The Berkeley Group Holdings plc
(the “Company”)

(Registered in England and Wales, No. 5172586)
Berkeley House, 19 Portsmouth Road,
Cobham, Surrey KT11 1JG

DIRECTORS’ REMUNERATION POLICY

This Appendix 1 contains details of the Company’s Directors’ Remuneration Policy (“**Remuneration Policy**”) that will govern the Company’s future remuneration and loss of office payments. The Remuneration Policy described in this Appendix 1 is intended to apply for three years and will be applicable from the Company’s Extraordinary General Meeting in February 2017 subject to approval by shareholders at the Extraordinary General Meeting (“**Policy Period**”). The Remuneration Policy will be displayed on the Company’s website, in the investor relations area, immediately after the February 2017 Extraordinary General Meeting. The Remuneration Committee (“**Committee**”) has established the Remuneration Policy on the remuneration of the Executive Directors; the Board has established the Remuneration Policy on the remuneration of the Non-executive Directors.

Subject to shareholder approval the change to include buy-backs made on or after 1 October 2016 in the 2011 LTIP performance measurement will be implemented immediately following the Extraordinary General Meeting; while the other changes to the current Remuneration Policy such as the 2011 LTIP Cap, the Total Remuneration Cap and the change to the remuneration of the Executive Chairman will apply from the beginning of the 2017/18 financial year commencing on 1 May 2017.

REMUNERATION POLICY

The objective of the Company’s Remuneration Policy is to encourage, reward and retain the current Executive Directors and ensure their actions are aligned with the Company’s strategy. The core philosophies of the Remuneration 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 may be set below that of the comparator group referred to below and subsequently, based on appropriate levels of individual and corporate performance, may 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 Executive Directors to focus on delivering the business strategy.
- **Long-term sustainable performance**: The long-term incentives which now extend to 2023 have been designed to lock in the executive team for a far longer period than is typical in most publicly listed companies. This helps to ensure that the executive team are focused on generating long-term sustainable value for shareholders, not just on meeting short term performance targets.
- **Substantial equity holdings**: In order to align the interests of Executive Directors and shareholders, the reward strategy is designed so that, provided performance is delivered, the executive team become (in relation to their overall compensation) material shareholders in the Company.
- **Remuneration caps**: The Committee is cognisant of the broader environment regarding executive remuneration and the potential concerns regarding the quantum available to Executive Directors notwithstanding the level of performance and growth which may have been achieved by the Company. The Committee considers the use of remuneration caps to be an appropriate response to these challenges.

The Remuneration Policy is also designed to enable the Company to recruit and retain Non-executive Directors of the requisite calibre.

REMUNERATION POSITIONING

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

Base salary	Benefits	Pension	Annual bonus	Long-term incentives
Experience & Role	Market practice	Lower quartile	Upper decile	Upper decile

For the purposes of benchmarking remuneration the Committee used the following comparator group of companies for the 2016/17 financial year.

Balfour Beatty PLC	Bovis Homes Group PLC	Kier Group plc	Redrow PLC
Barratt Developments PLC	Crest Nicholson Holdings plc	McCarthy & Stone plc	Taylor Wimpey PLC
Bellway PLC	Galliford Try plc	Persimmon PLC	

The Committee also considers 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. On an annual basis the Committee will review the comparator groups to ensure that they remain appropriate.

REMUNERATION POLICY DISCRETION

The Committee has discretion in several areas as set out in this Remuneration Policy. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders. In addition, the Committee has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where it would, in the opinion of the Committee, be disproportionate to seek or await shareholder approval.

FUTURE POLICY – EXECUTIVE DIRECTORS

The table below sets out the key elements of the Remuneration Policy for Executive Directors:

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Base salary			
To recruit and retain Executive Directors of the appropriate calibre and experience to achieve the Company's business strategy.	An Executive Director's basic salary is set on appointment and reviewed annually (effective from 1 May each year) or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: • the Executive Director's experience and responsibilities; • the performance of the individual Executive Director and the Group; • pay and conditions throughout the Group; • general salary rises to employees; • the economic environment; and • when the Committee determines a benchmarking exercise is appropriate, levels of base salary for similar positions with comparable status, responsibility and skills in companies in the comparator groups used for remuneration benchmarking. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.	Typically, the base salaries of Executive Directors in post at the start of the Policy Period and who remain in the same role throughout the Policy Period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where: • an individual is below market level and a decision is taken to increase base pay to reflect proven competence in role; or • there is a material increase in scope or responsibility to the Executive Director's role. The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to the Company and validated against other companies in the industry, so that they are competitive against the market. The Committee intends to review the comparators periodically and may add or remove companies from the comparator group as it considers appropriate. Any changes to the comparator group will be set out in the section headed "Implementation of Remuneration Policy In The Following Financial Year". The Total Remuneration Cap referred to below may apply to salary.	There are no performance conditions on salary. However, the performance of the individual and the Company are reflected in the salary they are paid. No recovery provisions apply.
Pension			
To provide competitive levels of retirement benefits.	The Company provides either a contribution to a pension arrangement or a payment in lieu of pension. All payments in lieu of pension are subject to income tax and national insurance. Pension is not included in salary figures for the purposes of determining any other benefit entitlement.	The maximum pension contribution allowance for Executive Directors will be 20% of salary. The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year the pension contributions for that year for each of the Executive Directors. The Total Remuneration Cap referred to below may apply to pension.	No performance or recovery provisions apply. **Note** The maximum pension contribution has been reduced from 25% of salary to 20%
Benefits			
To provide competitive levels of employment benefits.	Benefits include a fully expensed car or car allowance alternative, and medical insurance. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment.	The maximum level of benefit is the cost of providing the relevant benefits; levels are determined by market rates.	No performance or recovery provisions apply.

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Annual bonus			
The annual bonus plan ("Bonus Plan") aligns reward to the key objectives linked to short to medium term performance whilst ensuring that there is a balance between incentivising the Executive Directors, providing a sustainable ongoing level of return to shareholders and ensuring the long term sustainability of the Company.	Annual performance conditions and targets are set at the beginning of the plan year. As well as determining the performance conditions, targets and relative weighting, the Committee will also determine, within the approved range, the level of maximum bonus at the beginning of the plan year. Upon assessment of performance by the Committee, a contribution will be made by the Company into the participant's plan account and 50% of the cumulative balance will be paid immediately in cash or shares. Any remaining balance will be converted into shares or notional shares. 100% of the remaining balance in year 6 will be paid in shares to the participant. During the six-year plan period, 50% of the retained balance is at risk of forfeiture based on a minimum level of performance determined annually by the Committee. Details of the performance conditions, weightings, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration. The Company will set out in the section headed "Implementation of Remuneration Policy In The Following Financial Year" the performance conditions weightings and targets. Dividends paid during a financial year will be added to a participant's plan account on an annual basis. Malus and clawback provisions apply.	The maximum bonus opportunity is 300% of salary for any plan year. At threshold performance no bonus can be earned. At target performance 50% of the maximum bonus can be earned. Bonus is earned on a straight line basis between points. The Total Remuneration Cap may apply to annual bonus. **Note** In operation of the Bonus Plan the following maximums are currently applied: • A W Pidgley 300% (although under new Policy there will be no bonus opportunity); • R C Perrins 300%; • R J Stearn 200% • K Whiteman 200% • S Ellis 220%	An award under the Bonus Plan may be subject to satisfying financial, strategic, operational, and personal performance conditions and targets measured over a period of one financial year. A minimum of 50% of the bonus shall be based on financial performance conditions. The current performance condition is a matrix of Return on Equity (ROE) and Net Asset Value (NAV). There is a risk adjustment mechanism built into the operation of the Bonus Plan. If the threshold levels of ROE or NAV are not met for any financial year during the six years of operation of the Bonus Plan up to 50% of a participant's plan account will be forfeited. This adjustment mechanism ensures that: • performance must be maintained over the six years of operation of the Bonus Plan or the value in the participant's plan account will not increase; • if there is a material deterioration in performance, 50% of the balance of the participant's account will be forfeited. In exceptional circumstances the Committee retains the discretion to: • change the performance conditions and targets and the weighting attached to the performance conditions and targets part-way through a performance year if there is a significant and material event which causes the Committee to believe the original conditions, weightings and targets are no longer appropriate; • make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance conditions, if the Committee believe that the bonus outcomes are not a fair and accurate reflection of business performance. Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Annual Report on Remuneration. The Committee intends to provide full prospective and retrospective disclosure of performance targets.
Long-Term Incentive Plan			
No plan available for new grants during the Policy Period to current Executive Directors.	The maximum number of shares which can be granted under The Berkeley Group Holdings plc 2011 Long-Term Incentive Plan (the "2011 LTIP") is 19,616,503 shares. No additional awards can be made to the current Executive Directors during the Policy Period. No other Long Term Incentive Plan arrangement will be implemented by the Company during the Policy Period.		
Minimum Shareholding Requirement			
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	The Committee operates a system of shareholding guidelines to encourage long-term share ownership by the Executive Directors. This should be achieved within five years of appointment for Executive Directors.	In the case of the Group Chairman and Group Managing Director this is 400% of base salary, for other Executive Directors 200% of base salary. The Committee retains the discretion to increase shareholding requirements.	None

<table>
<tr><th>Objective and link to strategy</th><th>Operation</th><th>Maximum opportunity</th><th>Performance conditions and assessment</th></tr>
<tr><th colspan="4">Total Remuneration Cap</th></tr>
<tr>
<td>To achieve a balance between the need to reward and incentivise the Executive Directors to implement the Company strategy and the interests of other stakeholders in the Company.</td>
<td>Individual caps will limit the amount of total remuneration that has been earned over the financial year and is capable of being paid out. Individual Total Remuneration Caps are in addition to the LTIP Cap, details of which are set out in the table showing the provisions of the "Elements Of Previous Policy That Will Continue To Apply" on page 20 below.

The elements of remuneration subject to the Total Remuneration Cap are:
• salary;
• bonus;
• pension; and
• 2011 LTIP (also subject to a separate LTIP Cap).

Where the total remuneration would exceed the Total Remuneration Cap it will be reduced in the following order until the Total Remuneration Cap is reached:
• 2011 LTIP (see separate section setting out the operation of LTIP Cap); and
• bonus.

Although salary and pension are also included in the calculation of the Total Remuneration Cap, the Caps have been set such that current salary and pension would not be reduced.

Benefits are not included in the Total Remuneration Cap as they are not material in the context of the overall package and vary based on the individual circumstances of the relevant Executive Director.</td>
<td>The Total Remuneration Cap for the Executive Directors commencing on 1 May 2017 are set out below:
<table>
<tr><th></th><th>Total Remuneration Cap p.a. (£)</th></tr>
<tr><td>A W Pidgley</td><td>8,200,000</td></tr>
<tr><td>R C Perrins</td><td>8,000,000</td></tr>
<tr><td>R J Stearn</td><td>3,250,000</td></tr>
<tr><td>K Whiteman</td><td>3,250,000</td></tr>
<tr><td>S Ellis</td><td>5,000,000</td></tr>
</table>
The following table sets out the method of calculation of the Total Remuneration Cap. One of the key objectives of the operation of the Total Remuneration Cap is to align with the disclosure requirements under the directors' remuneration reporting regulations for the single total figure of remuneration table:
<table>
<tr><th>Element of Remuneration</th><th>Calculation for the Total Remuneration Cap</th></tr>
<tr><td>Salary</td><td>The amount paid to the relevant Executive Director for the financial year being reported on.</td></tr>
<tr><td>Bonus</td><td>100% of the bonus contribution earned for the financial year being reported on as disclosed in the single total figure of remuneration table in the bonus column for that year.</td></tr>
<tr><td>Pension</td><td>The value of the pension contribution paid in respect of the financial year being reported on as disclosed in the column in the single total figure of remuneration table for pension.</td></tr>
<tr><td>2011 LTIP</td><td>Where the performance period for a tranche of the LTIP is completed in the financial year being reported on the value of the element of the LTIP options at the date of vesting is disclosed in the LTIP column in the single total figure of remuneration table.</td></tr>
</table>
The Committee will determine, on a case by case basis, whether and how to apply the Total Remuneration Cap for newly appointed Executive Directors.</td>
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NOTES TO THE FUTURE POLICY TABLE

CHANGES TO REMUNERATION POLICY FROM PREVIOUS POLICY

The changes to the existing policy that was approved at the 2014 AGM are set out below:

- the maximum pension contribution has been reduced from 25% of salary to 20%.
- a new Total Remuneration Cap and LTIP Cap will apply to amounts earned during the financial year commencing 1 May 2017.

In respect of the 2017/2018 financial year and ongoing the Committee has determined under the proposed Remuneration Policy that the only remuneration payable to the Executive Chairman other than a salary of £200,000 pa will be provided through the options that were granted to him under the 2011 LTIP (provided the performance conditions are met). There will be no entitlement to other salary, pension or bonus.

RATIONALE BEHIND SELECTION OF PERFORMANCE CONDITIONS AND TARGETS FOR BONUS PLAN

The Bonus Plan performance conditions provide direct alignment with the short to medium-term strategic objectives of the Company. The selected performance conditions are currently Return on Equity (ROE) and Net Asset Value (NAV). These performance conditions were chosen to ensure the Executive Directors are focused on the strategic drivers of the business taking into account the changes made to the Group's strategic delivery.

The following table summarises the factors taken into account by the Committee when selecting the performance conditions for the Bonus Plan:

Return on Equity	• This performance condition was selected because it focuses the Executive Directors on delivering a sustainable ongoing return to shareholders. • The rationale behind the selection of ROE included: – ROE is a compound measure and therefore if shareholder funds are reinvested and not returned, earnings growth will be compounded to achieve the targets; – longer term, ROE is aligned to shareholders' interests and if the Company raises further equity in the future, the investment decision 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 target level of returns this will encourage the Company to invest or make returns to shareholders.
Net Asset Value Growth	• It is important that the Bonus Plan provides the appropriate dynamic tension between delivering the ROE required whilst ensuring the long-term sustainability of the Company. The Committee believes that a Net Asset Value Growth condition provides this balance. NAV Growth will help to ensure that: – future returns to shareholders must be generated from earnings and not by cannibalising shareholders' existing assets i.e. the ROE generated is from trading performance rather than diminishing the asset base of the Company; – there is encouragement to make a broad investment in the business to grow the rump value after the return payments rather than solely to invest in land; – it provides an incentive to make the payment of returns to shareholders regularly over the period rather than in uneven amounts as it is unlikely that the NAV Growth target would be met in the year of uneven payments – shareholders are protected from material land write-downs if the market deteriorates; – there is an underpin to the share price providing the opportunity for shareholders to receive the cash return whilst retaining a material capital value in the shares. The Committee will be mindful to ensure that there is no incentive to delay return payments to achieve the NAV Growth target by taking into account payments due when determining whether the NAV Growth target is met for a particular year.

Level of targets – The Committee believes that taking into account market conditions and the Company's strategy, the targets are suitably challenging given the incentive opportunity that can be earned. The ROE targets reflect the Company's expectations on revenue performance over the next period. The NAV Growth targets are set at a level that ensures that they provide the appropriate balance with the requirement to provide returns to shareholders whilst maintaining the Company's asset base.

The targets set have to take into account an appropriate level of risk. 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.

RECOVERY PROVISIONS

Under the terms of the Bonus Plan, there is a risk adjustment mechanism built in so that should threshold levels of performance not be achieved, 50% of the balance of the participant's account will be forfeited. No recovery provisions apply to salary, benefits and pension.

Malus and Clawback

Malus provisions apply to both the Bonus Plan and 2011 LTIP. Malus is the adjustment of Bonus Plan contributions or the balance in participants' Bonus Plan accounts or unvested 2011 LTIP options because of the occurrence of one or more circumstances set out below. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of payments made under the Bonus Plan or vested 2011 LTIP options as a result of the occurrence of one or more circumstances set out below. Clawback may apply to all or part of a participant's payment under the Bonus Plan or 2011 LTIP options and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of options or bonuses.

The following table sets out the periods during which malus and clawback may be effected.

	Bonus Plan	2011 LTIP
Malus	Up to the date of a payment.	Any time prior to exercise.
Clawback	Three years post the date of any payment.	Two years from the date of exercise.

The malus and clawback events that apply to the Bonus Plan are set out below:
- where the participant has benefitted from wilful negligence; and/or
- there has been a material misstatement of results; and/or
- the participant has caused serious reputational damage to the Company; and/or
- the participant is responsible for serious individual wrongdoing such as a material breach of any applicable code of conduct adopted by the Company; and/or
- the participant's actions amount to gross misconduct; and/or
- the performance conditions have been calculated incorrectly.

The malus and clawback events that apply to the 2011 LTIP are set out below:
- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company which has a material effect on the value of the options; and/or
- the discovery that the measurement of any performance condition or target in respect of the vesting of an option was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which amounts to fraud or gross misconduct capable of summary dismissal.

The Committee believes that it has sufficient powers under the rules of the relevant plans to enforce these provisions.

DIFFERENCES IN REMUNERATION POLICY FOR ALL EMPLOYEES

The Company seeks to establish remuneration packages that will attract, retain and motivate high quality employees. Salary and benefit packages for all employees are linked to both individual and business performance.

The Company's business comprises of a number of operating Divisions. The annual and longer term cash based compensation arrangements for these other senior employees of the Company are therefore 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 with part of such longer term awards linked to the performance of the Company. It is the view of both the Committee and the Board as a whole that these arrangements are very effective in ensuring the delivery of Divisional performance for which these senior employees are responsible. All other eligible employees participate in bonus plans, which, together with salary reviews linked to business performance, enable all employees to share in the success of the Group.

ELEMENTS OF PREVIOUS POLICY THAT WILL CONTINUE TO APPLY

The subsisting options detailed on the next page will continue to operate on the terms and conditions set out in the 2011 LTIP rules, as approved by shareholders. Full details of the subsisting options are set out in previous years' Annual Reports on Remuneration. Options under these arrangements do not form part of the ongoing Remuneration Policy; however payments may be made in the future subject to the achievement of the relevant performance conditions.

LTIP 2011

Options granted under the Berkeley Group Holdings plc 2011 Long-Term Incentive Plan (2011 LTIP) (as amended)

Objective and link to strategy

To align Executive Directors' interests with those of shareholders by focusing on creating sustainable superior returns to shareholders over a 10 year period

Operation

The 2011 LTIP is a ten year plan which directly supports the Company's corporate strategy.

The 2011 LTIP aims to make returns to shareholders in cash over a sustained period, ensuring that the Group remains at the right size and balances investment and returns to shareholders.

Options vest in annual tranches based on cumulative return targets. The exercise price of options will be £16.34 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.

Individual caps (LTIP Caps) will limit the amount of an option that is capable of exercise. Any options that are vested but not exercisable due to the LTIP Cap, will be banked and be capable of exercise in subsequent years subject to the operation of the LTIP Cap in those years. The period over which banked options can become exercisable has been extended for an additional two years (2022 and 2023) after the end of the original performance period (2021). Any banked options which have not become exercisable by 2023 will lapse.

The total value of all options granted under the 2011 LTIP is subject to a global cap at vesting based on the following formula: Number of shares subject to the 2011 LTIP x £35 per share. The value of an option for the purpose of the cap is calculated as the gain on vesting (market price of a share on vesting less the exercise price x number of shares vesting). The global cap is allocated proportionately to each vesting. Any element of unused global cap will roll forward to the next vesting.

Any shares acquired through the exercise of options under the 2011 LTIP are subject to a restriction that no more than 10% of these shares are eligible to be sold each year until 30 September 2023 at which point the sale restriction falls away. This limit is cumulative so if no shares are sold in a year that number can be sold in a subsequent year as well as the shares eligible for sale in respect of that year.

Malus and clawback provisions apply.

Maximum opportunity

No new options will be granted under the 2011 LTIP to the current Executive Directors. On recruitment, a new Executive Director will be eligible to participate in the 2011 LTIP subject to availability for new grants.

The maximum number of shares capable of being granted to all participants is 19,616,503 shares.

Options were granted to the current Executive Directors as follows:

Executive Director	Number of shares
A W Pidgley	5,000,000
R C Perrins	5,000,000
R J Stearn	954,328
S Ellis	2,250,000
K Whiteman	1,000,000

The following individual caps on the value of options capable of exercise will operate:

Executive Director	LTIP Cap (£) (p.a.)
A W Pidgley	8,000,000
R C Perrins	5,500,000
R J Stearn	2,000,000
S Ellis	3,750,000
K Whiteman	2,000,000

Where the value of options vesting in a period (as calculated for the purposes of the single total figure of remuneration disclosure) is greater than the LTIP Cap, the options above the LTIP Cap will not become exercisable at this vesting date and will be banked. The following sets out how the LTIP Cap will operate:

1. The potential gain of the tranche of the 2011 LTIP options at the relevant date of vesting (B) is limited by the LTIP Cap (A) as set out in respect of each Executive Director in the table above. In all cases the performance conditions will have been satisfied or the tranche will lapse.
2. This potential gain (B) at the date of vesting is calculated as follows:
   Number of options capable of vesting x (market price of a share on the date of vesting – exercise price) = (B)
3. Where (B) is greater than (A) the excess gain will be converted into a number of options by dividing it by the gain per share subject to each option calculated at the date of vesting. These options will not become exercisable at this vesting date and will be banked.
4. The number of options calculated under 3 equivalent to the excess gain will be banked and subject to the following terms:
   a. There are no further performance conditions to be satisfied;
   b. They remain subject to an employment condition until they become exercisable;
   c. They will become exercisable at the next vesting date in part or in full up to the value of the LTIP Cap for that financial year taking into account options vesting in respect of that year's 2011 LTIP tranche using the above methodology. In addition,:
      i. irrespective of whether the relevant tranche for that year vests (i.e. whether the performance conditions have been met for the tranche) it does not affect the potential exercise of options in the bank;
      ii. this process will continue until all banked options have become exercisable or until 30 September 2023 at which point any banked options that have not become exercisable will lapse.

The above calculations will be performed at each vesting date for a tranche under the 2011 LTIP. It is, therefore, possible that options may be banked in a number of years.

Performance conditions and assessment

In order for options to vest, the following levels of return (through a combination of dividends and share buy-backs) must be provided to shareholders.

Date (By end of)	Return (£)	Cumulative Return (£)	% of Option vesting
Sept 16	Paid	Paid	33.0% (Vested)
Sept 17	277,690,956 minimum	277,690,956 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2017	13.4%
Sept 18	277,690,956 minimum	555,381,912 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2018	13.4%
Sept 19	277,690,956 minimum	833,072,868 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2019	13.4%
Sept 20	277,690,956 minimum	1,110,763,824 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2020	13.4%
Sept 21	277,690,956 minimum	1,388,454,780 plus £2.00 for each share issued or reissued in the period 1 October 2016 to 29 September 2021	13.4%
Sept 22	n/a	n/a	Banked balance to cap
Sept 23	n/a	n/a	Banked balance to cap

If the annual return payment is not made for the relevant year that tranche of the option will lapse. If in a subsequent year the cumulative returns paid reach the targeted level, the tranche for that year will vest; however, tranches where the annual return payment was not made for the relevant year will remain lapsed.

Shares subject to the return exclude those held in treasury (912,258 as at 16 January 2017) or in the Company's employee benefit trust (424,872 as at 16 January 2017).

It should be noted that any new shares issued (from treasury or as newly listed shares) increase the absolute level of cumulative return required.

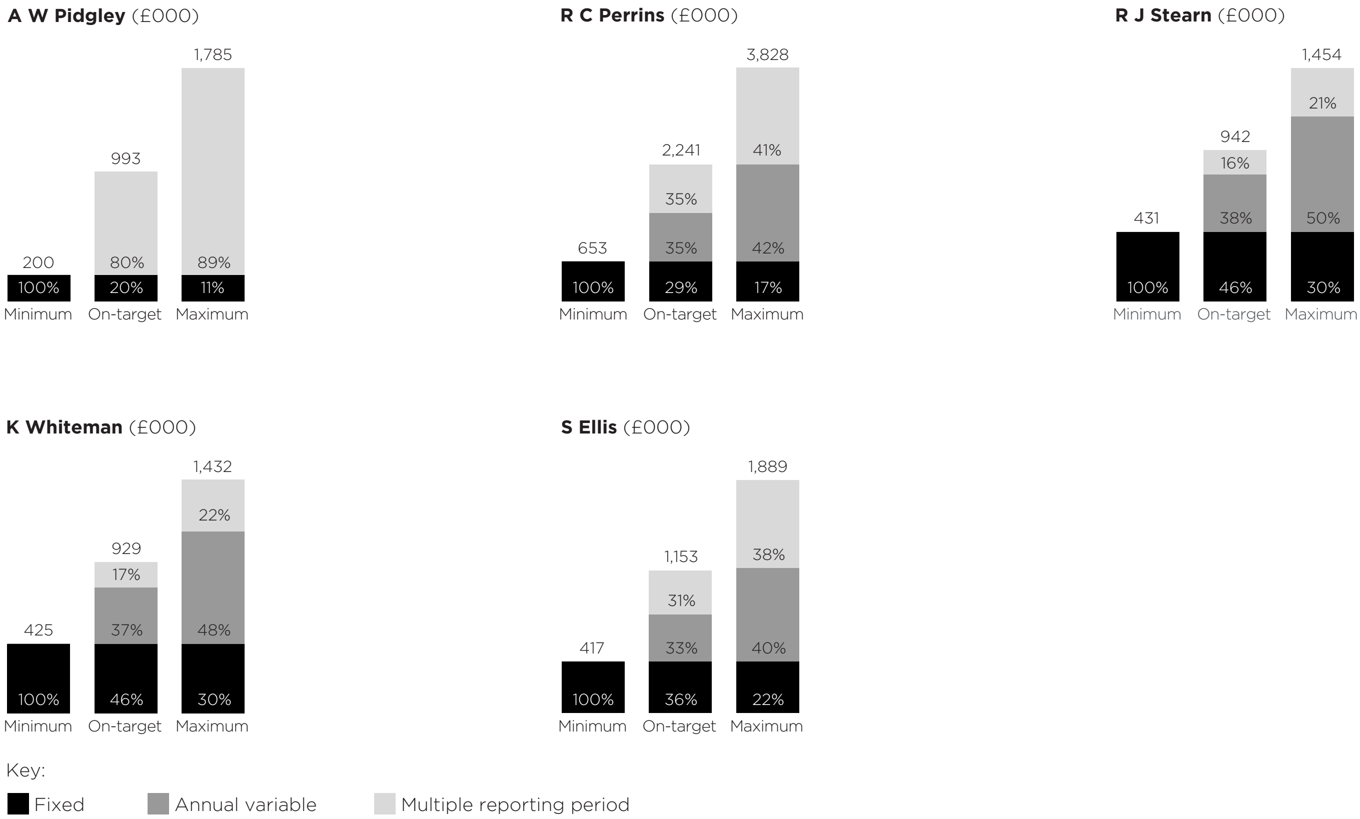
CHANGES TO REMUNERATION POLICY FROM PREVIOUS POLICY

A new LTIP Cap will apply to amounts earned over the financial year. As part of the new LTIP Cap, the period over which options may vest is extended two years from 2021 to 2023 to provide a longer lock-in of participants and a saving to the Company.

The Committee is proposing to allow the £2.00 per share returns required each year for a tranche of the LTIP options to vest to be provided through a combination of dividends and share-buy backs. Where the return is provided through buy-backs the shares will be cancelled (unless retained to be reissued from treasury in lieu of an obligation to issue shares). It should be noted that the share buy-backs do not reduce the exercise price of the options.

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

The graphs below seek to demonstrate how pay varies with performance for the Executive Directors based on the proposed Remuneration Policy for the 2017/18 financial year. Whilst the historic 2011 LTIP does not form part of the future Remuneration Policy for 2017/18, the Executive Directors are working towards the achievement of the relevant targets and it has therefore been included in the illustrations below:



Assumptions used in determining the level of pay-out under given scenarios are as follows:

Element	Minimum	On-Target	Maximum
Fixed Element	Fixed elements do not vary with performance and comprise: • 2016/17 base salary • Estimated benefits for 2016/17 • Pension (or cash in lieu of) contributions.		
Annual Variable Element (Bonus Plan)	0%	50% of maximum award [1,2]	100% maximum award [1]
Multiple Reporting Period Element (2011 LTIP)	0%	50% vesting [3]	100% vesting [3]

Notes:
1. The maximum opportunity under the Bonus Plan is 200% – 300% of salary p.a. dependent upon each Executive Director.
2. A level of 50% vesting for 'on-target' performance reflects the mid-point of the performance range under the Bonus Plan performance matrix of Return on Equity (ROE) and Net Asset Value (NAV).
3. The 2011 LTIP is a one-off award with a 10 year performance period therefore we have used one tenth of the IFRS 2 fair value of the options at the date of grant as the maximum and 50% of this value for on-target.

FUTURE POLICY – NON-EXECUTIVE DIRECTORS

The table below sets out the key elements of the Remuneration Policy for Non-executive Directors:

Objective and link to Strategy	Operation	Maximum	Performance conditions and assessment
To attract Non-executive Directors with the requisite skills and experience to contribute to the strategy of the Company and to review its implementation	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. Each Non-executive Director receives a fee which relates to membership of the Board and additional fees are paid for Committee Chairmanship. In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. 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; • the current market rate for fees for Non-executive Directors based on the comparators used for the Executive Directors. Changes are effective from 1 May each year. The Company has a shareholding requirement for Non-executive Directors, linked to the net fee they receive from the Company. This is equal to 100% of net fees. This should be achieved within three years of appointment for Non-executive Directors. Non-executive Directors do not participate in any variable remuneration or benefits/pension arrangements.	In general fee rises will be limited to the level provided to employees of the Company as a whole. In setting fees, the Board looks at the fee levels of companies of broadly similar size and complexity, in particular those companies within the comparator group and those in the FTSE 250. On an annual basis the Board will review the comparator groups to ensure they appropriately reflect the Company's size, operations and business complexities. The Company will pay reasonable expenses incurred by the Non-executive Directors and may settle any tax incurred in relation to these. The Articles of Association impose a limit on the aggregate annual sum that can be paid to Non-executive Directors by way of fees (excluding amounts payable under any other Articles) of £500,000 or such larger amount as the Company may by ordinary resolution determine. As explained in the explanatory notes accompanying the Notice of Extraordinary General Meeting being held on 23 February 2017, the Board has proposed that the limit be increased to £1,000,000.	None.

APPROACH TO RECRUITMENT REMUNERATION

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new Executive Director would be assessed following the same principles as for the current Executive Directors.

The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and is aware of guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance conditions associated with an award.

Where an existing employee is promoted to the Board, the Remuneration Policy would apply from the date of promotion but there would be no retrospective application of the Remuneration Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Company's detailed Remuneration Policy when setting remuneration for the appointment of new Executive Directors is summarised in the table below:

Remuneration element	Recruitment Policy
Base salary and benefits	The salary level will be set taking into account the responsibilities of the individual, experience and the salaries paid to similar roles in comparable companies. The Committee will apply the Remuneration Policy set out on salaries for the current Executive Directors in the Remuneration Policy table. The Executive Director shall be eligible to receive benefits in line with Berkeley's benefits policy as set out in the Remuneration Policy table.
Pension	The new Executive Director will be entitled to receive contributions into a pension plan or alternatively to receive a supplement in lieu of pension contributions in line with Berkeley's pension policy as set out in the Remuneration Policy table.
Annual Bonus	The new Executive Director will be eligible to participate in the Bonus Plan as set out in the Remuneration Policy table. The maximum potential opportunity under the Bonus Plan is 300% of salary.
Long-Term incentives	On recruitment, the new Executive Director will be eligible to participate in the 2011 LTIP, provided awards are available under the 2011 LTIP and the total number of awards granted to all participants does not exceed 19,616,503 shares under subsisting options as agreed with shareholders at the 2011 AGM.
Maximum Variable Remuneration	The maximum variable remuneration which may be granted in normal circumstances is 300% of salary under the Bonus Plan and any available awards under the 2011 LTIP (provided awards are available under the 2011 LTIP and the total number of awards granted to all participants does not exceed 19,616,503 shares under subsisting options).
LTIP Cap	The Committee will determine the LTIP Cap to apply to the new Executive Director on appointment based on whether he or she is granted a 2011 LTIP award and the level of the award.
Total Remuneration Cap	The Committee will determine the Total Remuneration Cap to apply to the new Executive Director on appointment based on the elements of remuneration offered as part of the remuneration package.
"Buy Out" of incentives forfeited on cessation of employment	The Committee's policy is not to provide buy-outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justify the provision of a buy-out, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following: • the proportion of the performance period completed on the date of the Executive Director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value ("lapsed value"); The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Relocation Policies	Where the new Executive Director is required to relocate from one work-base to another, the Company may provide one-off/on-going benefits to reflect the cost of relocation for the new Executive Director in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling.

The Company's policy when setting fees for the appointment of new Non-executive Directors is to apply the policy which applies to current Non-executive Directors.

SERVICE CONTRACTS

Details of the service contracts or letters of appointment for the Directors are as follows:

Executive Directors	Date of contract	Expiry date	Notice period by Company or Director
A W Pidgley	24 June 1994	Rolling service contract with no fixed expiry date	12 months
R C Perrins	15 July 2002	Rolling service contract with no fixed expiry date	12 months
R J Stearn	3 October 2014	Rolling service contract with no fixed expiry date	12 months
K Whiteman	15 January 1996	Rolling service contract with no fixed expiry date	12 months
S Ellis	5 May 2004	Rolling service contract with no fixed expiry date	12 months

Non-executive Directors	Letter of appointment	Expiry date	Notice period by Company or Director
J Armitt	1 October 2007	Renewable annually on 1 May	n/a
A Nimmo	5 September 2011	Renewable annually on 1 May	n/a
G Barker	3 January 2012	Renewable annually on 1 May	n/a
V Wadley	3 January 2012	Renewable annually on 1 May	n/a
A Li	2 September 2013	Renewable annually on 1 May	n/a
A Myers	6 December 2013	Renewable annually on 1 May	n/a
D Brightmore-Armour	1 May 2014	Renewable annually on 1 May	n/a

All service contracts and letters of appointment are available for viewing at the Company's registered office.

The Company's practice is to appoint the Non-executive Directors under letters of appointment, which are renewable annually on 1 May. They 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.

When setting notice periods for Executive Directors, the Committee has regard to market practice and corporate governance best practice. Notice periods will not be greater than 12 months.

PAYMENTS FOR LOSS OF OFFICE AND CHANGE OF CONTROL

When determining any loss of office payment for a departing Director the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The table below sets out the Company's termination policy for each element of total remuneration. For each element the table also sets out the boundaries of Committee discretion.

Remuneration element	Approach	Application of Committee discretion
Base salary and benefits	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be a maximum of twelve months salary. Such payments will be equivalent to the monthly salary and benefits that the Executive Director would have received if still in employment with the Company. These will be paid over the notice period. Executive Directors will be expected to mitigate their loss within a twelve month period of their departure from the Company.	The Company has discretion to make a lump sum payment in lieu of notice.
Pension	Pension contributions or payments in lieu of pension contribution will be made during the notice period.	The Company has discretion to make a lump sum payment in lieu of notice.
Bonus Plan (Cessation of employment)	**For the Year of Cessation** Good leavers: Performance conditions will be measured at the measurement date. The Company bonus contribution will normally be pro-rated for the period worked during the financial year. Other leavers: No Company bonus contribution payable for year of cessation. **Deferred Balances in Bonus Plan account** Good leavers: The balance in the Bonus Plan account will be payable on cessation of employment. Other leavers: The balance in the Bonus Plan account will be forfeited on cessation of employment.	**For the Year of Cessation** The Committee has the following elements of discretion: • to determine that an Executive Director is a good leaver. It is the Committee's intention only to use this discretion in exceptional circumstances and where there is an appropriate business case which will be explained in full to shareholders; and • in the case of a good leaver, to determine not to pro-rate the Company bonus contribution for time. It is the Committee's intention only to use this discretion not to pro-rate in exceptional circumstances and where there is an appropriate business case which will be explained in full to shareholders. **Deferred Balances in Bonus Plan account** The Committee has the following elements of discretion: • to determine that an Executive Director is a good leaver. It is the Committee's intention only to use this discretion in exceptional circumstances and where there is an appropriate business case which will be explained in full to shareholders; and • to determine whether to pro-rate the balance in the Bonus Plan account for time in the case of a good leaver.

Remuneration element	Approach	Application of Committee discretion
Bonus Plan (Change of control)	**For the Year of the Change of Control** Performance conditions will be measured at the date of the change of control. The Company bonus contribution will normally be pro-rated to the date of the change of control. **Deferred Balances in Bonus Plan account** The balance in the Bonus Plan account will be payable on the change of control.	**For the Year of the Change of Control** The Committee has the following element of discretion: • to determine whether to pro-rate the Company bonus contribution for time. The Committee's normal Policy is that it will pro-rate for time. However, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether pro-rating is equitable. **Deferred Balances in Bonus Plan account** The Committee has the following element of discretion: • to determine whether to pro-rate the balance in the Bonus Plan account for time. The Committee's normal policy is that it will not pro-rate for time. However, in exceptional circumstances taking into account the nature of the change of control it may determine that pro-rating is appropriate.
2011 LTIP (Cessation of employment)	The rules of the 2011 LTIP provide that unvested options will lapse unless the cessation of employment is for "good leaver" reasons. If the participant is a good leaver the amount of the option capable of vesting will be based on the cumulative return paid up to that date and an estimation of the return capable of being paid at that date. The option will vest at the relevant vesting date being the point at which options would normally have vested for that level of cumulative return. Any dividends paid from the date of termination will continue to reduce the exercise price until the option is exercised. Options banked as a result of the operation of the LTIP Cap will be exercisable for a period commencing on the date the participant becomes a good leaver and expiring immediately following the second vesting date after the participant became a good leaver subject to the LTIP Cap. Any options that have not become exercisable and been exercised on or before such second vesting date will lapse. On leaving other than as a "good leaver" unvested options and banked options will lapse.	The Committee has the discretion to determine that an Executive Director is a good leaver. The Committee will only use its general discretion to determine that an Executive Director is a good leaver in exceptional circumstances and will provide a full explanation to shareholders of the basis for its determination.
2011 LTIP (Change of control)	An option will become exercisable in full immediately prior to a change of control of the Company, court sanction of a scheme of arrangement or the disposal of all, or substantially all, of the assets of the Company and its subsidiaries. The exercise price shall be adjusted for any dividends paid to the date of the relevant transaction in accordance with the plan rules. The total value of options at vesting cannot exceed the global plan cap. In the event of an internal reorganisation, options shall not vest unless the Committee consents and the Committee may determine that options are exchanged for an option over a successor company's shares.	Consideration will be given by the Committee, in consultation with the participants, as to whether the type or timing of any consideration receivable by shareholders should affect either the timing of the exercise of options and/or alter the calculation of the exercise price so that the participants do not receive a greater or lesser benefit from the transaction than the shareholders (beyond the ability to exercise their options).
Other contractual obligations	There are no other contractual provisions other than those set out above that could impact on the quantum of the payment.	None.

The following definition of good leaver applies to both the Bonus Plan and the 2011 LTIP. A good leaver is a person whose cessation of employment is in the following circumstances:

- death;
- injury;
- ill-health;
- disability;
- redundancy;
- retirement;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- any other reason at the discretion of the Committee.

Other leavers are anyone who is not a good leaver.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

In making annual pay decisions the Committee also gives consideration to pay and employment conditions in the rest of the Group, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors, and uses this information to ensure consistency of approach throughout the Company. No comparison metrics were used.

Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when drawing up the Remuneration Policy.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee takes the views of the shareholders seriously and these views have been taken into account in shaping the Remuneration Policy. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to the Remuneration Policy.