

MJ Gleeson plc

(GLE.L)

AGM Trading Update

MJ Gleeson plc (GLE.L), the low-cost housebuilder and land promoter, is holding its Annual General Meeting (AGM) later today at which Dermot Gleeson, Chairman, will make the following comments:

"In September we announced record revenue and profits for the year to 30 June 2022 and said that we were well-positioned to deliver further profitable growth in the current financial year, notwithstanding the outlook for the broader economy.

Shareholders will be well-aware that since then much has changed. The market volatility and sharp increase in interest rates following the mini budget impacted buyer confidence and caused a significant slowdown in demand.

Gleeson Homes cancellation rates which for the first ten weeks of the year were 20% have, over the past six weeks, increased to 41%. Net reservation rates have reduced, over the past six weeks, to 0.26 per site per week against 0.42 for the same period last year.

Whilst it is far too early to call a recovery, we were encouraged by yesterday's Autumn Statement. We would expect to see the re-emergence of buyer confidence as the wider macro volatility subsides. What is more, there are good reasons to hope that an improving outlook for longer term interest rates will result in greater mortgage availability and affordability.

The average selling price on new reservations since the start of the financial year was £186,500, an underlying 9.0% higher than the same period last year. Despite these higher prices, our homes remain attractive to first time buyers and a couple on the National Living Wage can still afford to buy a Gleeson home on any one of our development sites. Furthermore, we are now seeing interest from customers who might previously have considered a more expensive property built by another developer but who, in the current environment, are attracted by Gleeson's more affordable price points.

Land continues to be available at sensible prices and the pipeline remains strong. Gleeson Homes has a land pipeline of 16,484 plots with a gross development value of £3.1 billion, of which 8,607 plots are owned and 7,877 are conditionally purchased.

The division currently has 88 active build sites, compared with 82 active build sites this time last year and is actively selling on 68 sites, compared with 60 sites this time last year.

We note the commentary from a number of housebuilders regarding their intentions to reduce land buying in the short-term. Gleeson Land has completed the sale of one site since the start of the financial year. A further four sites are being actively progressed to sale. The division's land pipeline currently consists of 71 sites which have the potential to deliver approximately 18,775 plots. The portfolio includes 4 sites, with the potential to deliver 1,269 homes, which have planning permission or resolution to grant.

The issues with the congested planning system have continued to delay a number of site consents, but we anticipate that a number of these sites will obtain consents during the second half of the current financial year.

For the Group as a whole, the outlook for the current financial year is dependent upon the pace of recovery in the housing market. Having reviewed a number of scenarios, the Board believes that Gleeson Homes could deliver volumes anywhere in the range between 1600 and 2000 units.

We will provide a further update on 13 January 2023 following the conclusion of H1 FY2023."

18 November 2022

This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of the company is Stefan Allanson, Chief Financial Officer.

LEI: 21380064K7N2W7FD6434

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