

Thursday 19 May 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 January 2011 to 19 May 2011, in accordance with the UK Listing Authority's Disclosure and Transparency Rules.

Our Operations

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 the absence of any significant improvement in the availability of mortgage finance, sales rates have remained in line with management's expectations and are significantly higher than in the same period last year. Visitor numbers per site have increased by 10%, private development sales have increased by 20% and overall unit sales are up 43%. In addition, most sites have seen improved selling prices.

The Group continues to take advantage of low land prices in the North of England, purchasing three sites during the period, which added a further 460 plots to the Group's land bank. The Group is also in the process of acquiring a further eight sites, which will bring the total number of development sites to nineteen and add a further 1,089 plots to the land bank.

Gleeson Strategic Land

Despite the difficulties created by the Government's continuing failure to clarify many of the details of its proposed changes to existing planning law Gleeson Strategic Land has continued to progress sites through the planning system.

There continues to be a good level of demand from the major housebuilders for residential sites with commercially attractive planning consents in the South of England. This was confirmed by the successful sale of a 12 acre site during the period, on which planning consent had been achieved in November 2010.

New agreements were entered into with respect to three sites, which added 29 acres to the strategic land portfolio.

Gleeson Capital Solutions

Gleeson Capital Solutions is one of two final bidders for a PFI social housing project in the North of England.

FTSE Classification

From the 20th June 2011, the Group will be classified a member of the Home Construction subsector of the FTSE Household Goods and Home Construction sector rather than as a member of the Heavy Construction subsector of the FTSE Construction and Materials sector. The change in classification reflects the Group's focus on House Construction and follows the completion of the Group's withdrawal from the contracting sector with the sale of Powerminster Gleeson Services in 2010.

Outlook

While the Government's recently announced initiatives to support first time buyers are welcome, there is unlikely to be a significant improvement in the state of the housing market until mortgage finance becomes much more readily available.

However, the Board is very pleased with the continuing success of Gleeson Strategic Land. The Board remains confident that a very disciplined approach to land acquisition in the North of England, coupled with an exceptionally rigorous control of construction costs, is laying a very firm foundation on which to build the continuing growth of Gleeson Regeneration and Homes.

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