Berkeley Group

ANNUAL REPORT 2014

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THE BERKELE GROUP

Berkeley builds homes and neighbourhoo in its core markets of London and the South of England. Its knowledge, experti and proven track record, with over thirty yea experience in this market, gives it an unrival ability to deliver new homes and communit

Berkeley will continue to forward sell its developments wherever possible, maintain a strong balance sheet and keeping financial low in order to mitigate the operating risks delivery. It will carefully allocate capital to right projects at the right time, matching sup to demand wherever it can.

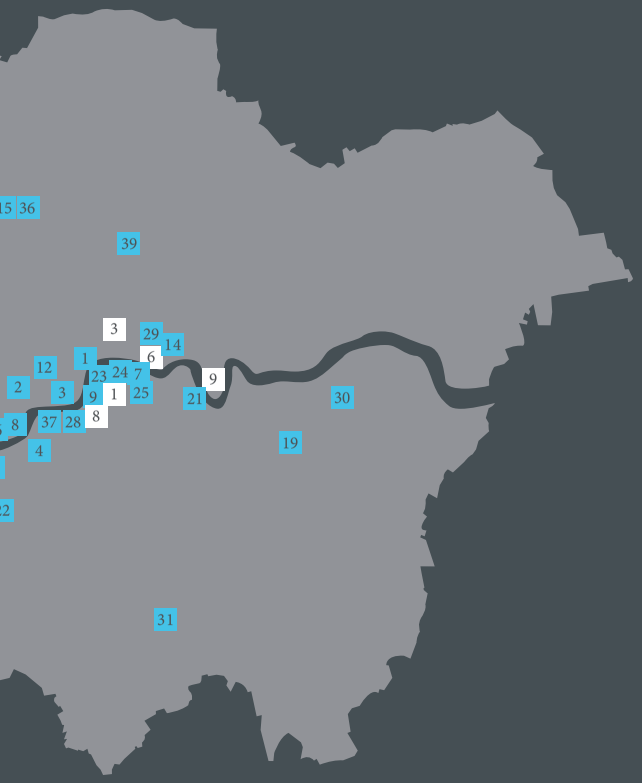
2014
The Berkeley Group Holdings plc

The Berkeley Group is honoured this year to have been awarded the UK's high accolade for business success – the Queen's Award for Sustainable Developm 2014. This is the second time the group has been recognised having previous won the award in 2008, the first housebuilder to have achieved this.

Berkeley

advantage to enable us to deliver new places which are socially, environmentally and economically successful."

LONDON



SITES IN CONSTRUCTION

80%

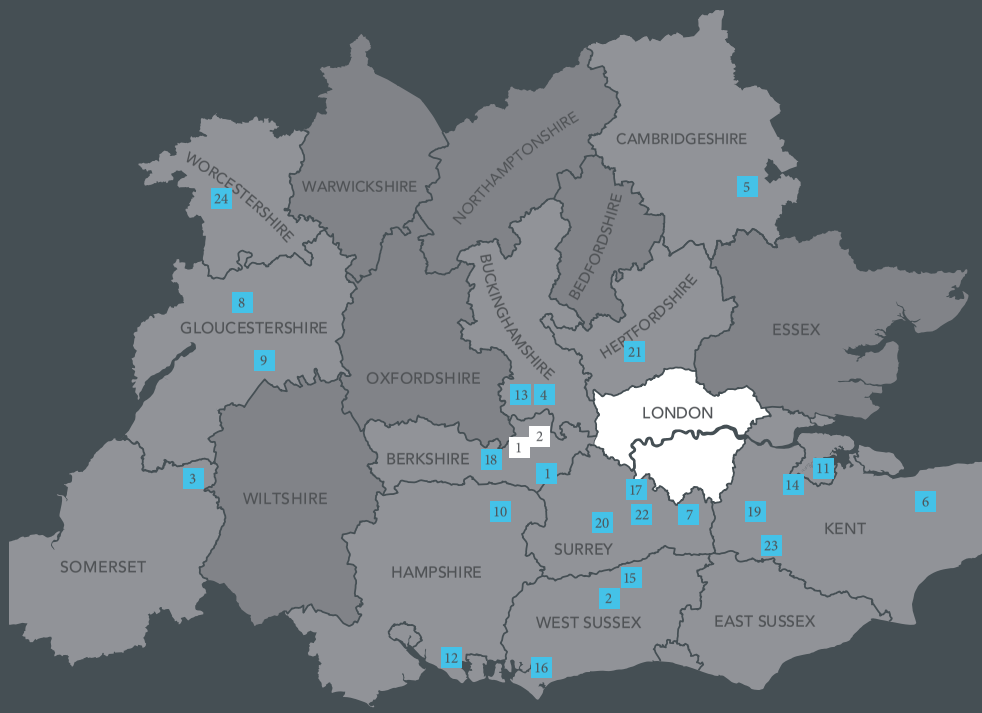
39 sites with planning and in construction

NEW LAND

6

new sites acquired in 2014

SOUTH OF ENGLAND



N

19 Kidbrooke Village
20 Langham Square, Putney
21 Marine Wharf, Deptford
22 Marryat Place, Wimbledon
23 Merano, Albert Embankment
24 One Blackfriars, Southwark
25 One Tower Bridge
26 One Victoria Road, Acton
27 Queen Mary's Place, Roehampton
28 Riverlight, Battersea
29 Roman House, City of London
30 Royal Arsenal Riverside
31 Saffron Square, Croydon
38 Wimbledon Hill Park
39 Woodberry Park

LONDON FUTURE SITES

1 22-26 Albert Embankment*
2 Barnes, Richmond*
3 City Forum, City of London
4 Hogarth, Chiswick
5 Latchmere House, Richmond
6 London Dock, Wapping
7 Old Isleworth*
8 Prince Consort House, Albert Embankment*

OUT OF LONDON UNDER CONSTRUCTION

1 Ascot (2 sites)
2 Barns Green*
3 Bath*
4 Beaconsfield (2 sites)
5 Cambridge
6 Canterbury
7 Caterham
8 Cheltenham
9 Cirencester
10 Fleet
11 Gillingham
12 Gosport
13 High Wycombe
14 Holborough
15 Horsham
16 North Bersted
17 Oxshott
18 Reading
19 Sevenoaks
20 Shalford
21 St Albans
22 Tadworth
23 Tunbridge Wells
24 Worcester

OUT OF LONDON FUTURE S

1 Maidenhead
2 Taplow*

* Sites purchased during the year

Pre-tax return on equity has increased from 22.4% to 27.5% and measures underlying performance from the operational business.

Profit before tax has increased by £109.3 million from £270.7 million to £380.0 million. Basic earnings per share, which reflects the prevailing UK corporation tax rate and the issue of 4.3 million shares in January to satisfy share awards, has increased by 38.6% from 160.0 pence to 221.8 pence.

	£'MILLION
Profit before tax: 2013	270.7
Increase in gross margin	+105.5
Increase in overheads	-10.8
Decrease in net finance costs	+1.2
Increase in result from joint ventures	+13.4
Profit before tax: 2014	380.0

FINANCIAL POSITION

Inventories have increased from £2,066.7 million at 30 April 2013 to £2,481.2 million at 30 April 2014 which demonstrates the continued steady investment in the business. Inventories include £492.4 million of land not under development (30 April 2013: £310.0 million), £1,966.4 million of work in progress (30 April 2013: £1,711.7 million) and £22.4 million of completed stock (30 April 2013: £45.0 million).

Within work in progress, Berkeley's investment in construction has risen by £329.3 million to £1,180.3 million at 30 April 2014, supported by a 57% increase in cash due on forward sales. By taking the opportunity to forward sell, Berkeley has secured certainty over its sales prices to give it the confidence to grow its construction activities, but is mindful that build cost inflation is a risk to future margins. Upward pressure on build costs and the more restricted availability of materials and skilled labour within the supply chain have been prevalent, although in the current market the impact of this has been broadly mitigated by house price increases.

Trade and other payables are £1,367.2 million at 30 April 2014 (£1,021.4 million at 30 April 2013). These include £741.6 million of on account receipts from customers (30 April 2013: £426.1 million) and land creditors of £210.0 million (30 April 2013: £180.9 million). The increase in land creditors relates to the purchase of a site in White City in the year on deferred terms before payments made against existing land creditors at Wapping. Provisions of £57.1 million (30 April 2013: £29.0 million) include £53.3 million in respect of post completion development obligations (30 April 2013: £23.6 million) and £3.8 million of other provisions arising in the ordinary course of business (30 April 2013: £5.4 million).

During the year, £337.6 million of cash was generated from operations (2013: £291.8 million). This is before a net investment in working capital of £77.9 million (2013: £102.8 million), where the increase in the investment in construction has been matched by the increase in customer deposits, proceeds from the disposal of rental fund properties of £138.2 million (2013: £12.6 million), tax and other cash outflows of £118.2 million (2013: £79.3 million) and dividends of £195.2 million (2013: £19.7 million). A net increase in net cash of £84.5 million, together with a £34.4 million increase in capital employed in the balance sheet, has resulted in a £118.9 million rise in net assets from £1,322.4 million at 30 April 2013 to £1,441.3 million at 30 April 2014.

ANALYSIS OF CAPITAL EMPLOYED	APRIL 2014 £'MILLION	CHA £'MIL
Investment properties	7.2	
Assets held for resale	-	
Other non-current assets	172.7	-
Inventories	2,481.2	+4
Trade and other receivables	159.0	-
Trade and other payables		
- Deposits and on account receipts	(741.6)	-3
- Other trade payables	(625.6)	
Current tax liabilities	(83.7)	-
Provisions	(57.1)	
Capital employed	1,312.1	-

ANALYSIS OF INVENTORIES	APRIL 2014 £'MILLION	CHA £'MIL
Land not under development	492.4	+
Work in progress: land cost	786.1	
	1,278.5	+
Work in progress: build cost	1,180.3	+3
Completed units	22.4	
	2,481.2	+4

CASH FLOW	£'MIL
Profit before tax	3
Increase in inventories	(4
Other working capital movements	3
Tax paid	(
Other movements	
Cash inflow before dividends	2
Dividends	(1
Increase in net cash	
Opening net cash/(debt)	
Closing net cash	1

40 years and still growing

REDROW

1974 – 2014

0th anniversary
edrow delivers
l profits

ofit before tax

.6m

+91%

Adjusted earnings per share*

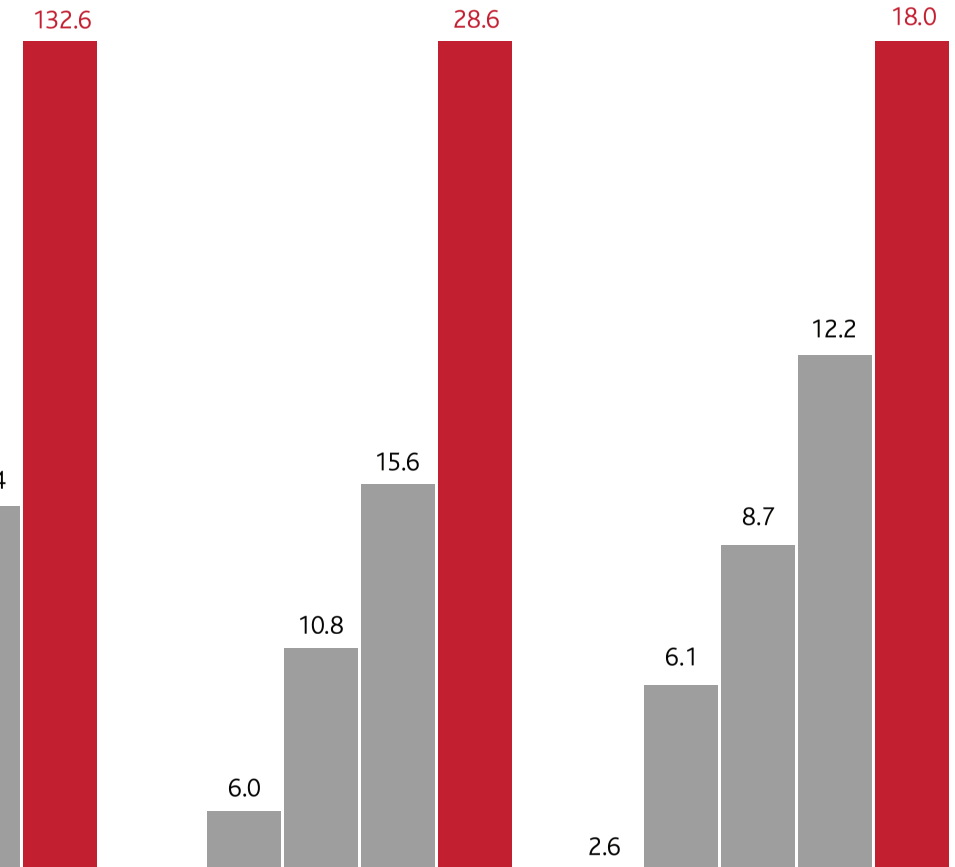
28.6p

+83%

Return on capital employed

18.0%

+48%



Building AWARDS 2014

WINNER

Announcing the 'Housebuilder of the Year', judges said that Redrow Homes had "demonstrated a fantastic turnaround, thanks to its excellent new product development and broader appeal".

Apprenticeships

TOP 100 EMPLOYER 2013

Brought to you by National Apprenticeship Service

Sponsored by City & Guilds

Bringing youngsters into the industry is a key focus for us so we were delighted to be named an Apprenticeships Top 100 Employer for the first time.

5 STAR HOME BUILDER CUSTOMER SATISFACTION

HBF 2014

HOME BUILDERS FEDERATION

Our fourth successive 5 star rating is based on more than 90% of customers saying they would recommend Redrow to a friend.

IFC Financial highli
4 Our markets
6 Our business m
8 Our investmen
12 Our rich herita
14 Chairman's stat
18 Operating revie
26 Financial revie
30 Performance in
33 Risk manageme
34 Principal risks a
36 Sustainability

Governance repor

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Shareholder infor

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vironments that stand the test
people can appreciate and enjoy.

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delivering results.
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rogrammes

orkforce on personal
ent plans

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6

Excellent product range

Redrow's portfolio of brands have excellent kerb appeal. Customer feedback about our product is very positive and this is endorsed by our award winning pedigree.

- Abode Collection launched
- Regent Collection first legal completions achieved

Customer satisfaction rating

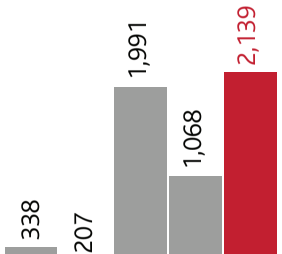
Expertise in land buying

Redrow has the expertise and resources to enable land buying opportunities to be taken and returns to be optimised.

- c.6,100 plots added to current land bank
- Over 2,100 plots pulled through from forward land bank

Forward land pull through Number of plots

+100%



A strong and efficient balance sheet

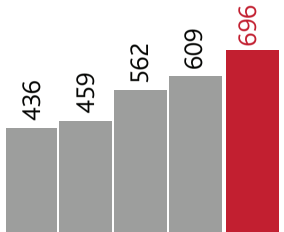
Redrow has a strong balance sheet with net assets of £696m and a balance of equity and debt. The Group is focused on delivering superior levels of return on capital and an efficient use of its capital base.

- Increased committed banking facilities to £365m from £250m
- Net assets increased by 14% to £696m
- ROE up 67% to 20.5%

Net assets

£696m

+14%



Responding to customers' demands

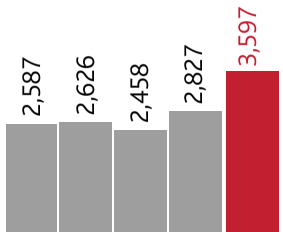
By listening to and understanding our customers' requirements, we continue to evolve our product and customer services. This involves delivering sites in new locations, house design, broadening our channels to market and online interaction, to increasing our selection of options to allow customers to personalise their new homes.

- £6.0m extras sold; 95% increase on 2013 levels
- 12% growth in outlets to 103 at June 2014
- 27% growth in Homes achieved legal completions

Homes legal completions

3,597

+27%



Corporate sustainability and responsib

We aim to continuously
in all aspects of sustaina
in terms of design, custo
satisfaction, developing
people and enhancing c
whilst minimising our in
the environment.

- First sustainability rep published
- Awarded Phase 2 cert of BS8555 Go to p

Site management with Health and Saf Executive referenced Site Managers Safety Scheme accreditatio

65%

Responsibly sourced

99.6%

eport a significant
and pre-tax profits,
e Group."

£132.6m, up 91%

ctured training programme

Redrow and it is now five years since I returned to the business. It is quite fitting and pleasing, therefore, that I am able to report a significant increase in turnover and pre-tax profits, both of which are a record for the Group.

Financial Results

Group revenue rose 43% to a record £865m (2013: £605m) for the financial year. This resulted from a 27% rise in legal completions to 3,597 (2013: 2,827) and a 13% rise in average selling price to £239,500 (2013: £212,300).

Gross margin improved from 18.8% to 21.7% as 80% of our sales volume came from sites purchased post the downturn on which we have made normal margins.

Operating profit was £137.5m (2013: £73.2m pre exceptional expenses) an increase of 88%. This represents an operating margin of 15.9% compared to 12.1% in the prior year.

Operating expenses continue to increase in absolute terms due to our ongoing investment in growing the business. However, as a percentage of turnover they reduced from 6.7% in 2013 to 5.8% in 2014.

Profit before tax increased by 91% to £132.6m (2013: £69.4m) giving a pre-tax return on sales of 15.3% (2013: 11.5%). Underlying earnings per share were 28.6p, up 83% on last year.

Net assets increased 14% to £696m (2013: £609m) and Capital Employed rose 24% to £868m (2013: £700m). As a consequence, Return on Capital Employed rose from 12.2% last year to 18% in 2014 and Return on Equity similarly rose from 12.3% to 20.5%.

net debt rose to £173m at the end of the financial year, representing gearing of 24.8% (2013: 14.9%). We expect net debt to increase further in line with ongoing inventory investment.

As a result of this strong performance, whilst at the same time continuing to invest in growth, the Board is proposing a final dividend of 2p per share (2013: 1p). Subject to shareholder approval at the Annual General Meeting, this will be paid on 14 November 2014 to those shareholders on the register at the close of business on 26 September 2014.

Market

The housing market has been robust throughout the last financial year as the Government's Help to Buy schemes have enabled many people to purchase their own home for the first time. During the year 1,023 (35%) of our private legal completions were under the Help to Buy scheme (2013: 82). A large proportion of these were first time buyers and over half were in the north of England. As these statistics show, Help to Buy is providing assistance where it is needed most.

The continued growth of the business, accelerated by the Help to Buy scheme, has enabled us to further increase our workforce. In the last year we have added over 230 direct jobs across all disciplines, an increase of 21%. The number is substantially higher when indirect jobs from our subcontractors and suppliers are taken into account. The increase in new homes activity is undoubtedly creating economic growth from which the country is benefiting.

the introduction of the Mortga
which should ensure prudent a
the long term.

The summer months of 2013 s
peak, with reservations runnin
This year the period from 1st J
normal summer selling pattern

The sales rate for the last finan
0.70 per week (2013: 0.62). Nov
down we do not expect any fur
outlet. Further growth in the bu
primarily from growth in outlet

An increase in the number of o
to enable Redrow, and indeed
to increase the supply of new h
needs. At the end of June 2014
total of 103 outlets, which is a
(92 outlets).

In total, the value of private re
year amounted to just over £1
the previous year. All regions p
book at the end of June was a
£260m), an increase of 85%.

e business and
fices are re-opened

HARROW ESTATES plc

In October 2009 Redrow completed a £150m

Redrow returns to its roots with the
launch of The New Heritage Collection.

Redrow sells off its Scotti

ed ourselves to
meet the nation's
new homes."

n London developments
une 2014
new jobs created

been critical to our

Everyone at Redrow is immensely proud of our achievements during our 40th anniversary year. As well as delivering record turnover and profits, we have expanded our business creating over 230 new jobs and developing the careers of many more of those that work for us. We have increased the number of outlets from which we operate and substantially grown our land bank. The product range has been broadened and our London division has made its first significant contribution to the Group's results. We retained our five stars rating in the annual HBF Customer Satisfaction Survey and made good progress against our targets to make our business more sustainable. Above all, we have positioned ourselves to increase output to meet the nation's demand for more new homes.

The Market

The financial year started strongly following the launch of the highly successful government's Help to Buy scheme which resulted in the peak selling season for new homes extending through the summer of 2013. Mortgage approvals steadily increased throughout the first half of the financial year and peaked in January before falling back with a modest recovery in June. More stringent lending rules introduced in April 2014 as a result of the Mortgage Market Review (MMR) have affected borrowers and in particular the time taken to process mortgage applications.

Help to Buy Wales was launched in January of this year and provided a much needed lift to a depressed market.

House prices according to Land Registry rose 6.4% across England and Wales in the twelve months to the end of June with the strongest growth in London and the weakest in the North East. There are signs that price rises are now moderating, particularly in London.

Against an extraordinarily strong comparable period last year, new home sales in recent months have returned to a more seasonal trend.

Delivering Strong Growth

Net private reservations increased by 28% in the year to 3,455 as a result of the weekly sales rate increasing by 13% to 0.70 and the average number of outlets from which we operated rising by 13% to 94. The increased number of reservations combined with a higher being taken in the year. The use of incentives reduced and the cancellation rate was just 13% compared to 16% the previous year. As a result of this strong sales performance we enter the new financial year with a private forward order book of 1,322 plots representing £482m of revenue: £222m ahead of the same time last year.

With most of our outlets holding healthy forward order books we now expect the private sales rate per outlet per week to reduce compared to last year which was boosted by the initial Help to Buy take-up.

The strong sales performance in the year resulted in private legal completions rising by 20% to 2,963 from 2,474. Social housing completions increased by 80% to 634 and represented 18% of total completions which rose to 3,597 (2013: 2,827).

whilst the average social selling pri
a larger proportion of apartments.
increased by 13% to £239,500 and
volume helped lift turnover to a re

The average selling price increased
spread and a modest level of house
the average selling price continue to
more higher-priced homes are com

Help to Buy accounted for 35% of p
was particularly popular in our divis

Profits grew strongly in the year as
plots on impaired land reduced and

CELEBRATING 40 YEARS EST 1974

Strategy in action – Kingston Riverside, Kingston upon Thames, London

Kingston Riverside is Redrow London's landmark waterside development located on the banks of the Thames, just moments from Kingston Bridge. Standing at 11 and 16 storeys in height, it is the tallest residential development in Kingston boasting striking architecture designed to resemble the sails of a ship.

The development's two towers comprise 210 one

which legally completed in
is already 90% sold.

All the apartments are desi
pleasure of riverside living a
balconies and floor to ceilin
light. Residents also have a
sky garden offering magnifi

GallifordTry plc

Delivering disciplined growth

Galliford Try plc
Annual Report and Financial Statements 2014

Galliford Try is a leading UK housebuilding and construction group. We are listed on the London Stock Exchange and are a member of the FTSE 250.

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www.gallifordtry.co.uk

Divisional review: Housebuilding

Linden Homes

Performance

	2014	2013[1]
Revenue (£m)	**759.6**	632.6
Profit from operations (£m)	**114.9**	83.8
Operating profit margin (%)	**15.1**	13.3
Completions	**2,887**	2,806

1. 2013 has been restated to reflect the new Partnerships segment, as described in the financial review on page 15.

Revenue increased by £127.0 million to £759.6 million, with completions of 2,887 compared with 2,806 in 2013. Excluding our joint venture partners' share, completions were 2,748 against 2,568 in 2013.

Private housing completions accounted for 2,244 of the total (2013: 2,160). The average selling price rose by 15% to £305,000, reflecting the strong demand for homes on our prime southern sites, the high proportion of houses in our sales mix and the larger average size of the houses we are building. There were 643 affordable housing completions (2013: 646), with an average selling price of £124,000 (2013: £119,000).

We had 65 active selling sites (2013: 84), with sales per site per week up from 0.57 in 2013 to 0.63, focused on larger sites. Cancellation rates remained level at 17% (2013: 17%). We finished the year with sales in hand at a record £308 million (2013: £313 million).

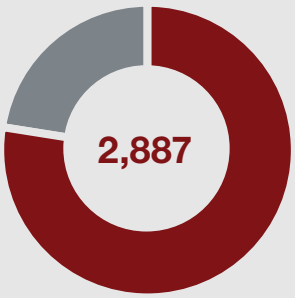
Our gross margin improved from 19.8% to 21.4%, with the operating margin up from 13.3% to 15.1% and return on capital increased to 22.4%. The margin of 15.1% was ahead of our expectations. The operating margin benefited from using more land bought at current prices; operational efficiency driven by The Linden Way, which standardises our processes by pulling together best practice from across our business; leveraging our fixed overheads; and increased revenues from our affordable housing developments. Whilst we have seen cost increases in our supply chain, as a result of the shortages discussed in the chief executive's review on page 8, this was offset by sales price increase in the year.

Help to Buy has been an important catalyst in improving housing market conditions this year, although its impact on our sales has been less than for many of our peers. Since its launch, customers have used Help to Buy for 32% of our plots but only 26% of sales by value. Fewer of our customers are using Help to Buy in the South and South East, where we are strongest, with a greater proportion in the Midlands and East of England, where affordability is often more of an issue.

Completions

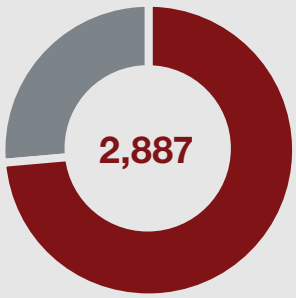
2,887

By sector



■ Private 2,244
■ Affordable 643

By area of operation



■ South 2,131
■ Midlands/East 756

Homes in prime locations

Set in an Area of Outstanding Natural Beauty, Victory Fields in Upper Rissington, Gloucestershire, is just one example of the prime locations that Linden Homes carefully selects for its developments.