deliver, Berkeley will be the developer of choice for local authorities and existing communities."

For each of our schemes, we develop a specific solution, using bespoke design, with the aim of delivering well-designed homes and communities. We do not have standard product. Unlike most major housebuilders, we consistently use qualified architects to design each scheme, whether it consists of 4 or 4,000 homes.

Chelsea Creek, SW6

Each place we create emerges through the management of a complex series of relationships and processes. Together these deliver the right mix of housing, transport, open space, retail and other facilities. We work very closely with the community to achieve this; their needs and ideas inform the design. Ultimately, they must take pride in the place and responsibility for its long-term success. We have a culture in our business of talking directly to residents and delivering what we promise.

Our strategy puts equal emphasis on each dimension of sustainability. This means building a place which offers people access to employment and a good quality of life, as well as the chance to live in a low carbon environment. Berkeley invests in the social fabric of each community just as we invest in the environmental performance of each home. Our ability to deliver this integrated approach to making a place sustainable is a core part of what makes us different.

Our developments also have an important role to play in contributing to economic growth and prosperity in the local community, at first through the investment in construction and infrastructure during the delivery process, where we actively work to promote job opportunities, and on the occupied scheme. Many of our developments are a draw to new business, including the opportunities presented by the new retail and commercial space that we deliver, and so help boost the wider employment opportunities in the locations in which we operate.

When Vision2020 was launched in May 2010, we committed to assessing our new developments using the Building for Life criteria and ensuring that they achieve at least the Silver Standard (equivalent to scoring 14 out of the 20 criteria). Building for Life is a framework to encourage well-designed homes and neighbourhoods, and is a measure that we use to demonstrate design quality in the communities that we create. In 2012, we assessed 14 of our developments using the criteria and 100% achieved a score of 14 or more. Since making this commitment in May 2010, a total of 44 new developments have now been assessed and scored 14 or more.

We have also committed to apply the Lifetime Homes principles on all new developments. Lifetime Homes are designed to be adaptable to people's changing needs over their lifetime, thus preventing social exclusion, and so success under this standard is indicative of the level of inclusivity of our developments. In 2012, 44% of our homes met the Lifetime Homes Standard (2011: 29%).

Our focus is on delivering well-designed, safe, sustainable places which will endure as settled, vibrant communities long into the future. At Berkeley, we believe that it is this long-term vision, to appreciate the needs of our customers and wider stakeholders before, during and after the delivery of our schemes, that is the right model for a truly successful and sustainable business in our sector.

DRIVING PERFORMANCE THROUGH VISION2020 (OUR LEADING COMMITMENTS UP TO 2014)

Well-designed buildings and places are crucial in delivering sustainable communities. This is why in May 2010 we made a commitment that all of our new developments would achieve the Building for Life Silver Standard.

We also know that if you want a place to thrive, it is not enough just to provide good physical infrastructure. You also need to focus on how people will relate to each other and function as a community. We use the idea of social sustainability to describe this. It captures the way in which a neighbourhood supports the individual and collective well-being of the people who live there. We will now develop a coherent way of routinely addressing the issues on our developments that affect people's well-being and quality of life.

We will also:

– Establish an understanding in our business and in government of what social sustainability is, how you measure it and what you can do to support it.

We have a culture in our business of talking directly to residents and delivering what we promise.

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Our vision for the future

2.69

(2011: 3.63)
RIDDOR accident incident rate

1.53

tonnes CO_2e

(2011: 1.67 tonnes $C0_2e$)*
Total direct operational carbon emissions per operative on site

*restated figure

RUNNING A SUSTAINABLE BUSINESS

MANAGING THE ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR BUSINESS

Vision2020 is about how we run the business from day-to-day, to take on board the principles of a long-term strategy, in a safe and sustainable way. Our vision for 2020 is that:

"Sustainability will be fully integrated into our business strategy and operations. Our environmental impact will be as low as possible and our operational sites will be healthy and safe places to work. We will retain a highly skilled and passionate workforce and through the Berkeley Foundation we will have given help to many young people, their families and communities. We will maximise shareholder value over the long-term in a sustainable and safe way, for an acceptable level of risk."

Good Work Contractor Conference organised by Berkeley

We have reported on our financial performance, and how this demonstrates our approach to building a sustainable business both in terms of past performance and indicators for the future. Operationally, we prioritise those areas which enable us to manage the economic, social and environmental impacts of the business in a way that promotes the Berkeley way as the right way to do business in this sector.

Health and Safety is an absolute priority. As production levels have increased over recent years, it gives us confidence in our approach to report that the RIDDOR accident incident rate (an indicator that measures the number of fatalities, major incidents and over three day absences per 1,000 people working on our construction sites) has reduced to 2.69 (2011: 3.63), a level which continues to outperform the industry. This is an area that requires continued vigilance and hard work from our teams, and receives a high level of management focus. We have continued our Good Order and Good Work programmes across all of our sites to continue to drive high Health and Safety standards on our sites, and this has again been well received by our contractors, managers and operatives. Berkeley's stakeholders, and above all Berkeley's workforce, should take comfort that Berkeley will always keep Health and Safety a top priority.

Environmental efficiency in our operations is an environmental focus which also has a clear cost benefit. Our focus on reducing emissions has meant that our direct operational carbon emissions per operative on site has reduced by 9% in 2012 to 1.53 tonnes CO_2e. We continue to focus on ways to further reduce our carbon emissions and our water consumption and waste generation during the construction process.

DRIVING PERFORMANCE THROUGH VISION2020 (OUR LEADING COMMITMENTS UP TO 2014)

In the last two years we have had a particular focus on managing the social and economic impacts of our business through the launch of the Berkeley Foundation. We also set targets to reduce the environmental impacts of our business and enhance Health and Safety performance.

Strong financial performance is essential for running a sustainable business. This provides the foundation from which we can deliver all of our Vision2020 commitments. Our key focus moving forward will be to maximise shareholder value over the long-term in a safe and sustainable way, for an acceptable level of risk.

To achieve this, we will also:

– Position the business so that Berkeley is well-placed to deliver returns of £4.34 per share to shareholders by September 2015.

– Retain our balance sheet strength and continue investment in our land bank.

This approach will give us the financial and operational stability to properly manage the social, economic and environmental impacts of our business across all disciplines as we have done in the past, enabling us to keep Health and Safety a top priority and continue to improve our environmental efficiency.

We continue to focus on ways to further reduce our carbon emissions and our water consumption and waste generation during the construction process.


Berkeley
Foundation
LYR
London Youth Rowing
concept

Running a Sustainable Business

Street Elite
A sports-based training for work programme

Conor McGahon, Land Manager, Berkeley
At the summit of Mount Everest helping raise money for the Berkeley Foundation

Berkeley Foundation

THE BERKELEY FOUNDATION

The Berkeley Foundation was launched in 2011. It works to improve the lives of young people and their communities in London and the South East.

The Berkeley Foundation embodies our approach to Corporate Social Responsibility, and has engaged our employees both within the wider community and beyond.

The Foundation invests in three different ways: through a small group of major strategic partnerships; by supporting individual charities which matter to our local businesses; and by making one-off grants. Two strategic partnerships began in 2011. The first was with the Lord's Taverners, developing a sports-based training for a work programme called Street Elite. The second was with Shelter, supporting a complete range of housing advice services for young people.

The creation of apprenticeships across our developments, of which there have been some 100 to date, is also in line with Berkeley's aspiration to embed good corporate citizenship into the business model itself, recognising the capacity that a business with the skills and experience of the Berkeley workforce can give back in training a highly skilled workforce for the future.

Berkeley's intention is to make the Berkeley Foundation the most effective and distinctive Corporate Social Responsibility programme in the housebuilding and real estate sector. This will be built on a strategic approach to modelling new ways of changing young people's lives for the better, supported by the notion that everyone in Berkeley, however they may choose to do it, does something to support the Foundation every year.

OUR PEOPLE

The success of Berkeley as an organisation to date is a testament to the knowledge, skill and hard work of our employees across every discipline of the business. Implementing a long-term strategy needs the understanding, buy-in and above all the passion of all of our employees to ensure that we deliver a business that can be considered one of the best and most sustainable in Britain, one of which all of our employees can be proud. Recruitment and retention of our high calibre workforce is crucial to this, to ensure that Berkeley can remain a market leader and implement Vision2020 across every discipline.

AWARDS

Whilst the business is not run in order to secure awards, perhaps that which makes Berkeley most proud, of those received this year, is its recognition by Management Today as Britain's Most Admired Company in 2011, ranking ahead of some of Britain's most prestigious businesses from Diageo to Royal Dutch Shell and Unilever. Other awards this year include 12 What House? Awards, Homebuilder of the Year at the Daily Telegraph British Homes Awards and Housebuilder of the Year at the 2011 Building Awards amongst others. The focus that Berkeley places on Health and Safety has also again been recognised through awards across its schemes from RoSPA, the NHBC and the Considerate Constructors Scheme.

Awards of this nature support our assertion that Berkeley is on the right path. We have again delivered a strong operating performance, whilst demonstrating that we are running the business in the right way to build and consolidate Berkeley as one of Britain's leading businesses now and in the future. With the right long-term strategy, the right operational targets, and the right framework in Vision2020 to support our approach, we believe that Berkeley is entering the year in excellent shape to continue to deliver on its promises.

Our Sustainability Report 2012, published under separate cover, provides a more in-depth analysis of Berkeley's approach to running a sustainable business under the framework of Vision2020.

Berkeley's intention is to make the Berkeley Foundation the most effective and distinctive Corporate Social Responsibility programme in the housebuilding and real estate sector.

Running a Sustainable Business

TRADING & FINANCIAL REVIEW

THE BERKELEY VISION IS TO MAXIMISE SHAREHOLDER VALUE OVER THE LONG-TERM IN A SUSTAINABLE AND SAFE WAY, RETURNING £13 PER SHARE TO SHAREHOLDERS BY 2021.

TRADING REVIEW

Stanmore Place, HA7
Area: 7 acres
Homes: 798
Developed by: St Edward

TRADING PERFORMANCE

Berkeley's results for the year ended 30 April 2012 demonstrate a strong underlying operating performance which, along with further growth in forward sales, a strong balance sheet and a solid land bank, leaves Berkeley well-positioned to meet its previous target of doubling its profit before tax from £110 million to £220 million by 30 April 2013, some two years earlier than originally planned and to embrace its new operational targets as it heads towards the first targeted dividend repayment in September 2015.

The strong underlying operating performance has been balanced with controlled investment in the future of the business. Shareholder equity has increased by £170.4 million to £1,099.8 million, while capital employed increased by £266.0 million to £1,157.7 million, some 29.8% higher than at the start of the year.

A full review of Berkeley's trading performance and financial position is set out in the Financial Review on pages 74 to 79.

HOUSING MARKET

Demand for residential property in good locations in London and the South East remained strong throughout the year, attracting interest from both UK domestic and international buyers, whether investors or owner-occupiers. This is consistent with recent data from the Office of National Statistics which recorded that prices in London rose by 4.9% in the year to April 2012 compared to 2.1% in the South East and 1.4% nationally in the same period.

This demand undoubtedly rests on London's pre-eminent position as one of the world's largest trading and financial centres and the benefits that this brings to the wider economy in the South East of England in terms of jobs and employment. Underlying domestic demand has remained resilient during the year, with visitor numbers across our sites remaining stable compared to last year, as has the ongoing demand for rental properties on our developments. For Berkeley's international customers, London continues to offer a unique combination of stability, access to some of the world's most prestigious addresses, including shops, restaurants and cultural amenities, a number of world-class higher education establishments and a competitive exchange rate. Together with what has historically been a supportive taxation framework, these have made London the preferred choice, when compared to the world's other major cities, for major inward investment.

Outside London, where the market relies more on traditional owner-occupiers, forward selling is less prevalent as people tend to buy when product is completed and available for occupation. Sales levels have been consistent with last year and Berkeley has worked carefully to try to match supply to demand. Berkeley held 288 completed properties in stock at 30 April 2012 (30 April 2011: 238) which are available for immediate sale and which is in line with historic levels.

Compounding this demand, there is a shortage of supply of new homes, exacerbated by existing planning policy and restrictions on the availability of development finance, which continues to place a scarcity value on homes in good locations. In these conditions, Berkeley anticipates that demand will remain strong for property in the best locations in London and the South East.

These market conditions are reflected in Berkeley's sales reservations which were some 27% ahead of last year, supported by the launch of 23 new sites to the market. Cash due on forward sales stood at £1,055.7 million at 30 April 2012, an increase of 29.8% from £813.5 million at 30 April 2011. Cancellation rates which averaged 14.8% over the course of the year remained at levels consistent with a strong underlying market.

2,444
Plots acquired

20
New sites

Government intervention to provide a solution to customer deposits and higher loan-to-value mortgages through the NewBuy scheme has been welcome. Whilst not necessarily expected to form a significant proportion of Berkeley sales, NewBuy is available on properties for sale under £500,000 and is a helpful enabler for those looking to step onto the housing ladder without access to a significant deposit.

The NewBuy scheme is expected to offer a more permanent replacement to the existing FirstBuy scheme when it comes to an end in December 2012. Under the government's FirstBuy initiative, some 60 customers have been helped to purchase their own Berkeley home during the year. Finding ways to continue to help individuals secure financing is important to ensure momentum and confidence in the housebuilding sector.

Across other areas of Berkeley's portfolio, there has remained strong interest in student accommodation, with a postgraduate scheme at Clapham Junction delivered during the year and four undergraduate schemes in the pipeline, underpinned by University and student demand in the locations identified. This is very much demand led, and the attraction of students to the world-class universities of London and the South East, who in turn demand world-class accommodation, has supported this investment.

Despite the well-documented challenges in retailing in uncertain times, there continues to be good interest in commercial tenancies on Berkeley's mixed-use schemes, with nine major supermarket pre-lets secured over the last eighteen months and tenancies across other uses including restaurants, coffee shops and crèches amongst others supporting the vibrancy of the places created.

NEW LAND ACQUISITION

In the year, Berkeley secured 2,444 plots across 20 new sites, investing a further £311 million, which equates to an average plot cost of £127,000. The average plot cost reflects a concentration of land acquired in London, in line with the Group's strategy to invest in markets in which it has a competitive advantage and where the planning, political and market environment supports investment.

In Central London, the sites include a commercial property in EC1 which is currently tenanted until 2015 and has a planning consent for some 700 homes, two schemes on the Albert Embankment (Eastbury House and Hampton House) and a scheme at One Blackfriars which has an established consent for a 52-storey development. In Greater London they include a former monastery in Finchley and a Royal Mail sorting office in Twickenham. Outside London Berkeley has acquired a former hospital site in Tunbridge Wells, a housing scheme in Caterham, and a selection of boutique housing schemes each with fewer than 10 plots. Most of the sites were either acquired with a planning consent or conditional on a planning consent being secured. Berkeley's land holdings at 30 April 2012 do not include the acquisition of Wapping Village on which terms were agreed and the purchase completed in May 2012.

In the year Berkeley secured 2,444 plots across 20 new sites, investing a further £311 million, which equates to an average plot cost of £127,000.

PLANNING AND OPTIMISATION

The quality of Berkeley's land bank was enhanced this year following resolution to grant planning consent on some 36 schemes. These consents included some 750 new homes at Fulham Reach, 489 new homes at Chelsea Creek, 275 homes at Abell and Cleland House in Westminster and 144 homes at Thameside in Kew. At 30 April 2012, 84% of the 26,021 plots in Berkeley's land bank benefited from an implementable planning consent (2011: 77%), a statistic which gives strong visibility over the future viability of the land bank.

Optimising the value of the land bank through planning has traditionally offered Berkeley the opportunity to add value while maintaining an efficient balance sheet and minimising risk. Equally important is that the revision of planning consents often directly supports local communities by funding additional Section 106 and community benefits that would not otherwise have been delivered and ensuring a sustainable use of land, a scarce resource, to build much needed homes. Optimisation is invariably demand led, whether this is meeting the need for more new homes, changing the mix of homes or changing planning uses to meet market requirements which evolve over time. In the year, Berkeley added approximately 6% of value to its opening land bank which is in line with historic levels and contributed to the outperformance in the growth in the land bank compared to its original target.

The planning outlook in London has been significantly aided by the London Plan which governs planning policy in the Capital. Outside London, where there is no common framework, planning remains more difficult due to a lack of certainty. This year Berkeley, whilst securing some nine new consents outside London, also had applications rejected on five sites acquired conditional on securing a planning consent, a rate which is unsustainable if it continues at this level.

The National Planning Policy Framework, published in March of this year, is a helpful step forward for the industry, providing a presumption in favour of sustainable development when such development will improve and enhance the places where people live. This is about developing in the right way, engaging with and for the benefit of local people and communities, and is a sensible platform from which the industry can work.

The engagement of developers with local communities is only part of the equation. Planning needs to be an effective and positive process with active engagement from all parties. Engagement with statutory consultees across a range of disciplines, whether the Highways Agency, the Environment Agency, English Heritage or Natural England to name but a few, needs to be swift and proactive, and this is not currently the case. This is in the spirit of the National Planning Policy Framework, and is key to satisfying continuing demand for new housing in this country.

With the introduction over recent years of a wide variety of consultees on every planning application, the positive input that this brings must be balanced with the increasing cost of securing planning consents. Berkeley works hard to meet the aspirations of all interested parties, but acknowledges that underlying financial viability, above all on the part of the developer that uses its balance sheet to support the delivery of each scheme, is the key to unlocking each of its sites. Swift, helpful and proactive engagement from all parties is needed to unlock successful development.

36

Resolutions to grant planning consent

LAND BANK

After taking account of homes completed in the year (including joint ventures and student rooms at Clapham Junction), and the net addition of further plots through replanning and optimisation, the Group (including joint ventures) controlled some 26,021 plots at 30 April 2012 with an estimated gross margin of £2,580 million. This compared to 27,026 plots and £2,304 million at 30 April 2011. The average selling price in the land bank increased from £301,000 to £345,000 over the year, primarily reflecting the land acquired in London which has a higher average selling price than the underlying land bank.

Berkeley also holds approximately 10,000 further plots in its longer-term pipeline, including strategic land under option which requires promotion through the planning system as well as long-term regeneration land which is under contract. Delivery on this pipeline is constrained not just by planning, but other factors including viability and vacant possession which require Berkeley's expertise to unlock value in these plots and bring them into the longer-term land bank.

Having added £276 million of potential gross margin in 2012 to £2,580 million, Berkeley is advancing its target to increase the value of its land bank, after allowing for completions over the period, to £3 billion by April 2014, against a previous target of April 2015.

£2,580 million

Estimated gross margin in the land bank

	April 2012	Change	April 2011
Owned	**25,755**	-1,110	26,865
Contracted	**246**	+99	147
Agreed	**20**	+6	14
Plots *	**26,021**	-1,005	27,026
Sales value	**£8,989m**	+£854m	£8,135m
Average selling price	**£345k**	+£44k	£301k
Average plot cost	**£55k**	+£11k	£44k
Land cost	**16.0%**	+1.4%	14.6%
Gross margin	**£2,580m**	+£276m	£2,304m
	28.7%	+0.4%	28.3%

* Includes 1,658 plots within joint ventures at 30 April 2012 (30 April 2011: 1,548)

The average selling price in the land bank increased from £301,000 to £345,000 over the year.

No.1 Gunwharf Quays, Portsmouth

Royal Arsenal Riverside, SE18 ▶

DELIVERY OF MAJOR PROJECTS

20 sites have moved from land not under development into production over the course of the year following planning consents and successful sales releases. These include St George's scheme at Fulham Reach on the river in Hammersmith and Berkeley's scheme at Goodmans Fields, where the first phase comprising the refurbishment of 75 Leman Street is underway.

The delivery of residential accommodation this year also included Griffon Studios, a post-graduate student scheme at Clapham Junction, complementing the student schemes in Acton and Aldgate in London and those in Oxford and Gillingham that are due for delivery for the start of the academic years in September 2012 and 2013 respectively.

Production levels are at their highest in London, where demand most supports this investment. Berkeley has delivered first occupations at Chelsea Creek this year in line with previous guidance, with further occupations at our major regeneration schemes at Woodberry Park, Kidbrooke Village and Royal Arsenal Riverside. At Grosvenor Waterside, where the Group is contracted to sell 334 properties to Project Red Limited, a company ultimately controlled by Qatari Diar, some 149 of these properties had been completed at 30 April 2012, leaving a balance of 185 properties to complete at such time as the purchaser, at its discretion, requests delivery. Payment has been received in full for all of these properties.

Berkeley has previously highlighted seven major projects which have planning consents and which are scheduled to commence completions over the next five years. These projects, in aggregate, comprise some 22% of the value of the current land bank, and whilst delivery will be phased over several years, may lead to an uneven distribution of earnings and increased average selling price over the medium-term depending on the exact date of delivery.

The seven major projects are The Tower at St George Wharf, Riverlight, Chelsea Creek, One Tower Bridge, 375 Kensington High Street, Ebury Square and 190 Strand. The complex nature and size of these schemes means that it is inherently difficult to provide absolute certainty over the timing of delivery, which in some cases is up to five years away, as construction can frequently be affected by factors outside the direct control of management as well as the risk of any slowdown in sales. Delivery of each of these projects is currently at or within the timescales previously indicated and further updates will be made to the market in due course.

Outside London, construction has continued across Berkeley's portfolio. Apartments at Cambridge Riverside and Kingsbrook Park in Canterbury, as well as family housing at Edenbrook in Fleet, Queen's Acre in Beaconsfield and King's Hill in Cirencester, have been occupied in the current year and will benefit future years.

RUNNING A SUSTAINABLE BUSINESS

Berkeley's corporate plan is to deliver £13 per share to shareholders by 2021 and to be one of the most successful and sustainable businesses in Britain.

The challenge for Berkeley is to ensure that all of its stakeholders understand and embrace the discipline of running a business for the long-term, making the right choices to protect the Berkeley brand, reputation and operational performance, and acting with application and integrity.

This is the role of Vision2020, a framework which sets out a series of specific operational commitments across four key areas: The Customer Experience; Delivering Sustainable Communities; Building Greener Homes and encapsulated by Running a Sustainable Business.

Berkeley's approach to Running a Sustainable Business, and what this means to Berkeley, is set out in the accompanying section of the same name in this Annual Report.

OUTLOOK

Berkeley is mindful that it continues to operate in an uncertain market, with a double-dip recession in the UK and continuing uncertainty across Europe.

It is, however, a market which creates opportunities for the Group. Land is scarce and there is a limited supply of new homes; the economy in London and the South East is strong relative to other parts of the UK and less reliant on government spending; the planning regime in London is proactive and in a region where Berkeley has a competitive advantage.

In the long-term, restricted supply alongside an increasing demand from a concentration of the UK's population growth in London and the South East is likely to ensure that the prospects for new housing in Berkeley's core market remain strong, and the purchase of a new home in the right location is still one of the best long-term investments that an individual can make as well as being a place in which to live.

The focus of the business is to return the first milestone of £4.34 per share in cash to shareholders by 30 September 2015 and the Board is confident that, subject only to the resilience of the wider market, this will be achieved. The success of Berkeley now and in the future is reliant on keeping the business agile and flexible to act and react quickly in what it knows to be a cyclical property market.

Rob Perrins
Managing Director

Project team meeting at Grid Architects to discuss 190 Strand

FINANCIAL REVIEW

HEADLINE RESULTS

	April 2012 £'million*	April 2011 £'million*	Change £'million*	Change %
Revenue	**1,041.1**	742.6	+298.5	+40.2%
Operating profit before exceptional item	**195.7**	135.7	+60.0	+44.2%
Exceptional profit on disposal of subsidiary	**30.7**	-	+30.7	
Operating profit	**226.4**	135.7	+90.7	+66.8%
Net finance costs	**(9.4)**	(1.5)	-7.9	
Share of joint ventures result	**(2.2)**	2.1	-4.3	
Profit before tax	**214.8**	136.2	+78.6	+57.7%
Tax	**(56.7)**	(41.8)	-14.9	
Profit after tax	**158.1**	94.5	+63.6	+67.3%
Basic earnings per share	**121.0p**	72.1p	+48.9p	+67.8%
Return on equity	**21.2%**	15.3%	+5.9%	
Units sold	**3,565 units**	2,544 units		
Average selling price	**£280,000**	£271,000		

*unless otherwise stated

TRADING ANALYSIS

The majority of the Group's underlying revenue arises from sales of residential homes across the Group's mixed-use schemes. Revenue for the Group was £1,041.1 million (2011: £742.6 million) comprising £1,021.7 million of residential revenue (2011: £721.4 million), of which £2.1 million was from land sales (2011: £13.8 million), and £19.4 million of commercial revenue (2011: £21.2 million).

Residential revenue, excluding land sales, arose principally from the sale of 3,565 homes (2011: 2,544) in the year at an average selling price of £280,000 (2011: £271,000). During the year new homes were delivered across Berkeley's portfolio of developments including the major regeneration schemes at Woodberry Park, Kidbrooke Village and Royal Arsenal Riverside, higher value riverside schemes at Chelsea Creek, Battersea Reach and Kew Riverside, and housing schemes outside London at Queen's Acre in Beaconsfield, King's Hill in Cirencester and Edenbrook in Fleet amongst others. The increase in average selling price predominantly reflects changes in the mix of homes delivered in the year compared to previous years.

Revenue from land sales comprises £2.1million (2011: £13.8 million) which includes the disposal of one site in the year (2011: three).

£19.4 million (2011: £21.2 million) of revenue from commercial activities includes the sale of 54,000 sq ft of commercial space across a number of the Group's mixed-use developments. The most significant of these were the development and sale of a hotel at Blackheath, a storage facility at Royal Arsenal Riverside and a Community Centre at Woodberry Park.

PROFIT BEFORE TAX

Profit before tax increased by £78.6 million (57.7%) to £214.8 million in the year. This was due to a combination of five factors:

	£'million
Profit before tax: 2010/11	136.2
Increase in gross margin	+86.3
Increase in overheads	-26.2
Exceptional profit on disposal of subsidiary	+30.7
Increase in net finance costs	-7.9
Reduction in result from joint ventures	-4.3
Profit before tax: 2011/12	214.8

Berkeley's gross margin has increased by £86.3 million (41.2%) in the year in line with the underlying revenue increase of 40.2% and a marginal increase in gross margin percentage from 0.2% to 28.4% since last year based on the mix of homes sold.

Overheads have increased by £26.2 million to £99.6 million, but reduced as a percentage of revenue from 9.9% to 9.6%, and so are in line with the growth of the business and also reflect the first year's charge under the 2011 LTIP. Pre-exceptional operating margin of 18.8% compares with 18.3% last year, reflecting both the underlying increase in gross margin and the lower percentage of operating costs expensed in the year. The operating margin is at the top of the range of levels reported in recent periods.

On 30 September 2011 Berkeley sold its 51% equity interest in a company co-owned with Imperial College. The company had developed the first phase of 452 postgraduate student bedrooms at its scheme in Clapham Junction in London, let to postgraduate students of Imperial College, and the second phase of 114 rooms is expected to be delivered in September 2012. Berkeley's share of the proceeds of the sale of the company was £75.7 million and this resulted in an exceptional profit on disposal of £30.7 million.

Berkeley's share of the post-tax results of joint ventures was a loss of £2.2 million (2011: profit of £2.1 million) which reflects a combination of the timing of completions from St Edward's first scheme at Stanmore Place alongside investment in its delivery pipeline at 375 Kensington High Street and at 190 Strand.

Net finance costs have increased from £1.5 million to £9.4 million. The key reason for this is the change from a net cash to a net debt position over the course of the year as a result of the continued investment in the business.

EARNINGS PER SHARE

Basic earnings per share increased in the year by 67.8% from 72.1 pence to 121.0 pence. This increase is due to a combination of the 57.7% increase in profit before tax to £214.8 million, a decrease in the Group's effective tax rate from 31.1% to 26.1%, principally due to a reduction in the UK corporation tax rate, and a marginal reduction in the weighted average number of shares from 131,962,000 to 131,042,000.

£214.8 million

Profit before tax

£1,157.7 million

Capital employed

FINANCIAL POSITION

Capital Employed	April 2012	Change	April 2011
	£'million	£'million	£'million
Investment properties	**83.5**	+54.9	28.6
Other non-current assets	**100.3**	+15.0	85.3
Inventories	**1,851.7**	+238.5	1,613.2
Trade and other receivables	**115.2**	+18.5	96.7
Trade and other payables			
- Deposits and on account receipts	**(422.9)**	+49.1	(472.0)
- Other trade payables	**(470.2)**	-104.1	(366.1)
Current tax liabilities	**(99.9)**	-6.0	(93.9)
Capital employed	**1,157.7**	+265.9	891.8

The strong underlying operating performance has been balanced with controlled investment in the future of the business. Shareholder equity has increased by £170.4 million to £1,099.8 million, while capital employed increased by £265.9 million to £1,157.7 million, some 29.8% higher than at the start of the year.

Investment properties represent 612 properties developed by the Group (30 April 2011: 215) which are included in Berkeley's private rental fund and have increased by £54.9 million to £83.5 million (30 April 2011: £28.6 million) at historic cost. The Homes and Communities Agency has committed £12.5 million, classified as debt, to fund 358 of these properties (30 April 2011: £6.5 million on 100 properties). The total number of properties expected to be held by the fund is 802, leaving a further 190 to complete of which 176 will be subject to £4.9 million of further funding from the Homes and Communities Agency, taking their total planned investment to £17.4 million over 534 properties. Whilst it had originally been intended for the Group to hold some 896 properties, 94 have been marketed for sale opportunistically and so will no longer be held for investment.

Other non-current assets include £17.2 million of goodwill (30 April 2011: £17.2 million) which arose on the acquisition of St James Group Ltd in November 2006, £11.6 million of property, plant and equipment (30 April 2011: £10.6 million), £46.5 million investment in joint ventures (30 April 2011: £38.7 million) which has increased through £7.8 million of net investment in the year, and £25.0 million of deferred tax assets (30 April 2011: £18.9 million) which have increased by £8.2 million in respect of timing difference offset by a £2.1 million reduction due to the reduction in the UK corporation tax rate.

Change in inventory	30 April 2012	Change	30 April 2011
	£'million	£'million	£'million
Land not under development	**360.5**	+43.9	316.6
Work in progress: land cost	**723.8**	+91.9	631.9
	1,084.3	+135.8	948.5
Work in progress: build cost	**698.8**	+83.1	615.7
Completed units	**68.6**	+19.6	49.0
	1,851.7	+238.5	1,613.2

CASH FLOW

Cash Flow and Net Assets	April 2012	April 2011
	£'million	£'million
Profit before tax	**214.8**	136.2
Exceptional profit on disposal of subsidiary	**(30.7)**	-
	184.1	136.2
Increase in inventory – land	**(135.8)**	(207.4)
Increase in inventory – build WIP and stock	**(102.7)**	(151.7)
Other working capital movements	**(76.4)**	14.1
	(314.9)	(345.0)
Taxation	**(53.7)**	(32.6)
Proceeds on disposal of subsidiary	**75.7**	-
Other investing activities	**(12.3)**	(11.0)
Non-cash and other movements	**21.2**	7.5
	(99.9)	(244.9)
Share purchases	**-**	(30.0)
Decrease in net cash	**(99.9)**	(274.9)
Opening net cash	**42.0**	316.9
Closing net (debt) / cash	**(57.9)**	42.0
Capital employed	**1,157.7**	891.8
Net assets	**1,099.8**	933.8
Non-controlling interest	-	(4.4)
Net assets attributable to shareholders	**1,099.8**	929.4
Net assets per share	**839.3p**	709.2p

*unless otherwise stated

Inventories have increased by £238.5 million to £1,851.7 million (30 April 2011: £1,613.2 million) and comprise land not under development of £360.5 million (30 April 2011: £316.6 million), work in progress of £1,422.6 million (30 April 2011: £1,247.6 million) and completed units of £68.6 million (30 April 2011: £49.0 million).

During the year, the Group acquired 20 new sites in good locations across London and the South East, and invested in the planning, optimisation and delivery of current schemes as production levels have increased over the course of the year.

Trade and other receivables have increased from £96.7 million to £115.2 million due to a higher level of completions towards the end of the year.

Trade and other payables have increased by £54.9 million to £893.1 million (£30.4 million non-current and £862.7 million current) similarly reflecting the growth of the business. Included within trade creditors are £422.9 million of on account receipts (30 April 2011: £472.0), which, together with cash due on forward sales of £1,055.7 million at 30 April 2012 (30 April 2011: £813.5 million), matches the majority of the increased investment in inventory and provides a significant hedge against market risk.

A net cash outflow of £99.9 million in the year took the Group from a net cash position of £42.0 million at 30 April 2011 to a net debt position of £57.9 million at 30 April 2012.

21.2%
Return on equity

£525 million
New banking facilities

Key to this movement was the controlled investment in the business in the year through a £314.9 million net investment in working capital (2011: £345.0 million). This included a £135.8 million net investment in land (2011: £207.4 million) and £102.7 million in construction (2011: £151.7 million) along with other working capital increases of £76.4 million (2011: reduction of £14.1 million) which included continued investment in the Group's rental fund properties in the year and other movements. This increased investment in the business should be viewed in conjunction with a £242.2 million increase in cash due on forward sales which underlines the way in which Berkeley manages balance sheet risk.

The cash flow reflects the proceeds of £75.7 million from the sale of Berkeley's 51% equity interest in the company co-owned with Imperial College, which gave rise to an exceptional profit on disposal of £30.7 million. Following the disposal of this company, there is no longer a non-controlling interest at 30 April 2012. At 30 April 2011, this represented Imperial College's 49% share in this subsidiary.

The Group paid tax of £53.7 million, compared to £32.6 million in 2011, which is in line with the growth of the business.

Non cash items and other movements, which principally relate to timing differences on interest receipts and payments and the effects of share based payments accounting, including the effect of the introduction of the 2011 LTIP in the year, are £21.2 million compared to £7.5 million last year.

Cash flows from financing activities last year were an outflow of £30.0 million arising from the acquisition of own shares during the course of the year. There were no such purchases in 2012.

Combined with a £265.9 million increase in capital employed in the year, the net cash outflow of £99.9 million has increased net assets from £933.8 million to £1,099.8 million at 30 April 2012. This has led to an increase in net assets per share from 709.2 pence last year to 839.3 pence at 30 April 2012.

RETURN ON EQUITY

Return on equity, a core performance target for Berkeley, was 21.2% in 2012 (2011: 15.3%), reflecting the strong trading performance reported, in the context of a controlled investment in balance sheet assets. This increase has arisen from a 57.7% increase in profit before tax alongside a 13.5% increase in average equity for the year.

TAXATION

The Group's policy is to pay the amount of tax legally due and to observe all applicable rules and regulations. At the same time we have an obligation to maximise shareholder value and to manage financial and reputational risk. This includes minimising and controlling our tax costs, as we look to do for all costs of our business. Factors that may affect the Group's tax charge include changes in legislation, the impact of corporate activity (restructuring, acquisitions, disposals, etc), the resolution of open tax issues from prior years and planning opportunities. The Group makes provisions for potential tax liabilities that may arise, however the amount ultimately paid may differ from the amount accrued.

BANKING FACILITIES

The Group's financial position today is further supported by the re-negotiation of the Group's banking facilities since the year end. On 24 May 2012, Berkeley increased its committed corporate banking facilities from £450 million to £525 million, of which £250 million expires in April 2017 and £275 million in May 2017. With £200 million of the Group's £450 million having been due to expire in November 2013, the new facilities effectively provide clarity of financing at £525 million for five years through to April 2017. In addition, Berkeley has a further £60 million of banking facilities in St Edward Homes, of which £3 million was utilised at the year end, if required, to finance the delivery of its schemes.

JOINT VENTURES

St Edward Homes is Berkeley's joint venture with Prudential, which is developing Stanmore Place and 375 Kensington High Street, and which also now plans to develop a scheme at 190 Strand in London. During the year, 188 homes were sold at Stanmore Place at an average selling price of £170,000 (2011: 164 homes at £251,000). Berkeley's land bank includes some 1,658 plots in respect of St Edward Homes' schemes (2011: 1,548 plots), and Berkeley continues to work with Prudential to identify further sites to which St Edward Homes can add value.

Investments accounted for using the equity method of £46.5 million (30 April 2011: £38.7 million) relate to Berkeley's interest in these schemes.

FINANCIAL RISK

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

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

– Liquidity risk - the risk that suitable funding for the Group's activities may not be available.

– Market credit risk - the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk is comprised of the cash and cash equivalents and trade and other receivables held within current assets on the consolidated balance sheet.

– Market interest rate risk - the risk that Group financing activities are adversely affected by fluctuations in market interest rates.

The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally. The objectives of the treasury policy are to maintain an appropriate capital structure and in doing so manage the financial risks identified above. The procedures for mitigation of the financial risks are set out in note 23 of the consolidated financial statements.

OPERATING RISK

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

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

The principal operating risks of the Group which have been considered by the Board include, but are not limited to, the risks as set out on pages 80 and 81.

The Internal Control section within the Corporate Governance report on pages 109 to 110 sets out the Group's overall framework for internal control, setting the context for the identification, control and monitoring of these and other risks faced by the Group.

Nick Simpkin
Finance Director

BERKELEY'S PRINCIPAL OPERATING RISKS

Risk Descriptions	Mitigation
ECONOMIC CONDITIONS	
As a property developer Berkeley's business, in the context of the wider Housing Market, is sensitive to changes in interest rates, unemployment and general consumer confidence. Significant economic uncertainty exists in the UK, Europe and worldwide and this may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.	Berkeley's business strategy reflects the cyclical nature of property development. Funds are carefully targeted at investing only in land which is underpinned by demand fundamentals that support a solid viability case even when markets are uncertain. Levels of committed expenditure are carefully monitored against sales secured and bank facilities available, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets. The business is committed to operating at an optimal size, with a strong balance sheet, to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.
REGULATION	
Adverse changes to government policy on areas such as taxation, housing and environmental matters could restrict the ability of the Group to deliver its strategy. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	The effects of changes to government policies at all levels are closely monitored and representations made where necessary. Berkeley's experienced teams are well-placed to interpret and implement new regulation at the appropriate time through direct lines of communication across the Group. Detailed policies and procedures are in place and these are communicated to all staff.
PLANNING	
Delays or refusals in obtaining commercially viable planning permissions on the Group's land holdings could result in the Group being unable to develop the land it has purchased. This could have a direct impact on the Group's ability to deliver its product and on its profitability.	Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. The planning status of all sites is reviewed at monthly divisional Board meetings and bi-monthly Main Board meetings. The Group works closely with local communities in respect of planning proposals and strong local relationships are maintained with local authorities and planning officers. The Group is focused on the markets of London and the South East of England in planning regimes which it understands and where it believes it therefore has a competitive advantage.
PEOPLE	
An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities. Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.	Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive. Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel.
SALES	
An inability to match supply to demand in terms of product, location and price could result in missed sales targets and / or inefficient levels of completed stock which in turn could impact on the Group's ability to deliver its corporate strategy.	Detailed market demand assessments of each site are undertaken before acquisition, and regularly during delivery of each scheme, to ensure that supply is matched to demand in each location. Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location. The Group has a diverse range of developments with homes available at a broad range of property prices to appeal to a wide market. Forward sales are used to take the risk out of the development cycle where possible, thereby justifying the financial investment in each of the Group's sites. Completed stock levels are reviewed and debated at monthly divisional Board meetings and bi-monthly Main Board meetings.
MORTGAGE AVAILABILITY	
Mortgage providers have been negatively impacted by the financial crisis and this has reduced their ability to provide mortgages to potential purchasers. An inability of customers to secure sufficient mortgage finance could have a direct impact on the Group's transaction levels.	Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio. The Group is participating in the government-backed mortgage indemnity scheme, NewBuy, on a number of its schemes. Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.

Risk Descriptions	Mitigation
SUSTAINABILITY	
Berkeley is hugely aware of the environmental impact of the homes and communities that it builds, both during the construction phase and on occupation by its customers. Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demand for sustainable homes.	Vision2020 provides the framework under which the Group's approach to running a sustainable business is formalised. This provides a series of over-arching areas of focus along with detailed commitments to be adopted and embraced by all staff. A Board level Sustainability and Health & Safety Governance Committee has the responsibility of setting the Group's direction in this area, to ensure that it is aligned with the Group's strategy. Specific commitments to deliver sustainable communities, minimise the impact of the homes that Berkeley builds and to manage the environmental impacts of Berkeley's business form the bedrock of this approach. Sustainability assessments are built into land purchases and planning applications. Sustainability commitments during delivery include the use of environmental performance methodology, a focus on brownfield development and the monitoring of carbon emissions, amongst others.
HEALTH AND SAFETY	
Berkeley's operations have a direct impact on the Health and Safety of its people, contractors and members of the public. Berkeley considers this to be an area of critical importance. A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.	A Board level Sustainability / Health and Safety Governance Committee has the responsibility of setting the Group's Health and Safety strategy. Dedicated Health & Safety teams are in place in each division and at Head Office. Procedures, training and reporting are all regularly reviewed to ensure high standards are maintained, and comprehensive accident investigation procedures are in place. The Group has implemented a number of initiatives to improve Health and Safety standards on site, with workshops held with contractors during the year. Vision2020 incorporates commitments in the area of Health & Safety which reinforce the Group's focus on this. Adequate insurance is held to cover the risks inherent in large-scale construction projects.
LAND AVAILABILITY	
An inability to source suitable land to maintain the Group's land bank at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.	Berkeley's strategy is to acquire land opportunistically, where it meets its internal criteria for purchase. Land acquisition is focused on Berkeley's core markets of London and the South East, markets which it understands and where it believes that the demand fundamentals are strong. Each land acquisition is subject to formal internal appraisal and approval processes both prior to the submission of a bid and again prior to exchange of contracts. The Group maintains a land bank to mitigate against significant impacts from market changes or delayed build activity. Berkeley has experienced land teams with strong market knowledge in its areas of focus.
BUILD COST AND PROGRAMME	
Build costs are affected by the availability of skilled labour and the price and availability of materials. Changes to these prices and availability could impact on the profitability of each scheme.	A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition. A further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction. Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month.
PRODUCT QUALITY	
Berkeley has a reputation for the high standards of quality of its product. If the Group fails to deliver against these standards, it could be exposed to reputational damage, as well as reduced sales and increased cost.	Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that the quality of the product is maintained. Customer Satisfaction surveys are undertaken on the handover of all private apartments, and feedback incorporated in shaping the specification and quality of subsequent schemes.

GOVERNANCE
BERKELEY'S STRATEGY IS DEDICATED TO DELIVERING ITS LONG-TERM CORPORATE OBJECTIVES.

BOARD OF DIRECTORS

CURRENT COMMITTEE COMPOSITION

Nomination Committee
A W Pidgley (Chairman)
D Howell
J Armitt
V Wadley

Audit Committee
D Howell (Chairman)
A C Coppin
A Nimmo

Remuneration Committee
A C Coppin (Chairman)
J Armitt
G Barker

Company Secretary
A M Bradshaw

Honorary Life President
Jim Farrer MRICS, along with Tony Pidgley a co-founder of Berkeley, he was Group Chairman until his retirement in 1992. At that time he was appointed Honorary Life President.

CHAIRMAN AND EXECUTIVE DIRECTORS

TONY PIDGLEY

Co-founder of the Company in 1976 with Jim Farrer. He was appointed Group Chairman on 9 September 2009, having previously been the Group Managing Director since the formation of the Group in 1976. He is Chairman of the Nomination Committee.

ROB PERRINS BSC (HONS) ACA

Joined the Company in 1994 having qualified as a chartered accountant with Ernst & Young in 1991. He was appointed to the Group Main Board on 1 May 2001 on becoming Managing Director of Berkeley Homes plc. He became Group Finance Director on 2 November 2001, moving to his current role as Group Managing Director on 9 September 2009.

NICK SIMPKIN ACA

Joined Berkeley in 2002 and has held a number of senior finance positions including Finance Director of St James and Head of Finance for Berkeley Group. He joined the Board and became Group Finance Director on 10 September 2009.

KARL WHITEMAN

Joined Berkeley in 1996 as a Construction Director and currently leads the largest Berkeley Homes division and chairs the Group's Sustainability and Health & Safety Working Groups. He joined the Board on 10 September 2009 as a Divisional Executive Director.

SEAN ELLIS

Joined Berkeley in 2004 with an expertise in land and is currently Chairman of St James Group. He joined the Group Main Board on 9 September 2010 as a Divisional Executive Director.

GREG FRY ACA

Joined the Group in 1982 and is currently Chairman of St George PLC, having been a Director since its inception in 1986. He was reappointed to the Group Main Board on 5 September 2011 as a Divisional Executive Director, having previously been a member of the Group Main Board from 1 May 1996 to 22 July 2010.

NON-EXECUTIVE DIRECTORS

SIR JOHN ARMITT

Appointed a Non-executive Director on 1 October 2007. He is currently Chairman of the Olympic Delivery Authority and was Chairman of the Engineering and Physical Science Research Council until 31 March 2012. From 2001 to 2007 he was Chief Executive of Network Rail and its predecessor, Railtrack. Sir John is the Senior Independent Director, Chairman of the Group's Sustainability and Health & Safety Committee and is a member of the Remuneration and Nomination Committees.

VICTORIA MITCHELL

Appointed a Non-executive Director on 1 May 2002 and became Group Chairman on 1 August 2007, moving to her current role as Deputy Chairman on 9 September 2009. Currently a Consultant Director of Savills (L and P) Limited, she was previously an Executive Director of Savills plc. She is currently a Non-executive Director of Pam Golding International (Pty), Development Securities plc, Lennox Investment Management LLP and London First. She will stand down from the Board at the AGM on 5 September 2012.

DAVID HOWELL

Appointed a Non-executive Director and Chairman of the Audit Committee on 25 February 2004. Previously a Main Board Director of lastminute.com plc, Group Finance Director of First Choice Holidays plc, Executive Chairman of Western and Oriental plc, Chairman of EBTM plc (Everything but the Music) and a Non-executive Director of Nestor Healthcare Group plc, David is currently a Non-executive Director of two private companies. David is also a member of the Nomination Committee.

ALAN COPPIN

Appointed a Non-executive Director on 1 September 2006. He is currently a Non-executive Director of Marshalls plc and a member of both the Royal Air Force Board Standing Committee and Air Command (formerly Strike Command). Previously Hon. Chairman of The Prince's Foundation for the Built Environment and a Non-executive Director at Capital and Regional plc and Carillion plc, Alan is Chairman of the Remuneration Committee and a member of the Audit Committee.

ALISON NIMMO

Appointed a Non-executive Director on 5 September 2011. Alison is currently Chief Executive of The Crown Estate and she was previously responsible for delivering many of the London 2012 Olympic and Paralympic venues as Director of Regeneration and Design at the Olympic Delivery Authority. She is a member of the Audit, Sustainability and Health & Safety Committees.

VERONICA WADLEY

Appointed a Non-executive Director on 3 January 2012. She is currently Chair of the Arts Council, London and a National Council member of Arts Council England. Previously Editor of The Evening Standard, she is also an Independent Director of Times Newspapers Holdings. She is a member of the Nomination Committee.

GLYN BARKER BSC (HONS) FCA

Appointed a Non-executive Director on 3 January 2012 following a 35 year career with PwC, most recently as its UK Vice Chairman. He previously held a number of senior posts within PwC including Managing Partner and Head of Assurance and also established and ran their Transactions Services business. Glyn is a Non-executive Director of Aviva plc and Transocean Limited, Chairman Designate of the Law Firm Irwin Mitchell and a Director of the English National Opera Company. He is a member of the Remuneration Committee.

DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated and company financial statements for the year ended 30 April 2012.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is a UK listed holding company of a Group engaged in residential-led property development focusing on urban regeneration and mixed-use developments. The Company is incorporated and domiciled in England and Wales and is quoted on the London Stock Exchange.

The information that fulfils the requirements of the business review can be found in the Chairman's statement on page 6, the Managing Director's statement on page 7, the Trading and Financial review on pages 64 to 79, which provides more detailed commentaries on the business during the year together with the outlook for the future, and the section on Running a Sustainable Business on pages 48 to 61.

In addition, information in respect of the principal financial and operating risks of the business is set out in the Trading and Financial review on page 79.

TRADING RESULTS AND DIVIDENDS

The Group's consolidated profit after taxation for the financial year was £158,147,000 (2011: £94,456,000). The Group's joint ventures contributed a loss after taxation of £2,192,000 (2011: profit of £2,059,000).

No dividends were declared or paid in the financial year.

SHARE CAPITAL

The Company had 134,857,183 ordinary shares in issue at 30 April 2012 (2011: 134,857,183). The Company holds 3,577,506 of its own shares in treasury (2011: 3,577,506).

Authority will be sought from shareholders at the forthcoming Annual General Meeting to renew the authority given at the 2011 Annual General Meeting for a further year, permitting the Company to purchase its own shares in the market up to a limit of 10% of its issued share capital.

Movements in the Company's share capital are shown in note 18 to the consolidated financial statements.

Information on the Group's share option schemes is set out in note 5 to the consolidated financial statements. Details of the Long-Term Incentive Schemes and Long-Term Incentive Plans for key executives are set out in the Remuneration Committee report on pages 89 to 105.

ARTICLES OF ASSOCIATION

The Articles of Association set out the basic management and administrative structure of the Company. They regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, Board and shareholder meetings, powers and duties of Directors and borrowing powers. In accordance with the Articles of Association, Directors can be appointed or removed by shareholders in a general meeting.

The Articles may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary and are also open to inspection at Companies House.

DIRECTORS

The Directors of the Company and their profiles are detailed on pages 84 and 85. All of the Directors served throughout the year under review with the exception of Greg Fry and Alison Nimmo, who were both appointed to the Board on 5 September 2011, and Glyn Barker and Veronica Wadley, who were both appointed to the Board on 3 January 2012.

The Articles of Association of the Company require Directors to submit themselves for re-election every three years. In addition all Directors are subject to re-election at the first opportunity after their appointment to the Board. However, in accordance with the UK Corporate Governance Code all the Directors will offer themselves for re-election at the forthcoming Annual General Meeting, other than Victoria Mitchell who is standing down from the Board.

The Directors' interests in the share capital of the Company and its subsidiaries are shown in the Remuneration Committee report on page 105. At 30 April 2012 each of the Executive Directors were deemed to have a non-beneficial interest in 237,363 (2011: 237,363) ordinary shares held by the Trustees of The Berkeley Group Employee Benefit Trust.

There were no contracts of significance during, or at the end of, the financial year in which a Director of the Company is, or was, materially interested, other than those set out in note 24 to the consolidated financial statements, the contracts of employment of the Executive Directors, which are terminable within one year, and the appointment terms of the Non-executive Directors, which are renewable annually and terminable on one month's notice.

DIRECTORS' INDEMNITIES

The Company's practice has always been to indemnify its Directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, in accordance with the Company's Articles of Association and to the maximum extent permitted by law, in respect of all costs, charges, expenses, losses and liabilities, which they may incur in or about the execution of their duties to the Company, or any entity which is an associated company (as defined in Section 256 of the Companies Act 2006), or as a result of duties performed by the Directors on behalf of the Company or any such associated company.

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of the following interests, pursuant to Rule 5 of the Disclosure Rules and Transparency Rules amounting to 3% or more of the issued capital of the Company, as at 19 July 2012:

	Number of ordinary shares held	% of issued capital(1)	Nature of holding
Lloyds Banking Group plc	17,043,398	12.98%	Indirect
First Eagle Investment Management, LLC	14,451,198	11.01%	Indirect
Mirabaud Investment Management Ltd	6,543,445	4.98%	Indirect
Anthony William Pidgley	6,456,838	4.92%	Direct
Blackrock Inc	6,159,637	4.69%	Indirect
Standard Life Investments Ltd	5,005,879	3.81%	Direct/Indirect

(1) Net of shares held in treasury.

DONATIONS

During the year, donations by the Group for charitable purposes in the United Kingdom, including through the Berkeley Foundation, amounted to £789,000 (2011: £574,000). The Group made no political contributions (2011: £nil) during the year.

EMPLOYMENT POLICY

The Group's policy of operating through autonomous subsidiaries has ensured close consultation with employees on matters likely to affect their interests. The Group is firmly committed to the continuation and strengthening of communication lines with all its employees.

An Equal Opportunities Policy was introduced in 2001. Following periodic reviews (the most recent in September 2010) the policy is now an Equality and Diversity Policy with the aim of ensuring that all employees, potential employees and other individuals receive equal treatment (including access to employment, training and opportunity for promotion) regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation. It is the policy of the Group to support the employment of people with disabilities wherever practicable and to ensure, as far as possible, the training, career development and promotion opportunities are available to all employees. This policy includes employees who become disabled whilst employed by the Group.

SUSTAINABILITY

Each year Berkeley produces a Sustainability Report to provide its stakeholders with a full and transparent account of how its sustainability strategy and policies are put into practice throughout the Group.

This year Berkeley has produced a Sustainability Report Executive Summary which provides an overview of the progress made against its sustainability strategy for the period from May 2011 to April 2012. It contains a short explanation of Vision2020, key achievements in the year and summary performance data against Key Performance Indicators. A number of short case studies are also provided to demonstrate how Berkeley incorporates sustainability into its business operations.

More extensive information on sustainability performance is available on Berkeley's website, including a full explanation of Vision2020, detailed performance data and more case studies. Once again, Berkeley has applied the Global Reporting Initiative (GRI) Sustainability Reporting Principles to its executive summary report and website in order to give a balanced and relevant account of its sustainability performance.

For further information and to download a copy of the Sustainability Report Executive Summary, please refer to the sustainability section of Berkeley's website.

DIRECTORS' REPORT

HEALTH AND SAFETY

The Group considers the effective management of health and safety to be an integral part of managing its business. Accordingly, the Group Main Board continues to monitor the strategic development and audit the implementation by all divisions of their Occupational Health & Safety Management Systems to ensure that, both at Group and divisional level, they remain compliant with recognised established standards.

We remain committed to enhancing the Group's high standards through continuous improvement. Our Health & Safety Governance Committee is responsible for setting the strategic objectives of the Group, and the Health & Safety Working Group, comprising divisional executives and managers, is responsible for delivering these objectives and reviewing progress against targets set for our established key performance indicators, reporting this quarterly to the Group Main Board. For further information, please refer to the section on Running a Sustainable Business on pages 48 to 61.

ESSENTIAL CONTRACTS

Berkeley has contractual and other arrangements with numerous third parties in support of its business activities. None of the arrangements are individually considered to be essential to the business of Berkeley.

PAYMENT OF CREDITORS

Each of the Group's operating companies is responsible for agreeing the terms and conditions, including terms of payment, relating to transactions with its suppliers. This is on an individual contract basis, rather than following a standard code. It is Group policy to abide by the agreed terms of payment where the supplier has provided the goods and services in accordance with the relevant terms and conditions of contract. At 30 April 2012, the Company did not have any trade creditors (2011: £nil).

TAKEOVER DIRECTIVE – AGREEMENTS

Pursuant to the Companies Act 2006, the Company is required to disclose whether there are any significant agreements that take effect, alter or terminate upon a change of control.

Change of control provisions are included as standard in many types of commercial agreement, notably bank facility agreements and joint venture shareholder agreements, for the protection of both parties. Such standard terms are included in Berkeley's bank facility agreement which contains provisions that give the banks certain rights upon a change of control of the Company. Similarly, in certain circumstances, a change of control may give Berkeley's joint venture partner, Prudential Assurance Company Limited, the ability to exercise certain rights under the shareholder agreement in relation to its St Edward Homes joint venture.

In addition, the Company's share schemes contain provisions which take effect upon change of control. These do not entitle the participants to a greater interest in the shares of the Company than that created by the initial grant of the award. The Company does not have any arrangements with any Director that provide compensation for loss of office or employment resulting from a takeover.

The remaining information required to be disclosed under the Takeover Directive can be found within notes 5 and 18 to the consolidated financial statements.

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is to be held at the Woodlands Park Hotel, Woodlands Lane, Stoke D'Abernon, Cobham, Surrey KT11 3QB at 11.00am on 5 September 2012. The Notice of Meeting, which is contained in a separate letter from the Group Chairman accompanying this report, includes a commentary on the business to be transacted at the Annual General Meeting.

By order of the Board

A M Bradshaw
Company Secretary
19 July 2012

REMUNERATION REPORT

The Board of Directors presents its Remuneration Report for the year ended 30 April 2012, which has been prepared on the recommendation of the Remuneration Committee ("the Committee"). An advisory resolution to approve this report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

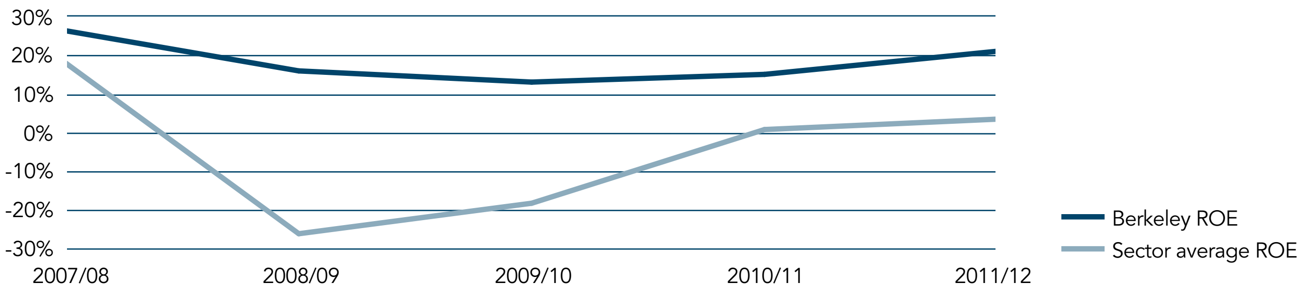
The report has been prepared in accordance with the requirements of the UK Corporate Governance Code, Schedule 8 of the Large & Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, and the Listing Rules of the Financial Services Authority.

INTRODUCTION

This year's remuneration report is set against the strong operational performance of Berkeley in both an historical context and also relative to the performance of its sector.

Berkeley's strategy places an emphasis on achieving two operational measures that the Committee aims to align to the Executive's remuneration. The first is achieving sustainable pre-tax returns on shareholder equity ("ROE"). The second measure recognises that the ROE performance should not be achieved at the expense of shrinking the business and that a sustainable model for shareholders relies on growth in the value of the land bank at the same time. The combination of these two targets is designed to provide a balance between earnings in the near term and creating a long term, sustainable business which the Board considers is the best way to create shareholder value.

In considering the level of the Executive's Annual Bonus Plan the Committee has previously discussed the principles with major shareholders and aims to set these at a level that is both challenging and sector leading. Comparing the Group's ROE to its sector over the last 5 years illustrates the relative performance of Berkeley and challenging targets set:



The Committee believes it is important to set annual targets that have a strong operational correlation with the performance of the business and are targets that the Executive team are responsible for delivering. Whilst the Committee considers total shareholder return (TSR) to be a helpful tool to measure performance over the long term, it believes that setting the right operational targets on an annual basis and putting in place a long term share based remuneration policy aligned to creating shareholder value above a hurdle level of return is the best way to deliver value for shareholders and to encourage, reward and retain the current Executives.

The absolute value delivered by Berkeley can be illustrated by the comparison of the TSR for Berkeley, expressed as the value of £100 invested in the company, both from 25 June 2004, being the date on which the previous Scheme of Arrangement was announced, and from 1 May 2010, the date on which the current Annual Bonus Plan was introduced, to 30 April 2012:

	Value of £100 invested on	
Company	25/06/2004	01/05/2010
Berkeley	£321	£154
FTSE 250	£234	£117
FTSE 100	£169	£111
Sector average	£84	£111

Over these timeframes, Berkeley has out-performed the sector average and generated additional value for shareholders over a difficult and challenging period.

At the 2011 AGM shareholders approved the Board's strategy to return £13 per share to shareholders over the next 10 years, which has the following key features:

- It strikes the right balance between maximising shareholder returns and an acceptable level of operating risk;
- It provides a long term framework which has embedded flexibility between investment and cash and takes into account the cyclical nature of the property market;
- It allows Berkeley to operate at its natural size;
- The model provides a performance stretch relative to the sector but remains within the range of management's capacity to deliver;
- It supports an added value model which the Board believes delivers best returns to shareholders over the long term; and
- Berkeley can generate the returns without introducing unnecessary financial risk in a cyclical market which is an important part of Berkeley's overall strategy.

REMUNERATION REPORT

KEY ELEMENTS OF THE REMUNERATION POLICY

The objective of Berkeley's remuneration policy is to encourage, reward and retain the current Executives. The core philosophies of the policy are:

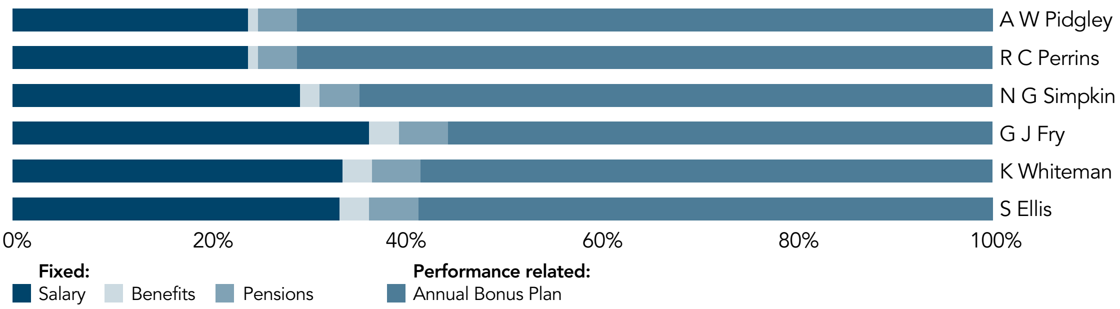
Fixed remuneration

The Committee sets salaries for the Executive Directors based on their experience, role, individual and corporate performance. Salaries on appointment to the Board are set at a lower quartile level which, based on appropriate levels of individual and corporate performance, will be increased with experience gained over time.

Annual performance related pay

The Committee believes that shareholders' interests are best served by remuneration packages that have a large emphasis on performance-related pay which encourage the Executives to focus on delivering the business strategy.

The chart below summarises the relative importance of the various components of annual remuneration for each Executive Director for 2011/12, illustrating that the majority of this remuneration is performance related:



The Committee is responsible for determining the performance measures, annual performance targets and bonus awards under the Annual Bonus Plan.

The specific performance measures under the Annual Bonus Plan, being a return based measure (Return on Equity) and a value based measure (Land Bank Growth) ensure that there is a balance between incentivising the Executives to provide a sustainable ongoing level of return to shareholders whilst ensuring the long-term sustainability of the Company, thereby creating long-term shareholder value.

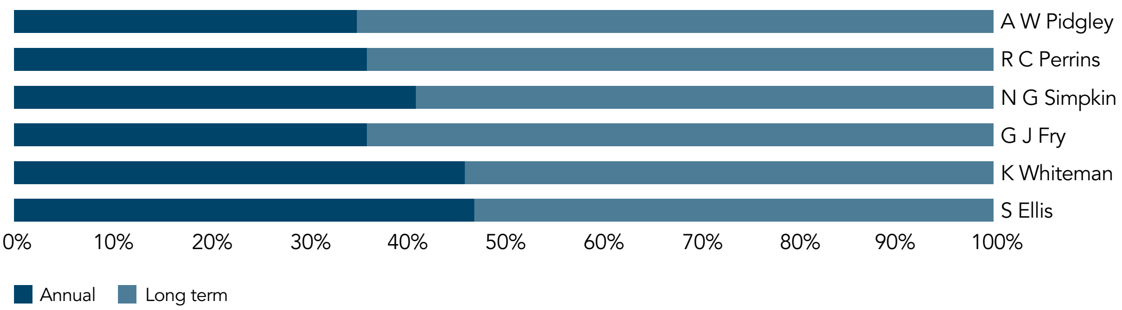
The performance targets are set on an annual basis taking into account the above considerations and reflecting an appropriate level of risk. It is not in the interests of any of the stakeholders in the Company to set targets that encourage a level of risk inconsistent with the agreed risk profile for the Company.

Long-term sustainable performance

The reward arrangements should be designed to incentivise and lock-in the Executive team to deliver the Company's strategy and to ensure that they are focused on generating long-term sustainable value for shareholders.

The long-term incentives which extend to 2021 have been designed to lock-in the Executive team for a far longer period than is typical in most publicly listed companies. This has helped ensure that the Executive team are focused on generating long-term sustainable value for shareholders rather than on meeting short term performance targets.

The chart below sets out the proportion of annual to long term remuneration of the Executive Directors, illustrating that the significant element of total remuneration is aligned to the long-term performance of the Group:



The Company's long term incentive plans are designed to align the interests of shareholders and the Executive Directors over the long term. They are summarised below:

2009 LTIP

This was approved by shareholders at an EGM in April 2009, and incorporates two parts:

a. Part A – replacing the balance of the shares originally awarded under the previous 2004(b) LTIP, exercisable on 31 January 2014 subject to continued employment with the Company and an exercise price of £3 per share

b. Part B – requiring maintaining a minimum net asset per share of £5.94 over a six year period, vesting in two equal tranches on 15 April 2015 and 2016 with an exercise price of £8.40 per share

2011 LTIP

This is a ten year plan introduced in September 2011 to support the Company's long term plan to return £13 per share (approximately £1.7 billion), representing 183% of Net Assets at 30 April 2011, to shareholders by September 2021. This was approved by shareholders at the 2011 Annual General Meeting.

The plan aims to maximise returns within a given level of risk, disciplining the business to make significant returns to shareholders in cash over a sustained period and ensuring the Group remains at the right size and balances investment and returns to shareholders. This model is aligned to Berkeley's ability to add value and operate in a cyclical market.

These plans are set out in more detail later in this report.

Risk adjustment

The Company's reward arrangements should contain the following elements of risk adjustment, in line with best practice:

a. a focus on long-term sustainable performance – this is set out above.

b. the weighting of the reward package towards building substantial equity holdings which the Executive team are required to earn and hold over long periods:

   – The final shares from the previous 2004(b) LTIP will not vest and sale restrictions be fully removed until 31 January 2014, ten years after awards were granted under the Plan.

   – The 2009 LTIP provides longer than market standard vesting periods – for example options granted in 2009 under Part B of this Plan will vest 50% on 15 April 2015 and the balance on 15 April 2016 subject to the Net Asset Value per share being a minimum of £5.94 at the first of these two dates.

c. the deferral of a significant proportion of annual incentive awards and clawback where there is a material deterioration in performance:

   – The Annual Bonus Plan, whilst based on annual performance periods:

   - defers 50% of a rolling balance each year in notional shares until the final payments are made at the end of a five year period; and
   - ensures that 50% of these rolling balances are at material risk each year due to forfeiture if minimum threshold levels of performance set in each year are not achieved.

d. no reward for failure:

   – Under the 2011 LTIP all options lapse, no shares vest and the LTIP terminates on 1 October 2015 if £4.34 per share has not been paid to shareholders by 30 September 2015.

Substantial equity holdings

In order to align the interests of Executives and shareholders, the Committee believes that one of the most effective ways of doing this is to design the reward strategy so that, provided performance is delivered, the Executive team become material (in relation to their overall compensation) shareholders in the Company, which the Executive Directors are required to earn and hold over long periods.

The current shareholdings of the Executive Directors as a percentage of salary, based on the share price at 30 April 2012, are set out on page 99 of this report.

REMUNERATION REVIEW

The Committee reviews on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Committee include:

- market conditions affecting the Company;
- the recruitment market in the Company's sector, other comparable companies and the FTSE 250;
- aligning remuneration to the corporate strategy and delivering value to shareholders by encouraging long-term sustainable performance;
- changing market practice; and
- changing views of institutional shareholders and their representative bodies and Corporate Governance best practice.

There have been no changes to the policy following the review in the year, with the only changes to individual remuneration being in respect of the recent Executive appointments to the Board, where the policy is to align their basic salaries with market rate over time in line with increased experience on the Board. There are no salary changes proposed for the remaining Executive Directors on the Board.

REMUNERATION REPORT

REMUNERATION COMMITTEE

Composition and role

At 30 April 2012, the Committee comprised of three Independent Non-executive Directors, Alan Coppin (Chairman), Sir John Armitt and David Howell. David Howell was appointed to the Committee on 2 December 2011 and Victoria Mitchell retired from the Committee on the same date.

During the year the Committee met on four occasions and there were no absences.

With effect from 13 June 2012 David Howell retired from the Committee and Glyn Barker was appointed to the Committee.

The members of the Committee have no personal financial interest other than as shareholders in matters to be decided, no potential conflicts of interest arising from cross directorships and no day-to-day involvement in running the business.

The Committee is able to seek independent advice at the expense of the Company; no advice has been sought by the Committee during the year under review.

In determining the Executive Directors' remuneration for the year, the Committee consulted with the Group Chairman, Tony Pidgley, the Group Managing Director, Rob Perrins and the Group Finance Director, Nick Simpkin. No Director played a part in any discussion about his remuneration. In addition, the Committee had access to information on executive reward provided to the Board by PricewaterhouseCoopers LLP, who acquired Halliwell Consulting, the previous advisers, in December 2008 and who have extensive knowledge of the Group and its structure.

The Executive Directors hold no external appointments.

The key responsibilities of the Committee are to:

- determine and agree with the Board the broad policy for the remuneration of the Executive Directors. This includes salary, annual bonus plans, share options, other share based incentives and pensions;
- determine the performance targets for the Annual Bonus Plan operated by the company and approve the total annual payments made under this plan;
- determine all share incentive plans for approval by the Board and shareholders;
- take into account the views of shareholders when determining plans under the remuneration policy;
- ensure that the contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded; and
- note annually the remuneration trends and any major changes in employee benefit structures across the Company or Group.

The Committee has formal terms of reference which describes its full remit. This can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk).

REMUNERATION POLICY FOR 2011/12 AND 2012/13

The 2011/12 financial year started on 1 May 2011 and finished on 30 April 2012.

The 2012/13 financial year started on 1 May 2012 and finishes on 30 April 2013.

The policy is to set the main elements of the Executive Directors' remuneration package against the following quartiles in the Company's comparator group:

Base salary	Annual bonus	Pension	Benefits in kind	Share incentives
Experience and Role	Upper decile	Lower quartile	Market practice	Upper decile

For the purposes of benchmarking remuneration the Committee used the following comparator group of companies in the year ended 30 April 2012:

Company name			
Amec Plc	Bellway plc	Marshalls PLC	Taylor Wimpey plc
Balfour Beatty Plc	Bovis Homes Group PLC	Persimmon Plc	Travis Perkins Plc
Barratt Developments PLC	Carillion Plc	Redrow plc	

The Committee also considers the remuneration in the FTSE 250 as an additional benchmark to the main comparator group set out above due to its relatively small number of constituent companies.

BALANCE BETWEEN FIXED AND VARIABLE PERFORMANCE BASED PAY

The charts below demonstrate the balance between fixed and variable performance based pay for each Executive for the 2011/12 financial year on an annualised basis.

A W Pidgley
Chairman

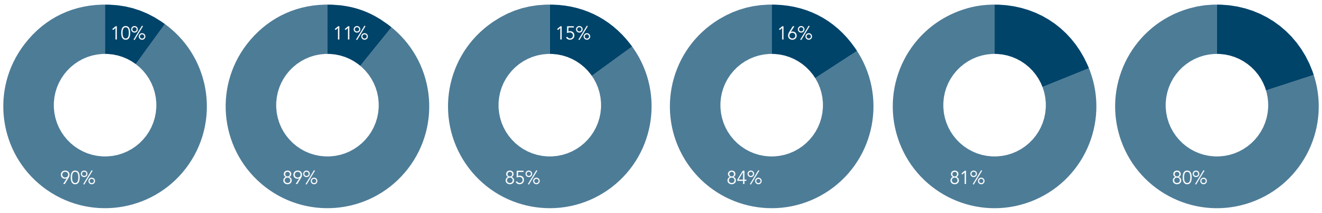
R C Perrins
Group Managing Director

N G Simpkin
Group Finance Director

G J Fry
Divisional Director

K Whiteman
Divisional Director

S Ellis
Divisional Director



KEY

FIXED PERFORMANCE is calculated as:
- Salary
- Benefits (including pension contribution/allowance)

VARIABLE PERFORMANCE is calculated as:
- Bonus earned
- Fair value of LTIPs (annualised)

ELEMENTS OF EXECUTIVE DIRECTORS' REMUNERATION

BASIC SALARY

The Committee has historically set the salaries of some of the Executives at the upper decile against the Company's comparator group reflecting the Committee's view that Berkeley has one of the most experienced and capable Executive teams within the sector and that Executive Directors had been in their roles for a number of years.

The Committee believes that it is right to take account of the following factors in setting individual salary levels:

- the individual Executive Director's experience and responsibilities;
- the levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity, in particular those companies within the comparator group, other comparable companies and the FTSE 250;
- the performance of the individual Executive Director and the Group; and
- the pay and conditions throughout the Group.

In applying its policy on appointment to the Board and promotion, the Committee sets salaries at a lower quartile level which, based on appropriate levels of individual and corporate performance, will be increased with experience gained over time.

The salaries for 2012/13 are set out below:

Executive	2011/12 Salary	2012/2013 Salary	% rise	FTSE 250 Lower Quartile	FTSE 250 Median	FTSE 250 Upper Quartile
A W Pidgley	£780,000	£780,000	0%	£371,000	£478,000	£577,000
R C Perrins	£470,000	£470,000	0%	£402,000	£487,000	£577,000
G J Fry	£325,000	£325,000	0%	£246,000	£310,500	£368,000
N G Simpkin	£270,000	£312,000	16%	£270,000	£318,750	£360,000
K Whiteman	£270,000	£305,000	13%	£246,000	£310,500	£368,000
S Ellis	£270,000	£305,000	13%	£246,000	£310,500	£368,000

The increases agreed by the Committee for Messrs Simpkin, Whiteman and Ellis reflect the Committee's policy of increasing individual Director's salaries over time to reflect their experience, performance and the performance of the Group.

In respect of the other Executive Directors the Committee decided that, whilst there was a case for increasing their salaries due to their individual performance and the performance of the Group, no increases would be proposed in the current market.

In reviewing the salaries of the Executive Directors, the Committee has also taken account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 4.4% this year.

REMUNERATION REPORT

ANNUAL PERFORMANCE-RELATED BONUS

The Berkeley Group Holdings plc Bonus Plan

Overview of the Bonus Plan

- At the beginning of the plan period of five financial years, participants will have a plan account to which Company contributions will be made.
- No Company contribution will be made to a participant's plan account unless the annual performance criteria are met.
- The Company contribution will be set annually as a percentage of salary for each Executive.
- There will be two types of performance condition, Group and Divisional. The Group performance condition will be a matrix of Return on Equity ("ROE") and Land Bank Growth. The Divisional performance condition will be based upon Divisional Profit before Tax ("PBT").
- Having regard to the strategy of the Company, the Committee will set:
  – the performance levels (including minimum performance thresholds) for the performance conditions for each plan year; and
  – the maximum annual Company contribution for each participant for the plan year.
- These criteria will be disclosed in full in the relevant Committee report along with the annual contributions earned and deferred balances for each participant.
- Where the minimum threshold performance criteria on both measures are not achieved, 50% of the deferred balance in a participant's plan account will be forfeited.
- Participants will be entitled to an annual payment of 50% of their plan account at the end of each financial year. All balances will be deferred in shares or notional shares. At the end of the five year plan period 100% of the balance of participants' accounts will be paid.

Key features of the Bonus Plan

The Committee designed the Bonus Plan based on the following rationale:

Two targets – the Committee felt that the dynamic tension between operating a return based measure ("ROE") and a value based measure ("Land Bank Growth") should ensure that there was a balance between incentivising the Executives to provide a sustainable ongoing level of return to shareholders whilst ensuring the long-term sustainability of the Company. In the Committee's opinion the impact of these two measures over the five year plan period should incentivise the Executives to ensure the creation of long-term shareholder value as follows:

- the Bonus Plan incentivises the delivery of increased profits in order to achieve ROE at the same time as growing the land bank. It should be noted that the ROE will be set from a challenging base as the Company has not taken any land write downs as is the case with the majority of its competitors;
- ROE is a compound measure and therefore if shareholder funds are reinvested and not paid as dividends, earnings growth will be compounded to achieve the targets;
- the fact that the Bonus Plan targets also include growth in the land bank value, means that Executives are encouraged to acquire land in the current market on favourable terms as well as maximise sustainable profit growth;
- the cash target in the previous bonus plan had the potential to restrict value creation. Longer term, ROE is aligned to shareholders' interests and if the Company raises further equity in the future, the investment threshold is clearly set out; and
- ROE as a measure highlights the inefficiency of retaining surplus cash on the balance sheet. In order to deliver the targeted level of returns, this will encourage the Company to invest or return cash to shareholders.

Level of targets – the Committee wishes to incentivise the Executives to achieve a good level of returns to shareholders whilst ensuring the long-term sustainability of the Company. Therefore the targets set have to take into account an appropriate level of risk. It is not in the interests of any of the stakeholders in the Company to set targets that encourage a level of risk inconsistent with the agreed risk profile for the Company. The Bonus Plan allows a close tailoring by the Committee of the performance conditions to the budget and performance of the Company for each financial year.

At the outset of the Plan, the Committee set the annual performance requirements targeting an average ROE of 12.5% p.a. and average Land Bank Growth of 10% p.a. over the full five years of the plan, which were considered challenging and stretching targets at that time.

Over the course of the Plan there is likely to be annual variability in the performance requirements actually set to reflect the environment at the time the requirements are set (see performance targets for 2011/12 and 2012/13 operation of the plan set out below), and these will be reviewed each year by the Committee to ensure that they are appropriate to the current market conditions and position of the Company, so that they continue to remain challenging and fully aligned to the strategy of the Group.

Level of awards – the proposed maximum award bonus potential is 300% of salary; however, because 50% of the balance on the plan account is deferred, the actual annual payment profile, based on, for these illustrative purposes, maximum awards each year and 100% satisfaction of both performance conditions, would be:

Year 1	Year 2	Year 3	Year 4	Year 5
150%	225%	262.5%	281%	581%

Risk adjustment – there is a risk adjustment mechanism built into the operation of the Bonus Plan with a claw back of contributions if the threshold levels of ROE and Land Bank Growth are not met for any financial year during the five years of operation of the Bonus Plan. This adjustment mechanism ensures:

- performance must be maintained over the five years of operation of the Bonus Plan or the value in the participant's plan account will not increase; and
- if there is a material deterioration in performance there is a claw back of 50% of the balance of the participant's account.

Alignment of interests – there is a real alignment of participants' interests with shareholders:

- shareholders receive a minimum level of performance prior to any incentive payments to Executives;
- Executives are encouraged to maximise consistent levels of performance (or lose through the risk adjustment mechanism); and
- there is a long-term alignment with the interests of shareholders as the deferred elements of the Bonus Plan are in shares or notional shares.

Operation of the Bonus Plan for the year ended 30 April 2012

The bonus payable to each of the Group Chairman, Group Managing Director and Group Finance Director is determined by reference to the Group performance condition. For the Divisional Directors, 50% of the potential bonus payable is determined by reference to the Group performance condition and 50% by reference to the Divisional PBT performance condition.

The maximum bonus potential for the year ended 30 April 2012 is set out in the table below:

Information	A W Pidgley	R C Perrins	N G Simpkin	G J Fry	K Whiteman	S Ellis
Maximum Potential (% age of Salary)	300%	300%	220%	154%	175%	175%

The following tables set out:

- the performance conditions for the Bonus Plan for the year ended 30 April 2012;
- the level of satisfaction of those performance conditions.

Group performance condition (year ended 30 April 2012)

Performance Requirement Matrix			Land Bank Growth					
		Target	<0%	0%	2%	4%	6%	8%
	Target	Factor	0.0%	50.0%	62.5%	75.0%	87.5%	100.0%
Return on Equity	<11.5%	0%	Bonus Plan Deduction	0%	0%	0%	0%	0%
	11.5%	50%	0%	25%	31%	38%	44%	50%
	12.5%	60%	0%	30%	38%	45%	53%	60%
	13.5%	70%	0%	35%	44%	53%	61%	70%
	14.5%	80%	0%	40%	50%	60%	70%	80%
	15.5%	90%	0%	45%	56%	68%	79%	90%
	16.5%	100%	0%	50%	63%	75%	88%	100%

Notes:

1 The matrix shows the percentage of each of the performance requirements for a given level of performance and the corresponding percentage of the targeted maximum annual bonus potential earned for 2011/12.

2 There will be straight line bonus vesting between points.

3 The matrix demonstrates the dynamic tension between the two performance conditions. One cannot be met at the expense of the other. If the minimum threshold levels for either are not met, no contribution is made to the Bonus Plan account. If the minimum threshold levels of performance are not met for both performance conditions, 50% of the participant's plan account will be forfeited. Structuring the performance conditions in this way will ensure consistent levels of ROE at the same time as the Group invests and adds value to the land bank.

4 ROE is defined as profit before tax divided by average shareholders' funds.

5 Land Bank Growth is defined as the annual percentage increase in the development margin in the land bank. This is the anticipated future gross margin to be earned from plots controlled and included in the Group's land bank. To be included in the land bank, management must have reasonable certainty that the plots will come forward for development, either benefiting from a planning consent or being on land zoned for development. For the avoidance of doubt, the land bank excludes plots subject to strategic land options. Calculated plot by plot, the development margin is measured on a consistent basis according to prevailing sales prices for revenue, historic cost for costs already incurred and prevailing prices for costs still to be incurred. It is separately disclosed within the annual report and the presentations to analysts. Each year the land bank gross margin is reduced naturally by the amount of gross margin sold in the year. Therefore, zero % growth in the land bank means that replacement matches usage.

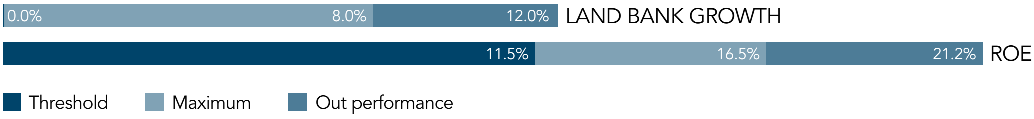
REMUNERATION REPORT

Divisional PBT performance condition (year ended 30 April 2012)

The Divisional PBT targets are set at the beginning of the financial year at a level which is challenging taking into account the potential level of bonus payments, the market, development availability and other relevant issues.

Level of satisfaction of performance conditions (year ended 30 April 2012)

Group



Divisional

The level of Divisional PBT performance for 2011/12 against target is as follows:

Division	Level of actual performance as a percentage of target	Percentage of bonus element earned
St George	100%	100%
Berkeley Homes Urban Renaissance	100%	100%
St James Group	100%	100%

Level of bonus earned in respect of the year ended 30 April 2012

The Group performance conditions and Divisional performance conditions were met in full; therefore the maximum bonus potentials set out above were earned. It should be noted that under the Bonus Plan only 50% of the cumulative balance of a participant's account is paid at the end of the relevant year with the balance deferred in shares. See page 103 of the audited section of the Report for details of the Plan accounts for each Executive Director.

Operation of the Bonus Plan for year ending 30 April 2013

The bonus payable to each of the Group Chairman, Group Managing Director and Group Finance Director is determined by reference to the Group performance condition. For the Divisional Directors, 50% of the potential bonus payable is determined by reference to the Group performance condition and 50% by reference to the Divisional PBT performance condition.

The maximum bonus potential for the year ended 30 April 2013 is set out in the table below:

Information	A W Pidgley	R C Perrins	N G Simpkin	G J Fry	K Whiteman	S Ellis
Maximum Potential (% age of Salary)	300%	300%	220%	175%	175%	175%

The performance conditions for the Bonus Plan for the year ending 30 April 2013 are set out below.

Group performance condition (year ended 30 April 2013)

Performance Requirement Matrix			Land Bank Growth					
		Target	0%	2%	4%	6%	8%	10%
	Target	Factor	0.0%	50.0%	62.5%	75.0%	87.5%	100.0%
Return on Equity	<13.5%	0%	Bonus Plan Deduction	0%	0%	0%	0%	0%
	13.5%	50%	0%	25%	31%	38%	44%	50%
	14.5%	60%	0%	30%	38%	45%	53%	60%
	15.5%	70%	0%	35%	44%	53%	61%	70%
	16.5%	80%	0%	40%	50%	60%	70%	80%
	17.5%	90%	0%	45%	56%	68%	79%	90%
	18.5%	100%	0%	50%	63%	75%	88%	100%

Divisional PBT performance condition (year ended 30 April 2013)

The Divisional PBT targets are set at the beginning of the financial year at a level which is challenging taking into account the potential level of bonus payments, the market, development availability and other relevant issues.

BENEFITS IN KIND

In line with market practice, the Company's policy is to provide Executive Directors with the following additional benefits:

- a fully expensed company car or cash allowance alternative; and
- medical insurance.

PENSION

Messrs Pidgley, Perrins and Whiteman receive payments in lieu of pension at 17%, 17% and 15% of base salary respectively. Messrs Simpkin, Fry and Ellis receive a 15% pension contribution.

All payments in lieu of pension are subject to income tax and national insurance. These payments are not included in salary figures for the purposes of determining any other benefit entitlement.

Full details of pension costs for Executive Directors are set out in the audited section of the report on page 103.

LONG TERM REMUNERATION

This section of the report sets out the share incentives for the year ended 30 April 2012.

On 15 April 2009, at an Extraordinary General Meeting of the Company, shareholders approved the introduction of The Berkeley Group Holdings plc 2009 Long-Term Incentive Plan, which incorporated and replaced Element 2 of The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan (the "2004(b) LTIP") and the previously approved 2007 LTIP, as set out below.

2009 LTIP Part A

The balance of the shares originally awarded under the 2004(b) LTIP (i.e. 3/12 of the shares), totalling 5,330,340 shares, were replaced by options with an exercise price of £3 per share granted under the 2009 LTIP. This new option is identified as Part A of the 2009 LTIP. These options were awarded on 29 June 2009, at which time the Element 2 awards under the 2004 (b) LTIP were surrendered.

Options will become exercisable on 31 January 2014 subject to the relevant Executive's continued employment with the Company.

888,390 options have subsequently been cancelled, as set out below.

2009 LTIP Part B

Following shareholder approval on 15 April 2009, a maximum of 7,100,000 shares were capable of being granted under Part B of the 2009 LTIP. The grants under Part B of the 2009 LTIP are market priced options which will vest subject to:

- continued employment to the relevant vesting date; and
- the satisfaction of the underpin condition that Net Assets Per Share are at least £5.94 at 15 April 2015.
- Vesting of these options will be in two tranches:
  - 50% on 15 April 2015; and
  - 50% on 15 April 2016.

A total of 6,830,000 options were granted, of which 500,000 have subsequently been cancelled, as set out below.

Shareholder approval was received at the 2011 AGM to amend the rules of the 2009 LTIP so that the terms of existing options granted can be adjusted in the event of the payment of a cash dividend or dividend in specie. This provides that where such a dividend is paid the adjustment will be a reduction in the exercise price of an option by the amount or value of the dividend provided that the exercise price can never be less than zero and a reduction will only be made to the exercise price of an option that is not then capable of exercise.

888,390 options under Part A and 500,000 options under Part B of the 2009 LTIP have been cancelled following the settlement agreed between the Company and Tony Carey, as follows:

Plan	Number of shares cancelled	Exercise price	Date first exercisable
2009 LTIP Part A	888,390	£3.00	31 January 2014
2009 LTIP Part B Tranche 1	250,000	£8.40	15 April 2015
2009 LTIP Part B Tranche 2	250,000	£8.40	15 April 2016

2011 LTIP

The Company announced in June 2011 as part of a strategic review of the business a long term plan to return £13 per share (approximately £1.7 billion) to shareholders over the next 10 years payable on or before the following milestones:

	Per share
30 September 2015	£4.34
30 September 2018	£4.33
30 September 2021	£4.33
	£13.00

Governance

REMUNERATION REPORT

A new long term remuneration plan was proposed to support this strategy, the 2011 Long Term Incentive Plan ("2011 LTIP"), which was approved by shareholders at the Annual General Meeting in September 2011.

The key features of the 2011 LTIP are:

- if the Company returns £13/share to shareholders over a ten year period via a series of dividend payments by the milestone dates referred to above, participants will be entitled to exercise options and receive a number of ordinary shares in the capital of the Company at the end of the ten year period.
- the maximum number of shares capable of being earned by all participants are 19,616,503 shares, being 13% of the fully diluted share capital of the Company at the date of approval of the plan. These are set out by participant in the table below:

Participant	Position	Number of shares subject to award
A W Pidgley	Chairman	5,000,000
R C Perrins	Group Managing Director	5,000,000
N G Simpkin	Group Finance Director	3,250,000
S Ellis	Divisional Director	2,250,000
K Whiteman	Divisional Director	2,250,000
G J Fry	Divisional Director	1,866,503
Total		19,616,503

- the exercise price of options granted under the 2011 LTIP will be £13 per share less an amount equal to the value of all dividends paid between the date of approval of the 2011 LTIP and 30 September 2021, provided the exercise price cannot be less than zero.

The following table sets out the cumulative dividend amounts, the relevant dates and the consequences of failing to deliver these amounts by these relevant dates:

Required date	Cumulative dividend (on or before required date)	Consequences of failing to make the cumulative dividend payments on or before the required date
30 September 2015	£4.34	Options lapse, no shares vest and 2011 LTIP terminates on 1 October 2015.
30 September 2018	£8.67	Where the cumulative dividend paid on or before 30 September 2018 is less than £8.67, the following process determines the number of shares vesting:- 1 The number of shares capable of vesting is calculated on the level of dividend paid and capable of being paid as at 30 September 2018. 2 The exercise price of the shares capable of vesting is set by reducing the original exercise price of £13 by the level of cumulative dividend actually paid on or before 30 September 2021. 3 No shares will vest until the end of the 2011 LTIP period on 30 September 2021 subject to the participant's continued employment at this date. For example:- A participant is granted an award over 3 million shares On 30 September 2018 it is determined that an additional £3 per share is capable of being paid as well as the actual payments made on or before 30 September 2015 of £4.34; giving a total of £7.34. Therefore the number of shares capable of vesting on 30 September 2021 is as follows:- 3 million shares x $\frac{£7.34}{£13}$ = 1,693,846 shares with an exercise price initially per share of £8.66 (£13 - £4.34). If, however, the actual dividend payments made on or before 30 September 2021 exceed £4.34 the exercise price will be reduced to £13 minus the actual level of dividends paid. For example if the actual dividend paid was £10 the exercise price would reduce to £3 (£13 - £10). The number of shares capable of vesting would, however, remain unchanged with the balance incapable of vesting having lapsed on 1 October 2018.
30 September 2021	£13.00	The process is the same as above with the relevant date being 30 September 2021.
£13 paid in full prior to 30 September 2021	£13.00	In circumstances where £13 per share of dividend is paid prior to 30 September 2021 awards shall vest in full. Participants will be able to exercise their awards of options from the date the cumulative payment of dividend equals £13 a share and may also sell any shares necessary to pay their tax liability on exercise. In respect of the balance of their shares participants shall only be able to sell a maximum of 10% p.a. of this balance until 30 September 2021 at which date the sale restrictions shall lapse.

OTHER SENIOR EMPLOYEES OF THE COMPANY

The Company's business comprises of a number of operating Divisions. The Committee in conjunction with the Board has, therefore, implemented both annual and longer term cash based compensation arrangements for these other senior employees of the Company linked to the performance of the relevant Division for which they work. Some elements of the cash bonus plans are annual while other elements are deferred to ensure long-term consistent delivery by each Division. The Committee, in line with best practice, continually reviews with the Board the policy behind the compensation plans at this level in the Company to ensure they remain appropriate to the market and the Company's current circumstances. It is the view of both the Committee and the Board as a whole that these arrangements are very effective at ensuring the delivery of Divisional performance for which these senior employees are responsible. Both the Committee and the Board believe that having senior employees focused on the delivery of Divisional results is an excellent way of driving shareholder value.

A number of senior employees of the Company have also been granted awards under the 2009 LTIP Part B.

SHAREHOLDING REQUIREMENT

The Company has a shareholding requirement for both Executive and Non-executive Directors and these requirements and the actual shareholdings of the Executive and Non-executive Directors as at 30 April 2012 are set out in the following tables:

	A W Pidgley	R C Perrins	N G Simpkin	G J Fry	K Whiteman	S Ellis
Shareholder requirements as a % age of salary to be met within 5 years of appointment	400%	200%	200%	200%	200%	200%
Current shareholding as a % age of salary (based on 30 April 2012 share price)	10,604%	4,093%	128%	3,900%	170%	47%

	V M Mitchell	J Armitt	D Howell	A C Coppin	A Nimmo	G Barker	V Wadley
Shareholder requirements as a % age of net fees to be met within 3 years of appointment	100%	100%	100%	100%	100%	100%	100%
Current shareholding as a % age of net fees (based on 30 April 2012 share price)	419%	252%	131%	131%	88%	345%	–

DILUTION

The 2009 LTIP and 2011 LTIP were special arrangements, approved by shareholders at the EGM in April 2009 and AGM in September 2011 respectively.

In considering dilution under the 2011 LTIP the Committee took account of the long term nature of the plan which extends beyond the length of normal incentive plans.

In addition, the Committee took into account the significant priority returns of £13 per share (representing 183% of Net Assets at 30 April 2011) that shareholders will receive from the plan over this 10 year period, with the actual value of the awards to the Executive Directors based on the ongoing value of the Group following this significant realisation of current value to the existing shareholders.

Historically the Company has operated all its share plans within the ABI dilution limits. There has been no dilution other than under these special arrangements for the purposes of the ABI dilution limits in the year ended 30 April 2012.

REMUNERATION REPORT

OTHER REMUNERATION MATTERS

All Employee Share Plans

The Company has regularly consulted widely with the management and individuals in its operating Divisions on whether it was appropriate to introduce all employee share plans. The consensus view remains that employees preferred the opportunity of receiving annual cash bonuses based on the performance of their respective Divisions rather than participate in a Group based all employee share plan. The Board, therefore, does not believe it is in shareholders' interests to incur the income statement and dilutive cost of share arrangements which would not have the desired effect on employees. Accordingly the Company will continue to operate appropriate annual bonus arrangements in all of its Divisions.

Non-executive Directors' Fees

All Non-executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association. The following table sets out the fee rates for the Non-executive Directors in the year ended 30 April 2012 and those rates which will apply in the year ending 30 April 2013:

	V M Mitchell	J Armitt	D Howell	A C Coppin	A Nimmo	G Barker	V Wadley
Total Fee Rates 2012/13	£100,000	£80,000	£67,500	£67,500	£55,000	£55,000	£55,000
Total Fee Rates 2011/12	£100,000	£80,000 (1)	£67,500	£67,500	£50,000 (1)	£50,000 (1)	£50,000 (1)
% Increase	0%	0%	0%	0%	10%	10%	10%
Breakdown of 2012/13 Fee							
Basic Fee	£100,000 (2)	£67,500 (3)	£55,000	£55,000	£55,000	£55,000	£55,000
Chair of Committee Fee	–	£12,500	£12,500	£12,500	–	–	–
Committee Chair	–	Sustainability and Health & Safety	Audit	Remuneration	–	–	–

(1) Where Directors joined during the year or assumed additional responsibilities, fees have been annualised to allow a direct comparison

(2) Victoria Mitchell's basic fee reflects her role as Deputy Chairman of the Board. She has announced her intention to stand down from the Board at the AGM on 5 September 2012

(3) Sir John Armitt's basic fee reflects his role as Senior Independent Director. Subject to re-election at the 2012 AGM, he will become Deputy Chairman of the Board from that date and his total fees will increase accordingly to £100,000 per annum

The Board reviews the fees of the Non-executive Directors annually taking into account the following factors:

- the workload and level of responsibility of the Non-executive Directors under the changing corporate governance expectations of shareholders and their representative bodies; and
- the current market rate for fees for Non-executive Directors.

The basic fee for the new Non-executive Directors for 2012/13 has been increased to the basic fee level for the existing Non-executive Directors.

Non-executive Directors cannot participate in any of the Company's share incentive plans or performance based plans and are not eligible to join the Company's pension scheme.

EXECUTIVE DIRECTORS' CONTRACTS

The policy on termination is that the Company does not make payments beyond its contractual obligations. The only event on the occurrence of which the Company is potentially liable to make a payment to any of the Executive Directors is on cessation of employment; with the maximum payment being 12 months salary. No payment is due on either a Company takeover or in the event of liquidation. In addition, Executive Directors will be expected to mitigate their loss. Further, the Committee ensures that there have been no unjustified payments for failure. None of the Executive Directors' contracts provides for liquidated damages. There are no special provisions contained in any of the Executive Directors' contracts which provide for longer periods of notice on a change of control of the Company. Further, there are no special provisions providing for additional compensation on an Executive Director's cessation of employment with the Company.

The Company settled the litigation brought by Tony Carey against The Berkeley Group plc, St George PLC and other parties for age discrimination and unfair dismissal for £5 million prior to the year end and shortly before the commencement of a three week hearing in the Employment Tribunal. The Board's decision to settle was unanimous having regard to legal advice, the size of the claim and the inevitable diversion of resources to run the action. Following the settlement, option rights over 1,388,390 shares, being 888,390 options under Part A and 500,000 options under Part B of the 2009 LTIP, have been cancelled.

NON-EXECUTIVE DIRECTORS' AGREEMENTS

All Non-executive appointments are subject to a notice period of one month and are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however in accordance with the UK Corporate Governance Code are subject to annual re-election. All letters of appointment for Non-executive Directors are renewable annually on 1 May.

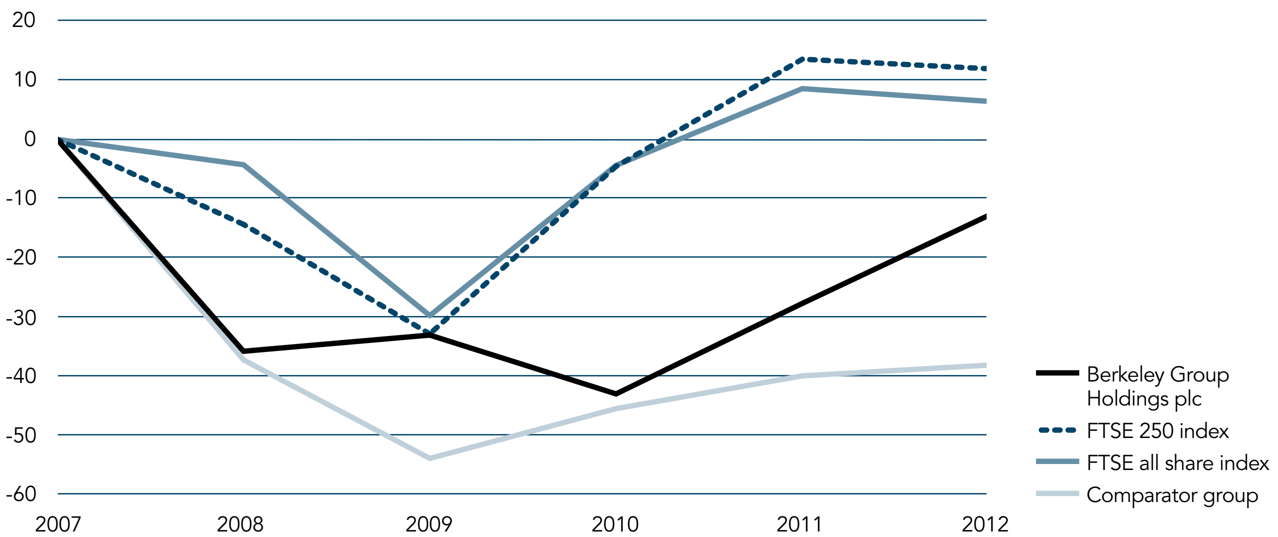
Further details of all Directors' contracts are summarised below:

Directors	Date of contract	Unexpired term	Notice period by Company or Director	Potential termination payment	Potential payment upon Company takeover	Potential payment in event of liquidation
Executive Directors						
A W Pidgley	24 June 1994	1 Year Rolling	12 months	12 months	Nil	Nil
R C Perrins	15 July 2002	1 Year Rolling	12 months	12 months	Nil	Nil
N G Simpkin	11 September 2002	1 Year Rolling	12 months	12 months	Nil	Nil
G J Fry	27 June 1996	1 Year Rolling	12 months	12 months	Nil	Nil
K Whiteman	15 January 1996	1 Year Rolling	12 months	12 months	Nil	Nil
S Ellis	5 May 2004	1 Year Rolling	12 months	12 months	Nil	Nil
Non-executive Directors						
V M Mitchell	1 May 2002	n/a	1 month	1 month	Nil	Nil
D Howell	24 February 2004	n/a	1 month	1 month	Nil	Nil
A C Coppin	1 September 2006	n/a	1 month	1 month	Nil	Nil
J Armitt	1 October 2007	n/a	1 month	1 month	Nil	Nil
A Nimmo	5 September 2011	n/a	1 month	1 month	Nil	Nil
G Barker	3 January 2012	n/a	1 month	1 month	Nil	Nil
V Wadley	3 January 2012	n/a	1 month	1 month	Nil	Nil

PERFORMANCE GRAPH

As required by the Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008, the graph below shows the Company's performance, measured by total shareholder return ("TSR"), compared with the performance of the FTSE250, the FTSE All Share and the Company's remuneration comparator group (as set out on page 92). The Company considers these the most relevant indices for total shareholder return disclosure required under these Regulations.

Total shareholder return from April 30 2007 (%)



(1) Total shareholder return ("TSR") is a measure showing the return on investing in one share of the Company over the measurement period (the return is the value of the capital gain and reinvested dividends). This calculation is then carried out for the relevant Indices and constituents of the comparator group.

REMUNERATION REPORT

The following tables and accompanying notes constitute the auditable part of the Remuneration Report as defined in Part 3, Schedule 8 of the Companies Act 2006.

DIRECTORS' REMUNERATION

The remuneration of the Directors of the Company for the year is as follows:

	Salary/fees £	Earned bonus (6) £	Payment in lieu of pension (7) £	Benefits in kind (8) £	2012 Total £	2011 Total £
Chairman						
A W Pidgley	780,000	2,340,000	132,600	37,128	3,289,728	3,157,639
Executive Directors						
R C Perrins	470,000	1,410,000	79,900	29,160	1,989,060	1,901,419
N G Simpkin	270,000	594,000	–	20,519	884,519	827,631
K Whiteman	270,000	472,500	40,500	22,103	805,103	745,815
S Ellis (1)	270,000	472,500	–	25,155	767,655	453,540
G J Fry (2)	212,227	326,503	–	19,679	558,409	114,486
Non-executive Directors						
V M Mitchell	100,000	–	–	–	100,000	100,000
J A Armitt	72,708	–	–	–	72,708	65,000
A Coppin	67,500	–	–	–	67,500	65,000
D Howell	67,500	–	–	–	67,500	65,000
A Nimmo (3)	33,013	–	–	–	33,013	–
G Barker (4)	16,667	–	–	–	16,667	–
V Wadley (4)	16,667	–	–	–	16,667	–
Former Directors						
A Carey (5)	–	–	–	–	–	663,582
	2,646,282	5,615,503	253,000	153,744	8,668,529	8,159,112

(1) Appointed to the Board on 8 September 2010.

(2) Resigned from the Board on 8 September 2010, reappointed to the Board on 5 September 2011.

(3) Appointed to the Board on 5 September 2011.

(4) Appointed to the Board on 3 January 2012.

(5) Left the Board on 16 September 2010. The Company settled the litigation with Tony Carey during the year, as set out on page 100.

(6) The earned bonus for the year is added to each individual Director's plan account. 50% of the balance on the plan account at the end of the financial year is released and 50% deferred. The plan is set out in the table below. Before its award Rob Perrins, Nick Simpkin and Sean Ellis each sacrificed part of the released element of their bonus entitlement. Pension contributions equal to the amounts given up were made into pension plans for the benefit of their dependants. The amount shown in the bonus column reflects the full 2011/12 award.

(7) Having regard to the Lifetime Allowance introduced under the pension simplification legislation which came into force from 6 April 2006, Executive Directors may, as an alternative to receiving a company contribution into a pension arrangement, receive a cash payment in lieu of such pension contributions. Tony Pidgley, Rob Perrins and Karl Whiteman have chosen this alternative in respect of their total pension entitlement from the Company. During the year Tony Pidgley and Rob Perrins received payments in lieu of pension at 17% of base salary and Karl Whiteman at 15% of base salary.

(8) Benefits in kind for the current Chairman and Executive Directors relate principally to the provision of a fully expensed motor vehicle or cash allowance alternative and private healthcare.

Where Directors were appointed, or resigned, during the year, the figures in the table relate only to the time when the relevant Director was a Main Board Director.

Bonus earned but deferred under the Bonus Banking Plan

Under the Bonus Plan, the earned bonus for the year is added to each individual Director's plan account. 50% of the balance on the plan account at the end of the financial year is released and 50% deferred.

The deferred balances on each Director's plan account are set out below:

	Plan account brought forward Shares	Plan account brought forward [1] £	Contribution into plan account for the financial year 2011/12 £	Plan account balance at 30 April 2012 £	Amount released as of 30 April 2012 £	Plan account carried forward £	Plan account carried forward [1] Shares
A W Pidgley	106,132	1,359,551	2,340,000	3,699,551	(1,849,775)	1,849,775	144,401
R C Perrins	63,679	815,728	1,410,000	2,225,728	(1,112,864)	1,112,864	86,875
N G Simpkin	25,943	332,330	594,000	926,330	(463,165)	463,165	36,157
K Whiteman	20,637	264,360	472,500	736,860	(368,430)	368,430	28,761
S Ellis	20,637 [2]	264,360	472,500	736,860	(368,430)	368,430	28,761
G J Fry	23,585 [3]	302,124	500,000 [4]	802,124	(401,062)	401,062	31,309
	260,613	3,338,453	5,789,000	9,127,453	(4,563,726)	4,563,726	356,264

(1) Based on the share price of £12.81 at 30 April 2012

(2) Includes 7,350 shares representing deferred bonus earned prior to joining the Main Board on 8 September 2010

(3) Shares represent deferred bonus earned for prior year

(4) Bonus earned for full year including pro rata element earned prior to joining the Main Board on 5 September 2011

PENSIONS

Payments in Lieu of Pension

Tony Pidgley, Rob Perrins and Karl Whiteman received payments in lieu of a pension contribution from the Company during the year and this is set out in the Directors' remuneration table above.

No amounts were paid into pension arrangements in respect of Tony Pidgley, Rob Perrins and Karl Whiteman during the year ended 30 April 2012.

Defined Contribution Plan

In respect of Nick Simpkin, Sean Ellis and Greg Fry the following contributions were made to defined contribution plans:

	Age	Company contributions 2012 £	Company contributions 2011 £
Executive Directors			
N G Simpkin [1]	42	40,500	30,000
S Ellis [2]	43	40,500	17,770
G J Fry [3]	55	31,834	15,612
Former Directors			
A Carey [4]	64	–	23,135
		112,834	86,517

Where Directors were appointed, or resigned, during the year, the figures in the table relate only to the time when the relevant Director was a Main Board Director.

(1) In 2011 Nick Simpkin received 3% of base salary as a cash payment in lieu, in addition to pension contributions of 12%.

(2) Appointed to the Board on 8 September 2010.

(3) Resigned from the Board on 8 September 2010, reappointed to the Board on 5 September 2011.

(4) Left the Board on 16 September 2010.

REMUNERATION REPORT

SHARE INCENTIVE PLANS

The entitlements under share incentive plans for Directors serving on the Main Board at 30 April 2012 are set out below:

	At 1 May 2011 Options (1)	Options vested in year	Options granted in year (2)	At 30 April 2012 Options	Value released £
A W Pidgley					
2009 LTIP Part A (3)	2,842,848	–	–	2,842,848	–
2009 LTIP Part B (4)	1,500,000	–	–	1,500,000	–
2011 LTIP (5)	–	–	5,000,000	5,000,000	–
R C Perrins				–	
2009 LTIP Part A (3)	1,066,068	–	–	1,066,068	–
2009 LTIP Part B (4)	750,000	–	–	750,000	–
2011 LTIP (5)	–	–	5,000,000	5,000,000	–
N G Simpkin				–	
2009 LTIP Part B (4)	250,000	–	–	250,000	-
2011 LTIP (5)	–	–	3,250,000	3,250,000	-
K Whiteman				–	
2009 LTIP Part B (4)	250,000	–	–	250,000	-
2011 LTIP (5)	–	–	2,250,000	2,250,000	-
S Ellis				–	
2009 LTIP Part B (4)	175,000	–	–	175,000	-
2011 LTIP (5)	–	–	2,250,000	2,250,000	-
G J Fry (6)				–	
2009 LTIP Part A (3)	533,034	–	–	533,034	-
2009 LTIP Part B (4)	500,000	–	–	500,000	-
2011 LTIP (5)	–	-	1,866,503	1,866,503	-
Total				–	
2009 LTIP Part A (3)	4,441,950	–	–	4,441,950	-
2009 LTIP Part B (4)	3,425,000	–	–	3,425,000	-
2011 LTIP (5)	–	–	19,616,503	19,616,503	–

(1) Or date of joining the Board if later.

(2) On 5 September 2011.

(3) Exercise price of £3.00 per share.

(4) Exercise price of £8.40 per share.

(5) Exercise price of £13.00 per share.

(6) Appointed to the Board on 5 September 2011.

Further details are set out on pages 97 and 98 of this report.

The mid-market share price of the Company at 5 September 2011, when the LTIP awards were made, was 1236p.

The mid-market share price of the Company was 1091p as at 3 May 2011 and was 1281p at 30 April 2012. The mid-market high and low share prices of the Company were 1414p and 1025p respectively in the year.

DIRECTORS' INTERESTS IN SHARES

The beneficial interests (unless indicated otherwise) of the Directors in office at the end of the year in the ordinary share capital of the Company were as shown below.

Name	1 May 2011	30 April 2012
A W Pidgley	6,756,838	6,456,838
A W Pidgley Non-beneficial	19,183	19,183
R C Perrins	1,688,346	1,501,596
N G Simpkin	27,000	27,000
G J Fry (1)	943,171	989,454
K Whiteman	31,126	35,815
S Ellis	5,000	10,000
V M Mitchell	16,274	18,974
J Armitt	4,090	9,112
D Howell	4,000	4,000
A C Coppin	4,000	4,000
A Nimmo (1)	–	2,000
G Barker (2)	–	7,800
V Wadley (2)	–	–

(1) On appointment to the Board on 5 September 2011.

(2) On appointment to the Board on 3 January 2012.

In respect of shares previously released under Element 1 of the 2004 (b) LTIP, the restriction on the ability of the Executive Directors to sell a maximum of 10% of the net award of shares released each financial year continues until 31 January 2014 at which point the sale restrictions lapse.

A C Coppin

Chairman, Remuneration Committee
19 July 2012

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance in respect of leadership, effectiveness, accountability, remuneration and relationships with our shareholders as identified by the UK Corporate Governance Code 2010 (the Code).

This section and the Remuneration Report detail how the Company has applied the principles and provisions of the Code. The Company's business model is explained on pages 12 to 15 of the Annual Report.

It is the Board's view that it has been fully compliant with the Code throughout the 2011/12 financial year.

A copy of the Code is available on the Financial Reporting Council's website www.frc.org.uk.

THE BOARD

Role

The Board has a collective responsibility for promoting the long term success of the Company in a safe and sustainable manner in order to create shareholder value. The Board provides leadership and sets the Company's strategic long-term objectives.

Its duties are set out in a formal schedule of matters specifically reserved for decision by the Board, which include:

- Overall management of the Group, its strategy and long-term objectives;
- Approval of corporate plans;
- Approval of all corporate transactions;
- Changes to the Group's capital structure;
- Approval of the Group's treasury policy;
- Approval of the Group's interim and annual results, dividend policy and shareholder distributions;
- Reviewing the Group's risks and system of internal control;
- Changes to the Board and other senior executive roles;
- Corporate Governance arrangements and the Board evaluation; and
- Approval of policies in key areas including Sustainability, Health & Safety and Business Ethics.

Composition and Independence

At the date of this report the Board comprises thirteen Directors; the Chairman, five Executive Directors and seven independent Non-executive Directors. Their biographies are set out on pages 84 and 85.

The Board has evolved over recent years to put in place the succession planning that all successful organisations require and the further appointments made to the Board during this year, including three new independent Non-executive Directors, has further broadened the overall composition of the Board.

The Board considers that all of the current Non-executive Directors were independent throughout the year. In recognising that Victoria Mitchell was appointed to the Board on 1 May 2002 and as a result has served on the Board for over nine years, she announced in December 2011 her intention to step down from the Board at the Annual General Meeting on 5 September 2012.

The Non-executive Directors, led by the Senior Independent Director Sir John Armitt have the skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The Group Executive Directors do not hold any Non-executive Director appointments or commitments required to be disclosed under the Code.

Chairman and Managing Director

The roles of Group Chairman and Group Managing Director are separately held and there are clear written guidelines to support the division of responsibility between them. The Group Chairman is responsible for the effective conduct of the Board and shareholder meetings and for ensuring that each Director contributes to effective decision-making. The Group Managing Director has day-to-day executive responsibility for the running of the Group's businesses. His role is to develop and deliver the strategy to enable the Group to meet its objectives.

Meetings

The Board met seven times during 2011/12, including the April 2011 meeting which was deferred until the first week of May due to the unusually high number of public holidays in April 2011. There were no absences from any of the meetings.

In addition to the formal meetings of the whole Board, the Non-executive Directors meet with the Group Chairman. The Group Managing Director and Group Finance Director are invited to attend these meetings in part, to provide an update on the business activities of the Group. The Non-executive Directors meet at least annually without the Group Chairman present, chaired by the Senior Independent Director.

Board papers and agendas are sent out in the week prior to each meeting, thus allowing sufficient time for detailed review and consideration of the documents beforehand. In addition, the Board is supplied with comprehensive management information on a regular basis.

Election and re-election of Directors

The Articles of Association of the Company include the requirement for Directors to submit themselves to shareholders for re-election every three years. In addition, all Directors are subject to re-election by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

However, in accordance with the requirements of the new Code, all the Directors will offer themselves for re-election at the forthcoming Annual General Meeting, other than Victoria Mitchell who is standing down from the Board.

Induction and Development

On appointment, Non-executive Directors are provided with a detailed induction programme. This covers an overview of the Group's operations and its policies, corporate responsibility and corporate affairs issues, legal matters, and the opportunity to meet with Directors and key staff and to visit the Group's sites.

No training needs were identified this year, although ongoing training is available to all Directors to meet their individual needs. Board members also receive guidance on regulatory matters and the corporate governance framework that the Group operates under. In particular during the year the Board received training on the Bribery Act 2010 in advance of its implementation on 1 July 2011.

Members of the Audit and Remuneration Committees received briefings from our auditors and remuneration advisers respectively to ensure they remain up to date with current regulations and developments.

All Directors have access to advice from the Company Secretary and independent professional advisers, at the Company's expense, where specific expertise is required in the course of their duties.

Board evaluation

The Board undertakes an annual formal evaluation of its own performance and that of its Committees and individual Directors.

This year the process was led by the Chairman and covered:

- strategic matters
- Board structure, committees and their operation
- succession planning
- induction and development
- assessment of the performance of individual committees and the Chairman
- shareholder communication

The overall conclusion was that individual Board members are satisfied that the Board works well and operates efficiently. They are also satisfied with the contribution made by their colleagues and that the Board committees operate properly and efficiently.

In line with the best practice recommendations of the Code, which recommends that an externally facilitated evaluation should be conducted at least every three years, the Board has agreed that an external evaluation will be conducted for 2012/13.

Conflicts of Interest

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The decision to authorise a conflict of interest can only be made by non-conflicted Directors (those who have no interest in the matter being considered) and in making such a decision the Directors must act in a way they consider in good faith will be most likely to promote the Company's success.

The Company has established a procedure whereby actual and potential conflicts of interest of current and proposed roles to be undertaken by the Board with other organisations are regularly reviewed in respect of both the nature of those roles, and their time commitment, and for proper authorisation to be sought prior to the appointment of any new Director. The Board consider these procedures to be working effectively.

Insurance

The Company has in place an appropriate policy which insures Directors against certain liabilities, including legal costs, which they may incur in carrying out their duties.

BOARD COMMITTEES

The Board has delegated certain matters to individual Executives and to specific committees of the Board. The responsibilities of the key Board committees are described below.

Executive Committee

The Executive Committee meets monthly and reviews the financial and operating performance of all Group divisions and companies. The Group Managing Director, Rob Perrins, chairs this Committee and other members comprise, Tony Pidgley, Nick Simpkin, Karl Whiteman, Sean Ellis and Greg Fry.

The following three Board committees operate within clearly defined Terms of Reference pursuant to the provisions of the Code. The Terms of Reference can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk). Copies are also available to shareholders on application to the Company Secretary.

Audit Committee

The Audit Committee comprises three independent Non-executive Directors. The Committee is chaired by David Howell, FCA, and the other members at 30 April 2012 were Alan Coppin and Alison Nimmo.

During the year Alison Nimmo was appointed to the Committee on her appointment as a Non-executive Director on 5 September 2011 and Victoria Mitchell retired from the Committee on 2 December 2011.

CORPORATE GOVERNANCE

David Howell, who qualified as a chartered accountant in 1971 and was the Chief Financial Officer and a Main Board Director of lastminute.com plc until March 2005, is considered by the Board to have recent and relevant financial experience. David Howell was also Chairman of the Audit Committee of Nestor Healthcare Group plc from 2000 to 2003.

The Committee met formally on three occasions during the year to 30 April 2012 with no absences.

The Group Finance Director and representatives of the external and internal auditors also attend the Committee's meetings by invitation.

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board. The key responsibilities of the Committee are set out below:

- monitoring the integrity of the financial reporting of the Company and reviewing significant financial reporting issues and accounting policies;
- reviewing the adequacy and effectiveness of the Group's internal control and risk management systems and monitoring the effectiveness of the Group's internal audit function; and
- overseeing the relationship with the external auditor, including appointment, removal and fees, and ensuring the auditor's independence and the effectiveness of the audit process.

The Committee met its responsibilities in the year by:

- reviewing the financial disclosures in the Group's Annual Report and Accounts and half-year financial report prior to their publication. This included reviewing the accounting policies and financial reporting judgements. It also reviewed the contents of interim management statements issued by the Company during the year;
- undertaking an annual assessment of the Group's system of risk management and internal control, including:
  – considering the key risks facing the Group
  – considering the key elements of the Group's control processes
  – receiving reports from both external and internal audit during the course of the year
  – reviewing the operations and effectiveness of internal audit
  – assessing the adequacy of disclosure in the Annual Report
- reviewing the development and implementation of the Group's policies and procedures in relation to the Bribery Act, and monitoring ongoing compliance;
- reviewing the external auditors audit plan, their performance, effectiveness, independence and fees; and
- approving the non-audit fees policy.

The Committee has a policy on the use of the auditors for non-audit services in order to safeguard auditor independence, which was reviewed during the year and the Committee has agreed to undertake actions, such as extending the use of other advisors who have the necessary skills and expertise, to target an equal ratio of audit to non-audit fees going forwards. At the same time, the Committee recognises that, for businesses such as Berkeley, the impact of one-off transactions can have a material effect on this ratio depending on the nature of such activity.

Any departure from this ratio will only be as a consequence of transactional work, where the Committee considers it is right for the auditors to undertake such work where the reasons for doing so are compelling, such as where

i) it is proprietary to them;

ii) they have pre-existing knowledge and experience that precludes the use of alternative firms;

iii) the nature of the transaction is that the Group's auditors are the only practical solution.

Non-audit work carried out by all firms, including the auditors, is formally reported to the Audit Committee at each meeting.

The auditors have open recourse to the Non-executive Directors, should they consider it necessary, and there is open dialogue between the auditors and the Chairman of the Audit Committee before each Audit Committee meeting and, after the meeting, the opportunity to meet without the Executive Directors present.

Remuneration Committee

The Remuneration Committee is responsible for determining the Company's policy for Executive remuneration and the precise terms of employment and remuneration of the Executive Directors. The principles and details of Directors' remuneration are contained in the Remuneration Report on pages 89 to 105.

The Committee is chaired by Alan Coppin and the other members at 30 April 2012 were Sir John Armitt and David Howell, who are all independent Non-executive Directors.

During the year David Howell was appointed to the Committee on 2 December 2011 and Victoria Mitchell retired from the Committee on the same date.

With effect from 13 June 2012, David Howell retired from the Committee and Glyn Barker was appointed to the Committee.

The Committee met formally on four occasions during the year to April 2012 with no absences.

No Director is involved in deciding his or her remuneration. The Executive Directors decide the remuneration of the Non-executive Directors and the Committee takes into consideration the recommendations of the Group Managing Director and Group Finance Director regarding the remuneration of their Executive colleagues.

Nomination Committee

The Nomination Committee ensures that the membership and composition of the Board, including the balance of skills, is appropriate, as well as giving full consideration to succession planning on a regular basis.

The Committee is chaired by the Group Chairman, Tony Pidgley and the Independent Non-executive members at 30 April 2012 were David Howell and Sir John Armitt. Victoria Mitchell retired from the Committee on 2 December 2011.

With effect from 13 June 2012, Veronica Wadley was appointed to the Committee.

The Committee met formally on two occasions during the year to 30 April 2012 with no absences.

During the year, the activities of the Committee included:

- identifying three new independent Non-executive Directors (Alison Nimmo, Veronica Wadley and Glyn Barker) and recommending their appointment to the Board;
- considering and making recommendations to the Board regarding the membership of the Board committees; and
- reviewing succession plans for the Executive team.

Appointments to the Board are made based on merit and the specific skills and expertise required for the role. The Committee has chosen not to set specific representation targets for women at Board level at this time. However, it recognises that the benefits of diversity, including gender diversity, will continue to be an active consideration when further changes to the Board's composition are considered.

The process for identifying and recommending new appointments includes a combination of discussions and consultations, in addition to formal interviews, utilising the services of independent recruitment specialists, as appropriate.

KEY RISKS AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, at least annually.

Internal control procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are ongoing processes and procedures for identifying, evaluating and managing the significant risks faced by the Group. These processes and procedures were in place from the start of the financial year to the date on which the 2012 Annual Report and Accounts were approved and accord with the Turnbull guidance issued in 2005.

The processes are regularly reviewed by the Board and include an annual review by the Directors of the operation and effectiveness of the system of internal control as part of its year end procedures. The key features of the system of internal control include:

Clear organisational structure

The Group operates through autonomous divisions and operating companies, each with its own board. Operating company boards meet on a weekly basis and divisional boards on a monthly basis, and comprehensive information is prepared for such meetings on a standardised basis to cover all aspects of the business. Formal reporting lines and delegated levels of authority exist within this structure and the review of risk and performance occurs at multiple levels throughout the operating companies, divisions and at Group.

Risk assessment

Risk reporting is embedded within ongoing management reporting throughout the Group. At operating company and divisional level, Board meeting agendas and packs are structured around the key risks facing the Group. These risks include health and safety, sales, production (build cost and programme), land and planning, economic, regulatory and site specific matters.

In addition, there is a formalised process whereby each division produces quarterly risks and control reports that identify significant risks, the potential impact and the actions being taken to mitigate the risks. These risk reports are reviewed and updated regularly.

A Group Risk Management Report is presented at each Group Main Board Meeting, setting out the current factors affecting the risk profile of the Group, the mitigation of these risks and the key changes to this risk profile since the last report.

Financial reporting

A comprehensive budgeting and real-time forecasting system, covering both profit and cash, operates within the Group. This enables executive management to view key financial and operating data on a daily basis. On a weekly and monthly basis more formal reporting up to the Group Executives and the Board is prepared. The results of all operating units are reported monthly and compared to budget and forecast.

There is a consolidation process in place which ensures that there is an audit trail between the Group's financial reporting system and the Group's statutory financial statements.

Investment and contracting controls

The Group has clearly defined guidelines for the purchase and sale of land within the Group, which include detailed environmental, planning and financial appraisal and are subject to executive authorisation. Rigorous procedures are also followed for the selection of consultants and contractors. The review and monitoring of all build programmes and budgets are a fundamental element of the Company's financial reporting cycle.

CORPORATE GOVERNANCE

Policies and procedures

Policies and procedures, including operating and financial controls, are detailed in policies and procedures manuals that are refreshed and improved as appropriate. Training to staff is given where necessary.

Central functions

Strong central functions, including Legal, Health & Safety and Company Secretarial, provide support and consistency to the rest of the Group. In addition, the principal treasury-related risks, decisions and control processes are managed by the Group Finance function, under the direction of the Group Finance Director.

Internal audit

Internal auditors are in place in each division and at Group to provide assurance on the operation of the Group's control framework.

Whistleblowing

The Group has a whistleblowing policy which has been communicated to all staff, where Directors, management and staff can report in confidence any concerns they may have of malpractice, financial irregularity, breaches of any Group procedures, or other matters. The arrangements in place are reviewed by the Audit Committee.

Bribery Act

In advance of the implementation of the Bribery Act on 1 July 2011, the Group undertook a thorough review of the requirements of the Act to ensure that it had adequate policies and procedures in place to prevent bribery. This included providing training to staff and implementing an Anti Bribery and Corruption policy, which was communicated to all staff.

The Finance Director has the executive responsibility for implementing the Group's policy and reporting to the Audit Committee, who are charged with overseeing the development and implementation of the Group's policies and procedures and monitoring ongoing compliance.

RELATIONS WITH SHAREHOLDERS

The Company encourages active dialogue with its current and prospective shareholders through ongoing meetings with institutional investors. Major shareholders have the opportunity to meet all Directors after the Annual General Meeting in addition to individual meetings with the Company.

Shareholders are also kept up to date with the Company's activities through the Annual and Interim Reports. In addition, the corporate website gives information on the Group and latest news, including regulatory announcements. The presentations made after the announcement of the preliminary and interim results are also available on the website.

The Board is kept informed of the views of the shareholders through periodic reports from the Company's broker UBS. Additionally, the Non-executive Directors have the opportunity to attend the bi-annual analyst presentations.

The Senior Independent Director is available to shareholders if they have concerns where contact through the normal channels has failed or when such contact is inappropriate.

ANNUAL GENERAL MEETING

All shareholders are invited to participate in the Annual General Meeting ("AGM") where the Group Chairman, the Group Managing Director and the Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions and will also be available for discussions with shareholders both prior to and after the meeting.

The Company arranges for the Annual Report and Accounts and related papers to be posted to shareholders so as to allow at least 20 working days for consideration prior to the AGM.

The Company complies with the provisions of the Code relating to the disclosure of proxy votes, which, including abstentions, are declared at the AGM after each resolution has been dealt with on a show of hands and are announced to the Stock Exchange shortly after the close of the meeting. The Company also complies with the requirements of the Code with the separation of resolutions and the attendance of the Chairmen of the Board Committees.

The terms and conditions of appointment for the Non-executive Directors, which set out their expected time commitment, in addition to the service contracts for the Executive Directors, are available for inspection at the AGM and during normal business hours at the Company's registered office.

GOING CONCERN

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial review on pages 64 to 79.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group and compared this to the level of committed loan facilities and cash resources over the medium term. In making this assessment consideration has been given to the uncertainty inherent in future financial forecasts and where applicable reasonable sensitivities have been applied to the key factors affecting the financial performance of the Group.

The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SHARE CAPITAL STRUCTURE

The Company is compliant with DTR 7.2.6. and the information relating to the Company's share capital structure is included in the Directors' Report on page 86.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge:

a the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

b the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

A M Bradshaw
Company Secretary
19 July 2012

FINANCIALS

BASIC EARNINGS PER SHARE HAVE INCREASED BY 67.8%, OUR BALANCE SHEET REMAINS STRONG AND FORWARD SALES STAND AT OVER £1 BILLION.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC

We have audited the Consolidated Financial Statements of The Berkeley Group Holdings plc for the year ended 30 April 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 111, the Directors are responsible for the preparation of the Consolidated Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Consolidated Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Consolidated Financial Statements:

- give a true and fair view of the state of the Group's affairs as at 30 April 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the Consolidated Financial Statements are prepared is consistent with the Consolidated Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 106 to 111 with respect to internal control and risk management systems and about share capital structures is consistent with the Consolidated Financial Statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Parent Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on pages 110 to 111, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

OTHER MATTER

We have reported separately on the Parent Company Financial Statements of The Berkeley Group Holdings plc for the year ended 30 April 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	**2012 £'000**	2011 £'000
Revenue		**1,041,069**	742,612
Cost of sales		**(745,773)**	(533,542)
Gross profit		**295,296**	209,070
Net operating expenses		**(99,566)**	(73,420)
Operating profit before exceptional item		**195,730**	209,070
Exceptional profit on disposal of subsidiary	8	**30,695**	–
Operating profit		**226,425**	135,650
Finance income	3	**2,369**	10,056
Finance costs	3	**(11,781)**	(11,520)
Share of post tax results of joint ventures using the equity method	11	**(2,192)**	2,059
Profit before taxation for the year	2, 4	**214,821**	136,245
Income tax expense	6	**(56,674)**	(41,789)
Profit after taxation for the year		**158,147**	94,456
Profit attributable to:			
Shareholders		**158,513**	95,109
Non-controlling interest		**(366)**	(653)
		158,147	94,456
Earnings per ordinary share attributable to shareholders:			
Basic	7	**121.0p**	72.1p
Diluted	7	**112.8p**	70.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April	Notes	**2012 £'000**	2011 £'000
Profit after taxation for the year		**158,147**	94,456
Other comprehensive (expense)/income:			
Actuarial loss recognised in the pension scheme	5	**(628)**	(653)
Deferred tax on actuarial loss recognised in the pension scheme	6	**151**	170
Other comprehensive expense for the year		**(477)**	(483)
Total comprehensive income for the year		**157,670**	93,973
Attributable to:			
Shareholders		**158,036**	94,626
Non-controlling interest		**(366)**	(653)
		158,670	93,973

Financials

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April	Notes	2012 £'000	2011 £'000
Assets			
Non-current assets			
Intangible assets	9	**17,159**	17,159
Property, plant and equipment	10	**11,559**	10,620
Investment properties	10	**83,522**	28,558
Investments accounted for using the equity method	11	**46,481**	38,675
Deferred tax assets	17	**25,040**	18,881
		183,761	113,893
Current assets			
Inventories	12	**1,851,715**	1,613,192
Trade and other receivables	13	**115,210**	96,725
Cash and cash equivalents	14	**2,747**	266,307
		1,969,672	1,976,224
Total assets		**2,153,433**	2,090,117
Liabilities			
Non-current liabilities			
Borrowings	15	**(12,498)**	(24,233)
Trade and other payables	16	**(30,391)**	(51,009)
		(42,889)	(75,242)
Current liabilities			
Borrowings	15	**(48,130)**	(200,029)
Trade and other payables	16	**(862,707)**	(787,204)
Current tax liabilities		**(99,873)**	(93,864)
		(1,010,710)	(1,081,097)
Total liabilities		**(1,053,599)**	(1,156,339)
Total net assets		**1,099,834**	933,778
Equity			
Shareholders' equity			
Share capital	18	**6,743**	6,743
Share premium	18	**49,315**	49,315
Capital redemption reserve	19	**24,516**	24,516
Other reserve	19	**(961,299)**	(961,299)
Revaluation reserve	19	**3,375**	3,435
Retained earnings	19	**1,977,184**	1,806,704
		1,099,834	929,414
Non-controlling interest		**–**	4,364
Total equity		**1,099,834**	933,778

The financial statements on pages 115 to 141 were approved by the board of directors on 19 July 2012 and were signed on its behalf by:

N G Simpkin
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders								
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 May 2011	6,743	49,315	24,516	(961,299)	3,435	1,806,704	929,414	4,364	933,778
Profit/(loss) after taxation for the year	–	–	–	–	–	158,513	158,513	(366)	158,147
Other comprehensive expense for the year	–	–	–	–	–	(477)	(477)	–	(477)
Funding from non-controlling interest in subsidiary undertaking	–	–	–	–	–	–	–	65	65
Disposal of investment in subsidiary	–	–	–	–	–	–	–	(4,063)	(4,063)
Reserves transfer from revaluation reserve (note 19)	–	–	–	–	(60)	60	–	–	–
Transactions with shareholders:									
Credit in respect of employee share schemes (note 5)	–	–	–	–	–	8,212	8,212	–	8,212
Deferred tax in respect of employee share schemes (note 6)	–	–	–	–	–	4,172	4,172	–	4,172
At 30 April 2012	**6,743**	**49,315**	**24,516**	**(961,299)**	**3,375**	**1,977,184**	**1,099,834**	**–**	**1,099,834**

	Attributable to shareholders								
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 May 2010	6,743	49,315	24,516	(961,299)	3,489	1,735,832	858,596	3,720	862,316
Profit/(loss) after taxation for the year	–	–	–	–	–	95,109	95,109	(653)	94,456
Other comprehensive expense for the year	–	–	–	–	–	(483)	(483)	–	(483)
Funding from non-controlling interest in subsidiary undertaking	–	–	–	–	–	–	–	1,297	1,297
Reserves transfer from revaluation reserve (note 19)	–	–	–	–	(54)	54	–	–	–
Transactions with shareholders:									
Purchase of own shares (note 19)	–	–	–	–	–	(30,002)	(30,002)	–	(30,002)
Credit in respect of employee share schemes (note 5)	–	–	–	–	–	4,146	4,146	–	4,146
Deferred tax in respect of employee share schemes (note 6)	–	–	–	–	–	2,048	2,048	–	2,048
At 30 April 2011	**6,743**	**49,315**	**24,516**	**(961,299)**	**3,435**	**1,806,704**	**929,414**	**4,364**	**933,778**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	**2012 £'000**	2011 £'000
Cash flows from operating activities			
Cash outflow from operations	22	**(108,936)**	(204,266)
Interest received		**5,463**	9,416
Interest paid		**(5,412)**	(5,490)
Income tax paid		**(53,673)**	(32,631)
Net cash flow from operating activities		**(162,558)**	(232,971)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(2,280)**	(2,008)
Sale of property, plant and equipment		**200**	267
Funding of non-controlling interest in subsidiary undertaking		**65**	1,297
Disposal of subsidiary undertaking	8	**75,668**	–
Cash balance in subsidiary undertaking disposed		**(207)**	–
Purchase of shares in joint ventures	11	**–**	440
Movements in loans with joint ventures	11	**(9,998)**	(11,038)
Net cash flow from investing activities		**63,448**	(11,042)
Cash flows from financing activities			
Purchase of own shares	19	**–**	(30,002)
Expenses related to the disposal of the subsidiary undertaking	8	**(816)**	–
Repayment of loan stock		**(20)**	(19)
Proceeds from borrowings		**(163,614)**	191,222
Net cash flow from financing activities		**(164,450)**	161,201
Net decrease in cash and cash equivalents		**(263,560)**	(82,812)
Cash and cash equivalents, including bank overdraft, at the start of the financial year		**266,307**	349,119
Cash and cash equivalents, including bank overdraft, at the end of the financial year	14	**2,747**	266,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

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. Further information about the nature of the Group's operations and its principal activities are set out in the Directors' Report on page 86.

Basis of preparation

These Consolidated Financial Statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed on page 122.

There were no new standards, amendments or interpretations that were adopted by the Group and effective for the first time for the financial year beginning 1 May 2011 that were material to the Group. Furthermore, there are no standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

(a) Subsidiaries

The Consolidated Financial Statements comprise the financial statements of the Parent Company and all its subsidiary undertakings. The accounting date for subsidiary undertakings is 30 April.

Subsidiary undertakings are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain the benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(b) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and those interests' share of changes in the equity since the date of the combination.

(c) Joint ventures

Entities which are jointly controlled with another party or parties ("joint ventures") are accounted for using the equity method of accounting. The results attributable to the Group's holding in joint ventures are shown separately in the consolidated income statement. The amount included in the consolidated statement of financial position is the Group's share of the net assets of the joint ventures plus net loans receivable. Goodwill arising on the acquisition of joint ventures is accounted for in accordance with the policy set out above. The carrying value of goodwill is included in the carrying value of the investment in joint ventures. On transfer of land and/or work in progress to joint ventures, the Group recognises only its share of any profits or losses, namely that proportion sold outside the Group.

Segmental reporting

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group determines its reportable segments having regard to permitted aggregation criteria with the principal condition being that the operating segments should have similar economic characteristics.

The Group is predominantly engaged in residential-led, mixed-use property development, comprising residential revenue, revenue from land sales and commercial revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES CONTINUED

For the purposes of determining its operating segments, the chief operating decision-maker has been identified as the Executive Committee of the Board. This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined that its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed-use development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

In addition to its development activities, the Group holds certain residential properties for investment purposes. These investment activities represent a separate segment which is included within "Other activities", as it does not meet the size thresholds to be disclosed as a separate reportable segment.

Revenue

Revenue represents the amounts receivable from the sale of properties during the year and other income directly associated with property development. Properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

Rental income is recognised in the income statement on a straight line basis over the life of the lease. Any lease incentives are recognised as an integral part of the total rental income.

Expenditure

Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale. Net operating expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Taxation

The taxation expense represents the sum of the current tax payable and deferred tax. Current tax, including UK corporation tax, is provided at the amounts expected to be paid (or received) using the tax rules and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or from differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred taxation is also dealt with in reserves.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Where the cost of acquiring new and additional interests in subsidiaries, joint ventures and businesses exceeds the fair value of the net assets acquired, the resulting premium on acquisition (goodwill) is capitalised and its subsequent measurement is based on annual impairment reviews and impairment reviews performed where an impairment indicator exists, with any impairment losses recognised immediately in the income statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Property, plant and equipment

Property, plant and equipment is carried at historic purchase cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of the assets on a straight line basis to their residual value over their estimated useful lives at the following annual rates:

Freehold buildings	2%	Fixtures and fittings	15% / 20%
Motor vehicles	25%	Computer equipment	33 1/3 %

Freehold property disclosed in note 10 to the consolidated financial statements consists of both freehold land and freehold buildings. No depreciation is provided on freehold land. Computer equipment is included within fixtures and fittings. The assets' residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date. Where an impairment is identified, the recoverable amount of the asset is identified and an impairment loss, where appropriate, is recognised in the income statement.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within net operating expenses in the income statement.

Investment properties

Investment properties, which are properties held to earn rental income, are recognised using the "cost model" and are carried in the statement of financial position at historic cost less accumulated depreciation.

Depreciation is provided to write off the element of the cost of the assets that relates to buildings at 2% per annum on a straight line basis. No depreciation is charged on the element of the cost of the assets that relates to land.

Inventories

Property in the course of development and completed units are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads. Provision is made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

Land purchased for development, including land in the course of development, is initially recorded at fair value. Where such land is purchased on deferred settlement terms, and the fair value differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the income statement over the period to settlement.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within net operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net operating expense in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances in hand and at the bank, including bank overdrafts repayable on demand which form part of the Group's cash management, for which offset arrangements across Group businesses have been applied where appropriate.

Share capital

Ordinary shares and redeemable preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, sold or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables on normal terms are not interest bearing and are stated at their nominal value which is considered to be their fair value. Trade payables on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES CONTINUED

Deposits
New property deposits and on account contract receipts are held within current trade and other payables.

Employee benefits

(a) Pensions
The Group accounts for pensions under IAS 19 "Employee benefits". The Group has both defined benefit and defined contribution plans. The defined benefit plan was closed to future accrual with effect from 1 April 2007.

For the defined benefit scheme, the obligations are measured using the projected unit method. The calculation of the net obligation is performed by a qualified actuary. The operating and financing costs of these plans are recognised separately in the income statement; service costs are set annually on the basis of actuarial valuations of the scheme and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income and expense. In accordance with IAS 19 the Group does not recognise on the statement of financial position any surplus in the scheme.

Pension contributions under defined contribution schemes are charged to the income statement as they fall due.

(b) Share-based payments
Where the Company operates equity-settled, share-based compensation plans, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Leasing agreements
Payments under operating lease agreements are charged against profit on a straight line basis over the life of the lease.

Accounting estimates and judgements
Management applies the Group's accounting policies as described above when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements, apart from those involving estimations, which are detailed below.

(a) Carrying value of land and work in progress and estimation of costs to complete
The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore due to the nature of the Group's activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made.

(b) Pensions
Pension assumptions are set out within note 5 and are as advised by the Group's actuary. The assumptions include the expected long-term rate of return on assets, the discount rate used and the mortality rates. Such estimations are based on assumed rates and, should these differ from what actually transpires, the pension asset of the Group would change.

(c) Goodwill impairment
In determining whether or not goodwill is impaired requires an estimation of value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit, the future growth rate of revenue and costs, and a suitable discount rate.

(d) Deferred tax
Assumptions are made as to the recoverability of deferred tax assets, especially as to whether there will be sufficient future profits to fully utilise these in future years.

(e) Share-based payments
Assumptions are made in determining the fair value of employee services received in exchange for the grant of options under share-based payment awards at the date of grant.

2 SEGMENTAL DISCLOSURE

The Group is engaged in residential-led, mixed-use property development, comprising residential revenue, revenue from land sales and commercial revenue.

For the purposes of determining its operating segments, the chief operating decision-maker has been identified as the Executive Committee of the Board. This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined that its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed-use development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

In addition to its development activities, the Group holds certain residential properties for investment purposes. These investment activities represent a separate segment which is included within other activities, as it does not meet the size thresholds to be disclosed as separate reportable segments.

Segment results

	2012 £'000	2011 £'000
Profit before tax		
Residential-led mixed-use development	**215,156**	136,512
Other activities	**(335)**	(267)
	214,821	136,245

Segment profit before tax represents the profit before tax allocated to each segment. This is the measure reported to the Executive Committee of the Board for the purpose of resource allocation and assessment of segment performance.

Segment assets

	2012 £'000	2011 £'000
Assets		
Residential-led mixed-use development	**2,069,911**	2,061,559
Other activities	**83,522**	28,558
	2,153,433	2,090,117

For the purpose of monitoring segment performance and allocating resources between segments all assets are considered to be attributable to residential-led mixed-use development with the exception of investment properties which are held for the Group's investing activities and have therefore been allocated to other activities.

3 NET FINANCE COSTS

	2012 £'000	2011 £'000
Finance income	**2,369**	10,056
Finance costs		
Interest payable on bank loans and non-utilisation fees	**(4,702)**	(4,130)
Amortisation of facility fees	**(2,459)**	(2,084)
Other finance costs	**(4,620)**	(5,306)
	(11,781)	(11,520)
Net finance costs	**(9,412)**	(1,464)

Finance income predominantly represents interest earned on cash deposits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following amounts:

	2012 £'000	2011 £'000
Staff costs (note 5)	**112,795**	85,722
Depreciation of property, plant and equipment (note 10)	**1,127**	858
Loss/(profit) on sale of property, plant and equipment	**14**	(50)
Rental income from investment properties	**(4,029)**	(535)
Direct operating expense in relation to investment properties including depreciation	**2,786**	725
Operating lease costs	**1,679**	1,515
Fees paid and payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**130**	120
Fees paid and payable to the Company's auditors for other services:		
– Audit fee for the financial statements of the Company's subsidiaries pursuant to legislation	**145**	125
– Services relating to taxation	**449**	623
– Services relating to the 2011/12 corporate strategic review and return of £13 per share to shareholders	**625**	–
– Remuneration consultancy services	**50**	50
– Other services supplied pursuant to legislation	**50**	50

The value of inventories expensed and included in the cost of sales is £687,102,000 (2011: £489,779,000).

Remuneration paid to the auditors in respect of taxation services was incurred primarily in connection with compliance matters and corporate activity in the year.

Remuneration paid in respect of services provided for the 2011/12 corporate strategic review were one-off in nature, comprising taxation and remuneration services towards the implementation of the Group's strategy to return £13 per share to shareholders over the next 10 years and the associated 2011 LTIP.

Remuneration paid to the auditors in respect of other services supplied pursuant to legislation of £50,000 relates to the interim review (2011: £50,000).

In addition to the above services, the Group's auditor acted as auditor to The Berkeley Final Salary Plan. The appointment of auditors to the Group's pension scheme and the fees paid in respect of the audit are agreed by the trustees of the scheme, who act independently of the management of the Group. The fees paid to the Group's auditors for audit services to the pension scheme during the year were £7,000 (2011: £7,000).

5 DIRECTORS AND EMPLOYEES

	2012 £'000	2011 £'000
Staff costs		
Wages and salaries	**88,707**	68,229
Social security costs	**13,168**	10,922
Share-based payments	**8,212**	4,146
Pension costs	**2,708**	2,425
	112,795	85,722

The average number of persons employed by the Group during the year was 1,139 (2011: 935).

Key management compensation

Key management comprises the Main Board, as the Directors are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Details of Directors' emoluments are set out in the Remuneration Committee report on pages 89 to 105.

Share-based payments

The Group operates three equity-settled share based payments schemes. The charge to the income statement in respect of share-based payments in the year relating to grants of share options awarded under the 2009 Long-Term Incentive Plan, the 2011 Long-Term Incentive Plan and deferred shares or notional shares under the Bonus Plan, was £8,212,000 (2011: £4,146,000). The charge to the income statement attributable to key management is £7,121,000 (2011: £3,099,000).

2009 Long-Term Incentive Plan

Part A

On 29 June 2009 the balance of the shares originally awarded under the 2004(b) Long-Term Incentive Plan, totalling 5,330,340 shares, were replaced by options under Part A of the 2009 Long-Term Incentive Scheme, with an exercise price of £3.00 per share, in accordance with the shareholder approval obtained at the Extraordinary General Meeting on 15 April 2009. These will become exercisable by the relevant Executive Directors on 31 January 2014, subject to continued employment at that date. During the year, 880,390 options lapsed on the departure of a Director, leaving 4,441,950 outstanding.

Part B

Part B of the 2009 Long-Term Incentive Plan covers 6,830,000 share options with an exercise price of £8.40. Vesting of the options is in two tranches: 50% on 15 April 2015 and 50% on 15 April 2016. The options are conditional on continued employment at the relevant vesting date and the satisfaction of the underpin condition that Net Assets per Share are at least £5.94 at 15 April 2015. During the year, 530,000 options lapsed on the departure of employees, leaving 6,300,000 options outstanding.

Bonus Plan

Under the terms of the Bonus Plan set out in the Remuneration Report participants to the plan are entitled to 50% of the balance of their plan account at the end of each financial year. The remaining balance is deferred in shares or notional shares.

2011 Long-Term Incentive Plan

The Company announced in June 2011 as part of a strategic review of the business a long term plan to return £13 per share (approximately £1.7 billion) to shareholders over the next 10 years payable on or before the following milestones:

	Dividend
30 September 2015 (p)	434
30 September 2018 (p)	433
30 September 2021 (p)	433

A new long term remuneration plan was proposed to support this strategy, the 2011 Long Term Incentive Plan ("2011 LTIP"), which was approved by shareholders at the Annual General Meeting on 5 September 2011. The key features of the 2011 LTIP are:

- if the Company returns £13 per share to shareholders over a ten year period via a series of dividend payments by the milestone dates referred to above, participants will be entitled to exercise options and receive a number of ordinary shares in the capital of the Company at the end of the ten year period.
- the maximum number of shares capable of being earned by all participants are 19,616,503 shares, being 13% of the fully diluted share capital of the company at the date of approval of the plan.
- the exercise price of options granted under the 2011 LTIP will be £13 per share less an amount equal to the value of all dividends paid between the date of approval of the 2011 LTIP and 30 September 2021, provided the exercise price cannot be less than zero.

The fair value of the options granted during the year, determined using the current market pricing model was £3.17 for options which vest on 30 September 2021. The inputs into the current market option pricing model were:

	Inputs
Grant date	5 September 2011
Vesting date	30 September 2021
Share price at grant gate (p)	1,236
Exercise price (p)	nil
Discount rate	6.3%

The discount rate was determined by calculating the Group's expected cost of capital over the vesting period at the grant date.

Pensions

During the year, two principal pension schemes were in place for employees. The Berkeley Group plc Group Personal Pension Plan and the St George PLC Group Personal Pension Plan are defined contribution schemes. The assets of these schemes were held in separate trustee administered funds.

The Berkeley Final Salary Plan is a defined benefit scheme which was closed to future accrual with effect from 1 April 2007.

Defined contribution plan

Contributions amounting to £2,415,000 (2011: £2,155,000) were paid into the defined contribution schemes during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 DIRECTORS AND EMPLOYEES CONTINUED

Defined benefit plan

The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recently finalised valuation was carried out as at 1 May 2010 and was finalised in March 2011. The method adopted in the 2010 valuation was the projected unit method, which assumed a return on investment both prior to and after retirement of 5.75% per annum and pension increases of 3.25% per annum. The market value of the Berkeley Final Salary Plan assets at 1 May 2010 was £11,692,000 and was sufficient to cover 100% of the scheme's liabilities. Following the finalisation of the 2007 valuation, with effect from 1 July 2008, employer's required regular contributions were reduced to zero. Following the finalisation of the 2011 valuation this position remains unchanged. Notwithstanding this the Company made additional voluntary contributions of £575,000 during the year (2011: £600,000).

For the purposes of IAS 19, the 2010 valuation was updated for 30 April 2012.

The major assumptions used by the actuary were:

Valuation at:	**30 April 2012**	30 April 2011
Rate of increase in salaries	**–**	–
Discount rate	**4.80%**	5.40%
Inflation assumption (RPI)	**3.25%**	3.40%
Inflation assumption (CPI)	**2.50%**	N/A
Rate of increase in pensions in payment post-97 (Pre-97 receive 3% p.a. increases)	**3.25%**	3.40%

The mortality assumptions are the standard S1PA CMI_2009_X [1.0%] (2011: S1PA CMI_2009_X [1.0%]) base table for males and females, both adjusted for each individual's year of birth to allow for future improvements in mortality rates. The life expectancy of male and female pensioners (now aged 65) retiring at age 65 on the balance sheet date is 22.1 years and 24.1 years respectively (2011: 22.0 and 24.0). The life expectancy of male and female deferred pensioners (now aged 50) retiring at age 65 after the balance sheet date is 23.1 years and 25.3 years respectively (2011: 23.0 and 25.2).

The fair value of the assets and the expected rates of return on the assets were as follows:

	30 April 2012		30 April 2011	
	Long-term rate of return	**Value £'000**	Long-term rate of return	Value £'000
Equities	**6.95 %**	**6,374**	7.00%	5,260
Government Bonds (over 15 years)	**3.30%**	**1,627**	4.00%	3,694
Government Bonds (5 to 15 years)	**2.70%**	**1,575**	0%	N/A
Corporate Bonds	**4.70%**	**4,077**	5.20%	3,707
Cash	**0.50%**	**370**	0.50%	191
Fair value of plan assets		**14,023**		12,852

The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The amounts recognised in the statement of financial position are determined as follows:

	2012 £'000	2011 £'000
Present value of defined benefit obligations	**(13,267)**	(12,402)
Fair value of plan assets	**14,023**	12,852
Net surplus	**756**	450
Unrecognised asset in accordance with IAS 19	**(756)**	(450)
Net amount recognised on the statement of financial position	**–**	–

The amounts recognised in the income statement are as follows:

	2012 £'000	2011 £'000
Current service cost	**–**	–
Past service cost	**–**	–
Interest on pension scheme liabilities	**661**	621
Expected return on plan assets	**(714)**	(674)
Total included within finance income	**(53)**	(53)

Changes in the present value of the defined benefit obligation:

	2012 £'000	2011 £'000
Present value of defined benefit obligations at 1 May	**12,402**	11,445
Current service cost	**–**	–
Interest on pension scheme liabilities	**661**	621
Contributions by plan participants	**–**	–
Actuarial loss on scheme liabilities recognised in the statement of comprehensive income	**527**	638
Net benefits paid out	**(323)**	(302)
Present value of defined benefit obligations at 30 April	**13,267**	12,402

Changes in the fair value of plan assets:

	2012 £'000	2011 £'000
Fair value of plan assets at 1 May	**12,852**	11,487
Expected return on plan assets	**714**	674
Actuarial gains on plan assets recognised in the statement of comprehensive income	**205**	393
Contributions by the employer	**575**	600
Contributions by plan participants	**–**	–
Net benefits paid out	**(323)**	(302)
Fair value of plan assets at 30 April	**14,023**	12,852

Cumulative actuarial gains and losses recognised in equity:

	2012 £'000	2011 £'000
Cumulative amounts of losses recognised in the statement of comprehensive income at 1 May	**(2,953)**	(2,300)
Net actuarial losses recognised in the year	**(322)**	(245)
Change in irrecoverable surplus in accordance with IAS 19	**(306)**	(408)
Cumulative amounts of losses recognised in the statement of comprehensive income at 30 April	**(3,581)**	(2,953)

Actual gain on plan assets:

	2012 £'000	2011 £'000
Expected gain on scheme assets	**714**	674
Actuarial gain on scheme assets	**205**	393
Actual gain on scheme assets	**919**	1,067

History of asset values, defined benefit obligations, and experience gains and losses:

	30 April 2012 £'000	30 April 2011 £'000	30 April 2010 £'000	30 April 2009 £'000	30 April 2008 £'000
Fair value of scheme assets	**14,023**	12,852	11,487	9,412	9,850
Present value of scheme liabilities	**(13,267)**	(12,402)	(11,445)	(8,275)	(9,214)
Net surplus in the plan	**756**	450	42	1,137	636

	30 April 2012	30 April 2011	30 April 2010	30 April 2009	30 April 2008
Experience adjustments arising on scheme assets:					
Amount (£'000)	**205**	393	1,189	(1,282)	(1,124)
% of scheme assets	**1.46%**	3.06%	10.35%	(13.62%)	(11.41%)
Experience adjustments arising on scheme liabilities:					
Amount (£'000)	**–**	62	(49)	67	90
% of the present value of scheme liabilities	**–**	(0.50%)	0.43%	(0.81%)	(0.98%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 TAXATION

The tax charge for the year is as follows:

	2012 £'000	2011 £'000
Current tax		
UK corporation tax payable	**(65,481)**	(44,767)
Adjustments in respect of previous periods	**6,005**	1,285
	(59,476)	(43,482)
Deferred tax at 26% (note 17) (2011: 28%)	**4,086**	2,724
Adjustment in respect of change of tax rate from 26% to 24% (note 17) (2011: 28% to 26%)	**(1,284)**	(1,031)
	(56,674)	(41,789)

Tax on items recognised directly in other comprehensive income is as follows:

	2012 £'000	2011 £'000
Deferred tax on actuarial loss recognised in the pension scheme (note 17)	**151**	170

Tax on items recognised directly in equity is as follows:

	2012 £'000	2011 £'000
Deferred tax in respect of employee share schemes	**4,172**	2,048

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 25.83% (2011: 27.84%). The differences are explained below:

	2012 £'000	2011 £'000
Profit before tax	**214,821**	136,245
Tax on profit at standard UK corporation tax rate	**55,488**	37,931
Effects of:		
Expenses not deductible for tax purposes	**587**	664
Tax effect of share of results of joint ventures	**566**	(573)
Adjustments in respect of previous periods – current tax	**(6,005)**	(1,285)
Adjustments in respect of deferred tax change of rate from 26% to 24% (2011: 28% to 26%)	**1,284**	1,031
Other	**4,754**	4,021
Tax charge	**56,674**	41,789

The statutory tax rate in 2012 was at 25.83% (11 months at 26%, 1 month at 24%)

The adjustments in respect of previous periods includes items such as contaminated land relief, research and development relief and other timing differences that are not individually significant and have not therefore been separately disclosed.

The other adjustment predominantly relates to the tax effect of transferring the ownership of certain properties during the year to subsidiaries incorporated in overseas tax jurisdictions with different rates to the UK.

7 EARNINGS PER ORDINARY SHARE

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

	2012	2011
Profit attributable to shareholders (£'000's)	**158,513**	95,109
Weighted average number of shares (000's)	**131,042**	131,962
Basic earnings per ordinary share (p)	**121.0**	72.1

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 30 April 2012, the Group had four categories of potentially dilutive ordinary shares: 4.4 million £3.00 share options under the 2009 LTIP Part A, 6.3 million £8.40 share options under the 2009 LTIP Part B; 19.6 million £nil share options under the 2011 LTIP; and 0.5 million shares under the Bonus Plan.

A calculation is done to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the 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.

	2012	2011
Profit used to determine diluted EPS (£'000's)	**158,513**	95,109
Weighted average number of shares (000's)	**131,042**	131,962
Adjustments for:		
Share options – 2009 LTIP Part A (000's)	**3,252**	3,209
Share options – 2009 LTIP Part B (000's)	**1,371**	–
Share options – 2011 LTIP (000's)	**4,613**	–
Bonus plan shares (000's)	**275**	46
Shares used to determine diluted EPS (000's)	**140,553**	135,217
Diluted earnings per ordinary share (p)	**112.8**	70.3

8 PROFIT ON DISPOSAL OF SUBSIDIARY

On 30 September 2011, Berkeley disposed of its 51% shareholding in Winstanley 1 Limited, a company which was established in 2009 to develop a postgraduate student scheme at Clapham Junction to be let to students from Imperial College London, who owned the remaining 49% of the company. Berkeley's share of the proceeds of the sale of the company was £75.7 million and this resulted in an exceptional profit on disposal of £30.7 million, calculated as follows:

	2012 £'000
Non current assets	**1,172**
Current assets	**47,052**
Current liabilities	**(4)**
Non controlling interest	**(4,063)**
Net assets disposed	**44,157**
Expenses related to disposal	**816**
Profit on disposal	**30,695**
Consideration	**75,668**

Financials

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 INTANGIBLE ASSETS

	Goodwill £'000
Cost	
At 1 May 2011 and 30 April 2012	**17,159**
Accumulated amortisation	
At 1 May 2011 and at 30 April 2012	–
Net book value	
At 1 May 2011 and at 30 April 2012	**17,159**
Cost	
At 1 May 2010 and 30 April 2011	17,159
Accumulated amortisation	
At 1 May 2010 and at 30 April 2011	–
Net book value	
At 1 May 2010 and at 30 April 2011	17,159

The goodwill balance relates solely to the acquisition of the 50% of the ordinary share capital of St James Group Limited, completed on 7 November 2006, that was not already owned by the Group. The goodwill balance is tested annually for impairment. The recoverable amount has been determined on the basis of the value in use of the business using the current five year pre-tax forecasts. Key assumptions are as follows:

(i) Cash flows beyond a five year period are not extrapolated;

(ii) A pre-tax discount rate of 8.28% (2011: 8.71%) based on the Group's weighted average cost of capital.

The Directors have identified no reasonably possible change in a key assumption which would give rise to an impairment charge.

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Property, plant and equipment				
	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000	Investment property £'000
Cost					
At 1 May 2011	8,006	6,031	2,816	16,853	28,685
Additions	–	1,445	835	2,280	55,889
Disposals	–	(728)	(709)	(1,437)	–
At 30 April 2012	**8,006**	**6,748**	**2,942**	**17,696**	**84,574**
Accumulated Depreciation					
At 1 May 2011	217	4,955	1,061	6,233	127
Charge for the year	133	561	433	1,127	925
Disposals	–	(728)	(495)	(1,223)	–
At 30 April 2012	**350**	**4,788**	**999**	**6,137**	**1,052**
Net book value					
At 1 May 2011	7,789	1,076	1,755	10,620	28,558
At 30 April 2012	**7,656**	**1,960**	**1,943**	**11,559**	**83,522**

Cost					
At 1 May 2010	8,006	5,123	2,535	15,664	–
Additions	–	944	1,064	2,008	28,685
Disposals	–	(36)	(783)	(819)	–
At 30 April 2011	8,006	6,031	2,816	16,853	28,685
Accumulated Depreciation					
At 1 May 2010	93	4,638	1,246	5,977	–
Charge for the year	124	345	389	858	127
Disposals	–	(28)	(574)	(602)	–
At 30 April 2011	217	4,955	1,061	6,233	127
Net book value					
At 1 May 2010	7,913	485	1,289	9,687	–
At 30 April 2011	7,789	1,076	1,755	10,620	28,558

Additions to investment property represent the value at cost of completed properties transferred from the Group's inventory, which are to be held for rental purposes. The market value of these properties is £114,500,000 as determined by the Directors taking into account all relevant factors including their nature and location.

£49,700,000 of the investment properties, at cost (2011: £13,700,000), are subject to an agreement with the Homes and Communities Agency which requires these properties to be available for rent until at least 31 March 2015, although Berkeley is able to dispose of its investment properties prior to this date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INVESTMENTS

	2012 £'000	2011 £'000
Unlisted shares at cost	**15,437**	15,687
Loans	**34,556**	24,538
Share of post-acquisition reserves	**(2,860)**	(668)
Elimination of profit on transfer of inventory to joint ventures	**(652)**	(882)
	46,481	38,675

Details of the principal joint ventures are provided in note 25.

The movement on the investment in joint ventures during the year is as follows:

	2012 £'000	2011 £'000
At 1 May	**38,675**	26,018
(Loss)/profit after tax for the year	**(2,192)**	2,059
Net increase in loans to joint ventures	**10,018**	11,038
Other movements	**(20)**	(440)
At 30 April	**46,481**	38,675

Other movements include the reduction in the elimination of profit on transfer of inventory to joint ventures and the acquisition of shares in joint ventures.

The Group's share of joint ventures' net assets, income and expenses is made up as follows:

	2012 £'000	2011 £'000
Non-current assets	**–**	–
Current assets	**131,776**	146,155
Current liabilities	**(41,215)**	(46,837)
Non-current liabilities	**(44,080)**	(60,643)
	46,481	38,675
Revenue	**16,235**	20,594
Costs	**(16,603)**	(17,923)
Operating (loss)/profit	**(368)**	2,671
Interest charges	**(1,750)**	(543)
(Loss)/profit before taxation	**(2,118)**	2,128
Tax charge	**(74)**	(69)
Share of post tax (loss)/profit of joint ventures	**(2,192)**	2,059

12 INVENTORIES

	2012 £'000	2011 £'000
Land not under development	**360,453**	316,591
Work in progress	**1,422,676**	1,247,553
Completed units	**68,586**	49,048
	1,851,715	1,613,192

13 TRADE AND OTHER RECEIVABLES

	2012 £'000	2011 £'000
Trade receivables	**105,250**	79,422
Other receivables	**6,434**	8,530
Prepayments and accrued income	**3,526**	8,773
	115,210	96,725

Further disclosures relating to trade receivables are set out in note 23.

14 CASH AND CASH EQUIVALENTS

	2012 £'000	2011 £'000
Cash and cash equivalents	**2,747**	266,307

15 BORROWINGS

	2012 £'000	2011 £'000
Current		
Loan stock	**(9)**	(29)
Bank loans	**(48,121)**	(200,000)
	(48,130)	(200,029)
Non-current		
Bank loans	**–**	(17,720)
Other loans	**(12,498)**	(6,513)
Total borrowings	**(60,628)**	(224,262)

Loan stock is unsecured and is repayable on three months notice being given to the Company, with interest rates linked to LIBOR.

Non-current bank loans include amounts drawn under site specific bank facilities. The loans are secured by a fixed charge over the specific assets. Other non-current loans relate to funding provided by the Homes and Communities Agency, subject to an agreement in respect of the Group's rental properties. Further disclosures relating to current and non-current loans are set out in note 23.

16 TRADE AND OTHER PAYABLES

	2012 £'000	2011 £'000
Current		
Trade payables	**(369,669)**	(264,963)
Deposits and on account contract receipts	**(422,884)**	(471,967)
Loans from joint ventures	**(96)**	(96)
Other taxes and social security	**(13,333)**	(8,950)
Accruals and deferred income	**(56,725)**	(41,228)
	(862,707)	(787,204)
Non-current		
Trade payables	**(30,391)**	(51,009)
Total trade and other payables	**(893,098)**	(838,213)

All amounts included above are unsecured. The total of £13,333,000 (2011: £8,950,000) for other taxes and social security includes £8,052,000 (2011: £4,552,000) for Employer's National Insurance provision in respect of share-based payments.

Further disclosures relating to current trade and non-current trade payables are set out in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 DEFERRED TAX

The movement on the deferred tax account is as follows:

	Accelerated capital allowances £'000	Retirement benefit obligation £'000	Other short-term timing differences £'000	Total £'000
At 1 May 2011	525	–	18,356	18,881
Transfer from corporation tax receivable	–	–	206	206
Charged to the income statement at 26%	(150)	(163)	4,399	4,086
Adjustment in respect of change of tax rate from 26% to 24% (note 6)	(29)	12	(1,267)	(1,284)
Charged to the income statement in year	(179)	(151)	3,132	2,802
Debited to equity at 26%	–	163	4,956	5,119
Adjustment in respect of change of tax rate from 26% to 24%	–	(12)	(784)	(796)
Charged to equity in year	–	151	4,172	4,323
Deferred tax transferred on disposal of subsidiary undertaking	–	–	(1,172)	(1,172)
At 30 April 2012	**346**	**–**	**24,694**	**25,040**
At 1 May 2010	746	–	14,111	14,857
Transfer from corporation tax receivable	–	–	113	113
Charged to the income statement at 28%	(181)	(183)	3,088	2,724
Adjustment in respect of change of tax rate from 28% to 26% (note 6)	(40)	13	(1,004)	(1,031)
Charged to the income statement in year	(221)	(170)	2,084	1,693
Debited to equity at 28%	–	183	2,451	2,634
Adjustment in respect of change of tax rate from 28% to 26%	–	(13)	(403)	(416)
Charged to equity in year	–	170	2,048	2,218
At 30 April 2011	525	–	18,356	18,881

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 24.0% (2011: 26.0%). There is no unprovided deferred tax.

All of the deferred tax assets were available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2012 was £25,040,000 (2011: £18,881,000).

Deferred tax assets of £23,069,000 (2011: £15,398,000) are expected to be recovered after more than one year.

The Finance (No.4) Bill 2012 which became substantively enacted on the 3 July 2012 includes legislation to reduce the main rate of corporation tax from 24% to 23% from April 2013. This change had not been substantively enacted at 30 April 2012 and therefore is not reflected in these financial statements.

The effect of the change substantively enacted on 3 July 2012 would be to reduce the value of the deferred tax asset at April 2012 by £961,000.

The deferred tax credited/(charged) to equity during the year was as follows:

	2012 £'000	2011 £'000
Deferred tax on actuarial loss recognised in the pension scheme	**151**	170
Deferred tax in respect of employee share schemes	**4,172**	2,048
Movement in the year	**4,323**	2,218
Cumulative deferred tax credited to equity at 1 May	**6,793**	4,575
Cumulative deferred tax credited to equity at 30 April	**11,116**	6,793

18 SHARE CAPITAL AND SHARE PREMIUM

The movements on allotted, called-up and fully paid share capital for the Company in the year were as follows:

	Ordinary shares No. '000
At 1 May 2010 and 30 April 2011	134,857
At 30 April 2012	**134,857**

	Share capital £'000	Share premium £'000
At 1 May 2010 and 30 April 2011	6,743	49,315
At 30 April 2012	**6,743**	**49,315**

Each ordinary share of 5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

At 30 April 2012 there were 3,577,506 shares held as 'treasury shares' (2011: 3,577,506). The company has the right to re-issue these shares at a later date.

At 30 April 2012 there were 237,363 shares held in trust (2011: 237,363). The market value of these shares at 30 April 2012 was £3,040,620 (2011: £2,516,048).

19 RESERVES

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 117.

Other reserve

The Other reserve of negative £961,299,000 (2011: negative £961,299,000) arose from the application of merger accounting principles to the financial statements on implementation of the capital reorganisation of the Group, incorporating a Scheme of Arrangement, in the year ended 30 April 2005.

Revaluation reserve

The revaluation reserve consists of balances in relation to two separate transactions.

The first element arose following the acquisition on 7 November 2006 of the 50% of the ordinary share capital of St James Group Limited not already owned. A revaluation reserve of £20,297,000 was originally created in accordance with IFRS 3 through fair value adjustments to the 50% of the net assets of St James Group Limited owned by the Group prior to 7 November 2006. Transfers of £nil in the year (2011: £35,000) to distributable reserves were recognised as the associated fair value adjustments were charged to the income statement. At 30 April 2012 the balance in the revaluation reserve relating to the acquisition of St James Group Limited is £2,894,000 (2011: £2,894,000).

The second element arose in 2010 following the acquisition on 23 July 2009 of the shares owned by Saad Investments Company Limited and the outstanding shareholder loans in five joint ventures which became fully owned subsidiaries from this date. A revaluation reserve of £560,000 was created in accordance with IFRS 3 through fair value adjustments to the 50% of the net assets of the joint ventures owned by the Group prior to 23 July 2009. Transfers of £60,000 in the year (2011: £19,000) to distributable reserves were recognised as the associated fair value adjustments were charged to the income statement. At 30 April 2012 the balance in the revaluation reserve relating to the acquisition of the five entities that were previously joint ventures with Saad Investments Company Limited is £481,000 (2011: £541,000).

Capital redemption reserve fund

The capital redemption reserve fund was created to maintain the capital of the Company following the redemption of the B Shares associated with the Scheme of Arrangement created in 2004 which completed on 10 September 2009 with the re-designation of the unissued B shares as ordinary shares.

Retained earnings

The Company acquired none (2011: 3,577,506) of its own shares through purchases on the London Stock Exchange in the year. The total amount to acquire the shares was £nil (2011: £28,210,179) and has been deducted from retained earnings within shareholders' equity. These shares are held as 'treasury shares'.

The Company's Employee Benefit Trust acquired no shares through purchases on the London Stock Exchange in the year (2011: 233,802). The total amount paid to acquire the shares, including expenses, was £nil (2011: £1,791,662) and has been deducted from retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 CONTINGENT LIABILITIES

The Group has guaranteed road and performance agreements in the ordinary course of business of £14,521,000 (2011: £16,244,000).

21 OPERATING LEASES – MINIMUM LEASE PAYMENTS

The total future minimum lease payments of the Group under non-cancellable operating leases is set out below:

	2012 £'000	2011 £'000
Operating leases which expire:		
Within one year	**94**	157
Between one and five years	**1,754**	1,684
After five years	**8,080**	8,946
	9,928	10,787

22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit after taxation for the year to cash generated from operations:

	2012 £'000	2011 £'000
Profit after taxation for the year	**158,147**	94,456
Adjustments for:		
– Taxation	**56,674**	41,789
– Depreciation	**2,052**	985
– Loss/(profit) on sale of property, plant and equipment	**14**	(50)
– Profit on sale of subsidiary	**(30,695)**	–
– Finance income	**(2,369)**	(10,056)
– Finance costs	**11,781**	11,520
– Share of post tax results of joint ventures	**2,192**	(2,059)
– Non-cash charge in respect of share-based payments	**8,212**	4,146
Changes in working capital:		
– Increase in inventories	**(341,256)**	(387,745)
– Increase in trade and other receivables	**(23,423)**	(38,418)
– Increase in trade and other payables	**50,310**	81,766
– Decrease in employee benefit obligations	**(575)**	(600)
Cash outflow from operations	**(108,936)**	(204,266)

Reconciliation of net cash flow to net (debt)/cash:

	2012 £'000	2011 £'000
Net decrease in cash and cash equivalents, including bank overdraft	**(263,560)**	(82,812)
Net cash outflow from repayment of loan stock	**20**	19
Net cash inflow/(outflow) from increase in borrowings	**163,614**	(192,030)
Movement in net cash in the year	**(99,926)**	(274,823)
Opening net cash	**42,045**	316,868
Closing net (debt)/cash	**(57,881)**	42,045

Net (debt)/cash:

As at 30 April	2012 £'000	2011 £'000
Cash and cash equivalents	**2,747**	266,307
Non-current borrowings	**(12,498)**	(24,233)
Current borrowings	**(48,130)**	(200,029)
Net (debt)/cash	**(57,881)**	42,045

23 CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group finances its operations by a combination of shareholders' funds, non-controlling interest, working capital and, where appropriate, borrowings. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium term. This allows the Group to take advantage of prevailing market conditions by investing in land and work in progress at the right point in the cycle or delivering returns to shareholders through dividends or share buy backs. Last year the Group put in place a long-term strategic plan to see £13 per share returned to shareholders over the next 10 years. This plan ensures there is sufficient working capital retained in the business to continue investing selectively in new land opportunities as they arise.

The Group monitors capital levels principally by monitoring net cash/debt levels, cash flow forecasts and return on average capital employed. The Group considers capital employed to be net assets adjusted for net cash/debt. Capital employed at 30 April 2012 was £1,157,725,000 (2011: £891,733,000). The increase in capital employed in the year of £265,992,000 reflects significant investment in land and work in progress during the year.

The Group's financial instruments comprise financial assets being: trade receivables and cash and cash equivalents and financial liabilities being: loan stock, bank loans, trade payables, deposits and on account receipts, loans from joint ventures and accruals. Cash and cash equivalents and borrowing are the principal financial instruments used to finance the business. The other financial instruments highlighted arise in the ordinary course of business.

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

– liquidity risk – the risk that suitable funding for the Group's activities may not be available;

– market interest rate risk – the risk that Group financing activities are adversely affected by fluctuation in market interest rates; and

– credit risk – the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group.

Financial instruments: Financial assets

The Group's financial assets can be summarised as follows:

	2012 £'000	2011 £'000
Current		
Trade receivables	**105,250**	79,422
Cash and cash equivalents	**2,747**	266,307
	107,997	345,729

Trade receivables are non-interest bearing.

Cash and cash equivalents are short-term deposits held at either floating rates linked to LIBOR or fixed rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

Financial instruments: Financial liabilities

The Group's financial liabilities can be summarised as follows:

	2012 £'000	2011 £'000
Current		
Loan stock	**(9)**	(29)
Bank loans	**(48,121)**	(200,000)
Trade payables	**(369,669)**	(264,963)
Deposits and on account contract receipts	**(422,884)**	(471,967)
Loans from joint ventures	**(96)**	(96)
Accruals and deferred income	**(56,725)**	(41,228)
	(897,504)	(978,283)
Non-current		
Trade payables	**(30,391)**	(51,009)
Bank loans	**–**	(17,720)
Other loans	**(12,498)**	(6,513)
	(42,889)	(75,242)
Total financial liabilities	**(940,393)**	(1,053,525)

All amounts included above are unsecured, except for the site specific bank loans in 2011 which were secured by a fixed charge over the specific assets to which they related.

Loan stock is repayable on three months notice being given to the Company, with floating interest rates linked to LIBOR. Current bank loans have term expiry dates within twelve months of the balance sheet date and are held at floating interest rates linked to LIBOR. Trade payables and other current liabilities are non-interest bearing.

Non-current bank loans have term expiry dates after twelve months from the balance sheet date and are held at floating interest rates linked to LIBOR.

Non current other loans represent a loan from the Homes and Communities Agency on which interest is payable based on a proportionate share of the net rental income arising from the properties to which the loan relates.

The maturity profile of the Group's non-current financial liabilities, all of which are held at amortised cost, is as follows:

	2012 £'000	2011 £'000
In more than one year but not more than two years	**(20,709)**	(31,929)
In more than two years but not more than five years	**(22,180)**	(16,336)
In more than five years	**–**	(26,977)
	(42,889)	(75,242)

The carrying amounts of the Group's financial assets and financial liabilities approximate to fair value.

Current trade receivables and current trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year). The loan stock is repayable at book value on three months notice being given to the Company.

Non-current trade payables comprise long-term land creditors, which are held at their discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate). The discount rate applied reflects the nominal, risk-free pre-tax rate at the balance sheet date, applied to the maturity profile of the individual land creditors within the total. At 30 April 2012 a rate of 0.74% was applied (2011: 1.44%). Non-current loans approximate to fair value as they are held at variable market interest rates linked to LIBOR.

Liquidity risk

This is the risk that suitable funding for the Group's activities may not be available. Group management addresses this risk through review of rolling cash flow forecasts throughout the year to assess and monitor the current and forecast availability of funding, and to ensure sufficient headroom against facility limits and compliance with banking covenants. The committed borrowing facilities are set out below.

The contractual undiscounted maturity profile of the Group's financial liabilities, included at their carrying value in the preceding tables, is as follows:

	2012 £'000	2011 £'000
In less than one year	**(897,504)**	(978,283)
In more than one year but not more than two years	**(20,983)**	(32,600)
In more than two years but not more than five years	**(22,498)**	(16,633)
In more than five years	**–**	(27,720)
	(940,985)	(1,055,236)

Market interest rate risk

The Group's cash and cash equivalents and bank loans expose the Group to cash flow interest rate risk.

The Group's rolling cash flow forecasts incorporate appropriate interest assumptions, and management carefully assesses expected activity levels and associated funding requirements in the prevailing and forecast interest rate environment to ensure that this risk is managed.

From time to time the Group uses derivative instruments, when commercially appropriate, to manage interest rate risk by altering the interest rates on investments and funding so that the resulting exposure gives greater certainty of future costs. During the year and at the year end the Group held no such instruments (2011: nil).

If interest rates on the Group's cash/debt balances had been 50 basis points higher throughout the year ended 30 April 2012, profit after tax for the year would have been £14,000 lower (2011: £124,000 lower). This calculation is based on the monthly closing net cash/debt balance throughout the year excluding fixed rate deposits where the deposits were in place prior to 1 May 2011. A 50 basis point increase in interest rate represents management's assessment of a reasonably possible change for the year ended 30 April 2012. The Group's loan stock amounts to £9,000 (2011: £29,000) and so no sensitivity analysis has been prepared against this interest bearing financial liability as any impact would not be material.

Credit risk

The Group's exposure to credit risk encompasses the financial assets being: trade receivables and cash and cash equivalents.

Trade receivables are spread across a wide number of customers, with no significant concentration of credit risk in one area. There has been no impairment of trade receivables during the year (2011: £nil), nor are there any provisions held against trade receivables (2011: £nil), and no trade receivables are past their due date (2011: £nil).

The credit risk on cash and cash equivalents is limited because counterparties are leading international banks with long-term A credit-ratings assigned by international credit agencies.

Committed borrowing facilities

The Group has committed borrowing facilities as follows:

	2012				2011			
	Available £'000	**Drawn £'000**	**Undrawn £'000**	**Termination date**	Available £'000	Drawn £'000	Undrawn £'000	Termination date
Revolving credit facility 1	**200,000**	**10,000**	**190,000**	**Nov-13**	200,000	100,000	100,000	Nov-13
Revolving credit facility 2	**250,000**	**25,000**	**225,000**	**Apr-16**	250,000	100,000	150,000	Apr-16
Site specific facility	**–**	**–**	**–**	**–**	68,000	17,504	50,496	Sep-20
	450,000	**35,000**	**415,000**		518,000	217,504	300,496	

The drawn facilities of £35,000,000 do not include unamortised issue costs which are netted off the drawn funds for the purpose of disclosing borrowings as set out in note 15.

At 30 April 2012 the total drawn down balance across both facilities was £35 million. In addition, at 30 April 2012 there were bank bonds in issue of £4,696,000 (2011: £10,844,000).

The Group completed the refinancing of its main banking facilities on 24 May 2012, increasing available facilities from £450 million to £525 million, with maturity dates extended to April 2017 in the case of revolving credit facility one and May 2017 in the case of revolving credit facility two, a level that is commensurate with the capital structure and requirements of the Group. The revolving credit facilities are secured by debentures provided by certain Group holding companies over their assets. The facility agreement contains financial covenants, which is normal for such agreements, all of which the Group is in compliance with.

In the year to 30 April 2012, the Group terminated the site specific facility that it had in place for the development of a student scheme at Clapham Junction with Imperial College, as part of the disposal of the Group's 51% shareholding in Winstanley 1 Limited as referred to in Note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 RELATED PARTY TRANSACTIONS

The Group has entered into the following related party transactions:

Transactions with Directors

i) During the financial year, Mr A W Pidgley and Mr S Ellis paid £47,771 and £143,442 respectively to Berkeley Homes plc for works carried out at their homes under the Group's own build scheme (2011: £452,458 and £nil respectively). This is a scheme whereby eligible employees may enter into an arrangement, at commercial rates, with the Group for the construction or renovation of their own home. There were no balances outstanding at the year end.

ii) Mr A W Pidgley, a Director of the Company, contracted to purchase an apartment, including one parking space, at Ebury Square, London, SW1 on 20 March 2012 for £6,050,000 from Berkeley Homes (PCL) Limited, a wholly owned subsidiary of the Company. Mr Pidgley is also a Director of Berkeley Homes (PCL) Limited.

Mr G J Fry, a Director of the Company, contracted to purchase an apartment, including a right to park a single motor car, at Dockside House, Chelsea Creek, London, SW6 for £725,000 on 18 May 2012 from St George West London Limited, a wholly owned subsidiary of the Company. Mr Fry is also a Director of St George West London Limited.

As both transactions are in excess of £100,000, they each constitute a substantial property transaction with a Director of the Company under sections 190 and 191 of the Companies Act 2006 and are therefore conditional on the approval of shareholders, which will be sought at the forthcoming Annual General Meeting on 5 September 2012.

Both the agreement between Berkeley Homes (PCL) Limited and Mr Pidgley and the agreement between St George West London Limited and Mr Fry are a standard form sale and purchase agreement used by the respective companies on the respective developments, save that they are conditional upon the agreement of shareholders. In accordance with the terms of the agreements, Mr Pidgley and Mr Fry each paid a ten per cent. deposit on exchange of contracts which will only be returned to them in the event that shareholders do not approve the transaction.

Transactions with Joint Ventures

During the financial year there were no transactions with joint ventures. In 2009 inventory was sold to St Edward Homes Limited for £17,411,000 being the share of the transaction attributable to the other venturer in the joint venture. At 30 April 2012 an amount of £24,631,000 was outstanding and included within trade receivables (2011: £25,717,000). Loans with joint ventures are disclosed in note 11.

25 SUBSIDIARIES AND JOINT VENTURES

(a) Subsidiaries

At 30 April 2012 the Company had the following principal subsidiary undertakings which have all been consolidated, are registered and operate in England and Wales, are all 100% owned and for which 100% of voting rights are held except where stated:

Residential led mixed-use development

Berkeley Commercial Developments Limited	Berkeley Homes (West London) Limited (1)
Berkeley First Limited (1)	Berkeley Homes plc
Berkeley Homes (Capital) plc (1)	Berkeley Partnership Homes Limited (1)
Berkeley Homes (Carmelite) Limited (4)	Berkeley Ryewood Limited
Berkeley Homes (Carnwath Road) Limited (Isle of Man)	Berkeley Strategic Land Limited
Berkeley Homes (Central London) Limited (1))	BH (City Forum) Limited (4)
Berkeley Homes (East Thames) Limited (1)	St George Battersea Reach Limited (Jersey)
Berkeley Homes (Eastern Counties) (1)	St George Central London Limited (2)
Berkeley Homes (Eastern) Limited (1)	St George North London Limited (2)
Berkeley Homes (Fleet) Limited	St George PLC
Berkeley Homes (Hampshire) Limited (1)	St George South London Limited (2)
Berkeley Homes (North East London) Limited (1)	St George West London Limited (2)
Berkeley Homes (Oxford & Chiltern) Limited (1)	St James (Grosvenor Dock) Limited
Berkeley Homes (PCL) Limited	St James Group Limited
Berkeley Homes (South East London) Limited (1)	St James Homes Limited
Berkeley Homes (Southern) Limited (1)	The Berkeley Group plc (3)
Berkeley Homes (Three Valleys) Limited (1)	The Tower, One St George Wharf Limited
Berkeley Homes (Urban Renaissance) Limited (1)	

(1) Agency companies of Berkeley Homes plc

(2) Agency companies of St George PLC

(3) The Berkeley Group plc is the only direct subsidiary of the Parent Company

(4) The substance of the acquisition of these companies was the purchase of land for development and not of a business, and as such, fair value accounting and the calculation of goodwill is not required.

Other activities

BRP Investments No.1 Limited (Jersey)
BRP Investments No.2 Limited (Jersey)

(b) Joint Ventures

At 30 April 2012 the Group had an interest in the following joint ventures which have been equity accounted to 30 April and are registered and operate in England and Wales and which are 50% owned:

	Accounting date	Principal activity
St Edward Homes Limited	30 April	Residential-led mixed-use development
St Edward Homes Partnership	30 April	Residential-led mixed-use development
The St Edward (Strand) Partnership	30 April	Residential-led mixed-use development

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC

We have audited the Parent Company Financial Statements of The Berkeley Group Holdings plc for the year ended 30 April 2012 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 111, the Directors are responsible for the preparation of the Parent Company Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Parent Company Financial Statements:

- give a true and fair view of the state of the Parent Company's affairs as at 30 April 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the Parent Company Financial Statements are prepared is consistent with the Parent Company Financial Statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the Consolidated Financial Statements of The Berkeley Group Holdings plc for the year ended 30 April 2012.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2012

COMPANY BALANCE SHEET

As at 30 April	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	C5	**1,391,276**	1,389,101
		1,391,276	1,389,101
Current assets			
Debtors	C6	**4,461**	2,590
Cash at bank and in hand		**945**	945
		5,406	3,535
Current liabilities			
Creditors (amounts falling due within one year)	C7	**(625,296)**	(597,997)
Net current liabilities		**(619,890)**	(594,462)
Total assets less current liabilities and net assets		**771,386**	794,639
Capital and reserves			
Called-up share capital	C8	**6,743**	6,743
Share premium	C9	**49,315**	49,315
Capital redemption reserve	C9	**24,516**	24,516
Profit and loss account	C9	**690,812**	714,065
Total shareholders' funds	C10	**771,386**	794,639

The financial statements on pages 143 to 147 were approved by the board of directors on 19 July 2012 and were signed on its behalf by:

N G Simpkin
Finance Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, where applicable, and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice) and on the going concern basis. The principal accounting policies are set out below and have been applied consistently throughout the year.

The principal activity of The Berkeley Group Holdings plc ("the Company") is to act as a holding company.

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

The Company has not presented its own statement of recognised gains and losses for the year as there are no separate gains or losses arising in the year.

The Berkeley Group Holdings plc has presented a Consolidated Cash Flow Statement in its Consolidated Financial Statements for the year ended 30 April 2012, therefore as permitted by the Financial Reporting Standard 1 "Cash flow statements" the Directors have not prepared a cash flow statement for the Company.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Pensions

Pension contributions under defined contribution schemes are charged to the income statement as they fall due.

Investments

Investments in subsidiary undertakings are included in the balance sheet at cost less provision for any impairment.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share-based payments

The Company operates three equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

C2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging the following amounts:

	2012 **£'000**	2011 £'000
Auditors' remuneration – audit fees	**12**	12

No disclosure of other non-audit services has been made as this is included within note 4 of the consolidated financial statements.

C3 DIRECTORS AND EMPLOYEES

	2012 £'000	2011 £'000
Staff costs		
Wages and salaries	**4,309**	4,049
Social security costs	**3,152**	2,007
Share-based payments	**6,037**	2,324
Pension costs – defined contribution	**41**	30
	13,539	8,410

The average number of persons employed by the company during the year was 8, all of whom are Directors (2011: 7).

Directors

Details of Directors' emoluments are set out in the Remuneration Committee report on pages 89 to 105.

Pensions

During the year, the Company participated in one of the Group's pension schemes, The Berkeley Group plc Group Personal Pension Plan. Further details on this scheme are set out in note 5 of the Consolidated Financial Statements. Contributions amounting to £41,000 (2011: £30,000) were paid into the defined contribution scheme during the year.

Share-based payments

The charge to the income statement in respect of share-based payments in the year, relating to grants of shares; share options and notional shares awarded under the 2009 Long-Term Incentive Plan, the 2011 Long-Term Incentive Plan and the Bonus Plan was £6,037,000 (2011: £2,324,000). Further information on the Company's share incentive schemes are included in the Remuneration Committee Report on pages 89 to 105 as well as note 5 to the Consolidated Financial Statements.

C4 THE BERKELEY GROUP HOLDINGS PLC PROFIT AND LOSS ACCOUNT

The loss for the year in the Company is £31,465,000 (2011: loss of £24,169,000).

C5 INVESTMENTS

	2012 £'000	2011 £'000
Investments in shares of subsidiary undertaking at cost at 1 May	**1,389,101**	1,387,279
Additions	**2,175**	1,822
Investment in shares of subsidiary undertaking at cost at 30 April	**1,391,276**	1,389,101

Details of principal subsidiaries are given within note 25 of the Consolidated Financial Statements.

C6 DEBTORS

	2012 £'000	2011 £'000
Current		
Deferred tax	**4,461**	2,590

The movements on the deferred tax asset are as follows:

	2012 £'000	2011 £'000
At 1 May	**2,590**	1,745
Realisation of deferred tax asset on vesting of employee share scheme	**–**	–
Deferred tax in respect of employee share schemes credited to equity	**1,871**	845
At 30 April	**4,461**	2,590

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Other taxes and social security	**(5,349)**	(3,082)
Amounts owed to subsidiary undertakings	**(619,947)**	(594,915)
	(625,296)	(597,997)

All amounts included above are unsecured. The interest rate on £577,745,000 of the balance owed to subsidiary undertakings is 4.0%. At 30 April 2012 all other amounts owed to subsidiary undertakings are at floating rates linked to LIBOR and have no fixed repayment date.

C8 CALLED-UP SHARE CAPITAL

The authorised share capital of the Company in the year was as follows:

	2012 No. '000	2011 No. '000
At 30 April		
Ordinary share capital	**925,000**	925,000
Redeemable preference shares of £1 each	**50**	50

Each ordinary share of 5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

The movements on allotted, called-up and fully paid share capital for the Company in the year were as follows:

	Ordinary shares No. '000
At 1 May 2010 and 30 April 2011	134,857
At 30 April 2012	**134,857**

	Share capital £'000	Share premium £'000
At 1 May 2010 and 30 April 2011	6,743	49,315
At 30 April 2012	**6,743**	**49,315**

At 30 April 2012 there 3,577,506 shares held as 'treasury shares' (2011: were 3,577,506). The Company has the right to re-issue these shares at a later date.

At 30 April 2012 there were 237,363 shares held in trust (2011: 237,363). The market value of these shares at 30 April 2012 was £3,040,620 (2011: £2,516,048).

The movements in the year are disclosed in note 18 of the Consolidated Financial Statements.

C9 RESERVES

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 May 2011	49,315	24,516	714,065	787,896
Loss for the financial year	–	–	(31,465)	(31,465)
Credit in respect of employee share schemes	–	–	8,212	8,212
At 30 April 2012	**49,315**	**24,516**	**690,812**	**764,643**

C10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Loss for the financial year	**(31,465)**	(24,169)
Purchase of own shares	**–**	(30,002)
Credit in respect of employee share scheme	**8,212**	4,146
	(23,253)	(50,025)
Opening equity shareholders' funds	**794,639**	844,664
Closing equity shareholders' funds	**771,386**	794,639

C11 RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of Financial Reporting Standard 8 "Related party disclosures" from disclosing related party transactions with entities that are part of The Berkeley Group Holdings plc or investees of The Berkeley Group Holdings plc. Disclosures in respect of transactions with Directors of the Company are set out in note 24 of the Consolidated Financial Statements.

FIVE YEAR SUMMARY

Years ended 30 april	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Income statement					
Revenue	**1,041,069**	742,612	615,303	702,192	991,465
Operating profit	**226,425**	135,650	106,219	124,842	206,018
Share of post tax results of joint ventures	**(2,192)**	2,059	(261)	(902)	(2,416)
Net finance (costs)/income	**(9,412)**	(1,464)	4,383	(3,558)	(9,294)
Profit before taxation	**214,821**	136,245	110,341	120,382	194,308
Taxation	**(56,674)**	(41,789)	(30,816)	(34,255)	(56,481)
Profit after taxation	**158,147**	94,456	79,525	86,127	137,827
Profit attributable to:					
Shareholders	**158,513**	95,109	79,674	86,127	137,827
Non-controlling interest	**(366)**	(653)	(149)	–	–
	158,147	94,456	79,525	86,127	137,827
Basic earnings per ordinary share	**121.0p**	72.1p	60.0p	71.3p	114.2p
Statement of financial position					
Capital employed	**1,157,715**	891,733	545,448	516,520	685,956
Net (debt)/cash	**(57,881)**	42,045	316,868	284,776	(4,549)
Net assets	**1,099,834**	933,778	862,316	801,296	681,407
Non-controlling interest	**–**	(4,364)	(3,720)	–	–
Shareholders' funds	**1,099,834**	929,414	858,596	801,296	681,407
Net assets per share attributable to shareholders (1)	**839p**	709p	637p	615p	564p
Ratios and statistics					
Return on capital employed (2)	**21.9%**	19.2%	20.1%	20.6%	29.3%
Return on shareholders' funds after tax (3)	**15.6%**	10.6%	9.6%	11.6%	18.8%
Return on shareholders' funds before tax (4)	**21.2%**	15.3%	13.3%	16.2%	26.6%
Units sold (5)	**3,565**	2,544	2,201	1,501	3,167

(1) Net assets attributable to shareholders divided by the number of shares in issue excluding shares held in treasury and shares held by the employee benefit trust.

(2) Calculated as profit before interest and taxation (including joint venture (loss)/profit before tax) divided by the average net assets adjusted for (debt)/cash.

(3) Calculated as profit after taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

(4) Calculated as profit before taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

(5) The number of units legally completed and taken to sales in the year excluding joint ventures.

FINANCIAL DIARY

Annual General Meeting and Interim Management Statement	5 September 2012
Half Year End	31 October 2012
Interim Results Announcement for the six months ending 31 October 2012	7 December 2012
Interim Management Statement	March 2013
Year End	30 April 2013
Preliminary Announcement of Results for the year ending 30 April 2013	June 2013
Publication of 2012/13 Annual Report	July 2013

REGISTERED OFFICE AND ADVISORS

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Berkeley House
19 Portsmouth Road
Cobham
Surrey KT11 1JG
Registered number: 5172586

REGISTRARS

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300

CORPORATE BROKER AND FINANCIAL ADVISOR

UBS Investment Bank

SHARE PRICE INFORMATION

The Company's share capital is listed on the London Stock Exchange.
The latest share price is available via the Company's website at
www.berkeleygroup.co.uk

SOLICITORS

Ashurst LLP
Skadden, Arps, Slate Meager & Flom (UK) LLP

BANKERS

Barclays Bank PLC
Lloyds TSB Bank plc
Santander UK plc
Svenska Handelsbanken AB (Publ)
The Royal Bank of Scotland Plc

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