

Dear Shareholder,

I am writing regarding the appointment of Adrian Li as an Independent Non-Executive Director at the Group's forthcoming AGM.

Whilst the Board recognises concerns on the level of director time commitments, we were pleased to see that the level of support for Adrian's re-appointment to the Board at the 2018 AGM increased by 2.1% to 68.57% of votes validly cast. We express our sincere thanks to shareholders for taking the time to consider the Board's rationale behind its recommendation to vote unequivocally FOR Resolution 12.

However, a 31.43% opposition lodged at the 2018 AGM in relation to Adrian's re-appointment remains a real concern for the Board and we would be very grateful if you could find the time to go through our reasons for proposing Adrian's re-appointment to the Board at our forthcoming AGM.

Adrian continues to be a highly regarded member of the Board. Not only has he attended ALL Board meetings since his appointment in 2013, but he also makes a substantial contribution outside scheduled Board meetings and has fully demonstrated his availability and value to Berkeley. We strongly believe that Adrian Li is a valuable and effective independent Non-Executive Director on Berkeley's Board.

- Adrian is an active member of the Board bringing legal and financial professional qualifications as well as a truly global and diverse perspective to Board discussions;
- Adrian provides invaluable insights into Far Eastern and emerging markets and supply chains that would be difficult to replace due to his day to day experience on the ground across the region;
- Adrian makes himself available whenever Berkeley executives visit the Far East (an important sales region for Berkeley) and, through his extensive experience in the market, provides introductions to relevant local contacts as well as real time insights into the local market and operating environment;
- In 2017, Adrian relinquished one position at Sino Hotels (Holdings) Ltd. Two of his remaining directorships are linked under the Sino Group which is a common corporate structure in South East Asia; and
- Adrian has attended all scheduled Board meetings since his appointment in 2013. He devotes significant time to Berkeley outside Board meetings, as noted above, including whenever an *ad hoc* issue has arisen. We have no reason to believe that this should change in the future. Accordingly, the Board is satisfied that he has sufficient time to dedicate to Berkeley even in the event of unforeseen circumstances which may demand more of his time.

We have consulted with a number of our shareholders and proxy advisers to discuss the issues raised and, in

The Berkeley Group plc
Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG
Tel: 01932 868555

www.berkeleygroup.co.uk

Registered in England and Wales No: 05172586
Registered Office: Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG

the spirit of the Stewardship Code, we would gladly discuss with you our thinking in this regard.

We acknowledge the proxy advisers' strict policies on overboarding, and understand their importance in alerting shareholders to potential concerns over a director's time commitment to their company. While we fully appreciate the principle behind this policy, we believe it is appropriate to adopt a "comply or explain" approach when an incumbent member of a board has consistently demonstrated his value and availability to the Company, as is emphatically the case for Adrian. We believe the proxy advisory agents are right to alert their clients to potential overboarding but, equally, we believe that shareholders should review the resulting vote recommendation on a case-by-case basis before making any mechanistic voting decision ahead of the forthcoming AGM on 6 September.

The Board annually reviews the outside directorships and time commitments of all the Non-executive Directors. The Non-executive Directors' letters of appointment set out the expected time commitment and the Board has determined that each Non-executive Director is able to allocate sufficient time to the Company to discharge their responsibilities effectively. During the year the Board met formally four times and there were no absences. We believe it is important to note that Berkeley Group is a business with an important international dimension, looking to recruit the best NEDs with absolute alignment to the Company's business and that Adrian Li does not presently contravene any overboarding assessments in Hong Kong.

We do not believe it would be at all in the best interests of Berkeley or its shareholders if an **independent, fully contributing and invaluable member of the Board who provides a diverse view to Board discussions** is not re-elected due to the rigid application of a policy. We therefore hope that you will consider the above circumstances and **vote FOR** Adrian Li's re-election at the AGM.

We would be happy to discuss this further should you consider this desirable, and will make time available for a call or meeting as is convenient.

Kind regards



Glyn Barker
Deputy Chairman and Senior Independent Director

The Berkeley Group plc
Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG
Tel: 01932 868555

www.berkeleygroup.co.uk

Registered in England and Wales No: 05172586
Registered Office: Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG