

Friday 18 November 2011

M J GLEESON GROUP PLC

INTERIM MANAGEMENT STATEMENT

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces its Interim Management Statement, covering the period from 1 July 2011 to 17 November 2011, in accordance with the UK Listing Authority's Disclosure and Transparency Rules.

Gleeson operates as:

- a housebuilder, mainly in the North of England, with a particular focus on low cost homes for local people;
- a strategic land development business, mainly in the South of England, that enhances the value of land, principally held under option, through the planning process;
- a specialist business unit that takes the lead in developing PFI opportunities that bring development opportunities to the Group's housebuilding business.

Gleeson Regeneration & Homes

Despite increasing uncertainty in the wider economy, conditions in the housing market have remained generally stable. Although still restricted, mortgage availability has improved a little in recent months. Compared to the same period last year, visitor numbers per site have remained broadly stable and the reservation rate has improved by 10%. The number of private development sales has increased by 15%, however, overall unit sales are currently down on last year due to the timing of bulk housing association sales. The order book for future private development completions is 83 homes, compared to 52 at the same point last year.

The Group has continued to take advantage of low land prices in the North of England, purchasing three sites during the period, which have added a further 478 plots to the Group's land bank. The Group is also in discussions regarding the acquisition of a further 12 sites, which, if purchased, will add a further 1,380 plots to the land bank, taking the total number of plots above 2,600.

Gleeson Strategic Land

Notwithstanding the difficulties within the planning system caused by the uncertainty regarding the future of the draft national planning framework, resolutions to grant planning permission have been achieved on a 600 unit site in Littlehampton, West Sussex, a 68 unit site in Swindon, Wiltshire and a 58 unit site in Swaythling, Hampshire. Demand from the major housebuilders for 'oven ready' land in the South of England remains robust and it is expected that all of these sites will be sold during the current financial year.

The strategic land portfolio continues to be replenished. During the period, agreements were entered into regarding two new sites comprising 107 acres and, potentially, 575 units.

Gleeson Capital Solutions

During the period, the Group sold three social housing PFI investments. The proceeds of £7.5m were received in October, and a profit on disposal of £0.3m has been recorded. The

Group continues to hold only one social housing PFI investment, which it expects to sell in the current financial year.

Gleeson Capital Solutions is part of a consortium that is one of two final bidders for a PFI social housing project in the North of England. It is hoped that a preferred bidder will be appointed early in 2012. However, the Government has announced that, following the current round of bids, the PFI will no longer be used to procure social housing projects. This will inevitably result in the Group's withdrawal from this sector in the longer term.

Outlook

The Board has been encouraged by the achievements of both Gleeson Regeneration and Homes and Gleeson Strategic Land in challenging circumstances and remains confident that they are together laying the foundations of a strong and sustainable improvement in the Group's performance.

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