



Results for the half year ended 31 December 2023

15 February 2024



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Graham Prothero
CEO



Stefan Allanson
CFO

Overview

Robust performance

Gleeson Homes:

- 769 homes sold (H1 22/23: 894)
- Improvement in net reservation rates:
 - 0.41 per site per week (H1 22/23: 0.36)
- Return to 5-star quality
- Refreshed product and broader marketing strategy being successfully implemented
- Operational efficiencies delivered, reducing overhead cost base

Gleeson Land:

- Demand for consented sites remains strong
- Planning challenges
- One site sold, four being marketed / in a sale process
- Key management appointments to execute growth strategy



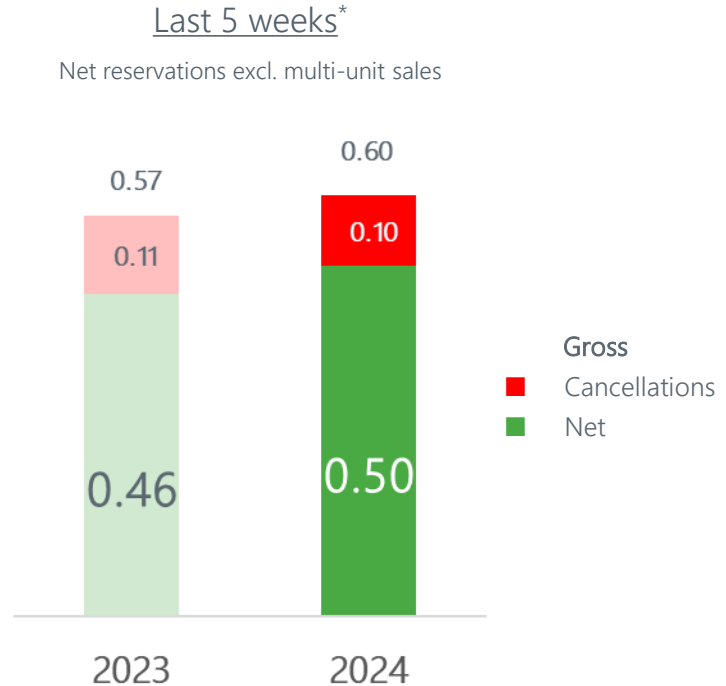
St Patrick's Vale, Wigton
4-bedroom, detached 'Dublin'
Render 21 elevation

Margin pressures addressed

- Restructuring and new management teams identified cost issues on older sites
- Remedial actions addressing historical failures to comply with planning conditions and poor workmanship
- Margin impact to be recognised on completion of house sales in FY24 and FY25
- Significant changes implemented to strengthen and standardise technical and commercial controls and cost disciplines across all regions
- Remain confident all issues have been identified

Encouraging recent trading

- Improved sales rate over the last five weeks:
 - 5 weeks to 9 February 2024: 0.50
(5 weeks to 10 February 2023: 0.46)
- Pricing remains resilient, with continuing support from incentives
- Sales price changes on Boxing Day:
 - 2.5% increase on 50% of available homes
 - 2.5% reduction on 13% of available homes



*2024: 5 weeks ending 9 February 2024

*2023: 5 weeks ending 10 February 2023

Financial Performance

Group income statement

£ million	H1 23/24	H1 22/23	Change	Notes
Gleeson Homes	142.3	166.7	-14.6%	Homes sold down 14.0%, ASP down 0.8%
Gleeson Land	9.2	4.3	114.0%	1 site sold & final phases of site sold in 2019 (H1 22/23: 1)
Revenue	151.5	171.0	-11.4%	
Gleeson Homes	10.2	18.2	-44.0%	
Gleeson Land	1.0	1.4	-28.6%	
Group overhead	(2.4)	(2.8)	-14.3%	
Operating profit	8.8	16.8	-47.6%	
Interest	(1.6)	(0.7)		
Profit before tax	7.2	16.1	-55.3%	
Tax	(1.6)	(3.3)		22.7% effective tax rate (H1 22/23: 20.4%)
Profit attributable to shareholders	5.6	12.8		
EPS	9.6p	22.0p		

Gleeson Homes: a robust delivery

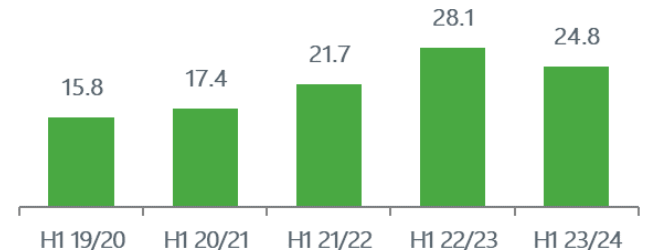
- 769 homes sold (H1 22/23: 894)
 - Including 169 multi-unit sales (H1 22/23: nil)
- ASP £185,000 (H1 22/23: £186,400)
 - Underlying* selling prices up 1.6%
 - Gross prices up 4.0%
 - Average incentive £7,000/3.8% (H1 22/23: £1,900)
 - Customer extras £2,600/1.4% per home (H1 22/23: £3,250)
 - Average home size 2.86 bedrooms (H1 22/23: 2.92)
 - 2-bed 25.6% (H1 22/23: 20.9%)
 - 3-bed 63.2% (H1 22/23: 66.1%)
 - 4-bed 11.2% (H1 22/23: 13.0%)



* Underlying based on open-market sales and adjusting for mix impact

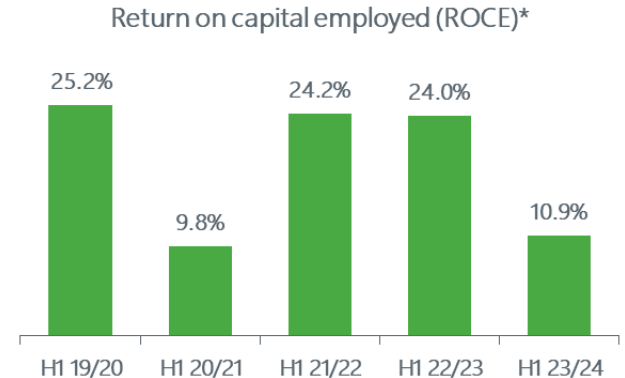
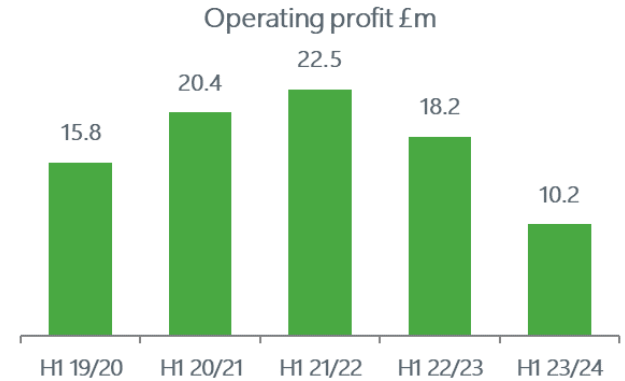
Gleeson Homes: benefits of restructuring

- Gross profit down 24.3% to £34.9m (H1 22/23: £46.1m)
 - Gross profit per home sold £45.3k (H1 22/23: £51.5k)
 - Gross margin on unit sales 24.5% (H1 22/23: 27.7%)
 - Multi-unit sales at 10% - 15% discounts
 - Cost increases on older sites nearing completion
 - Build cost inflation +1.3% in H1
 - For the calendar year 2023, build costs were -3.6% lower
- Overheads reduced 11.7% to £24.8m (H1 22/23: £28.1m)
 - Impact of the organisational restructuring completed June 2023
 - Overhead cost control to continue whilst ensuring capacity to deliver growth



Gleeson Homes: outturn reflects a challenging market

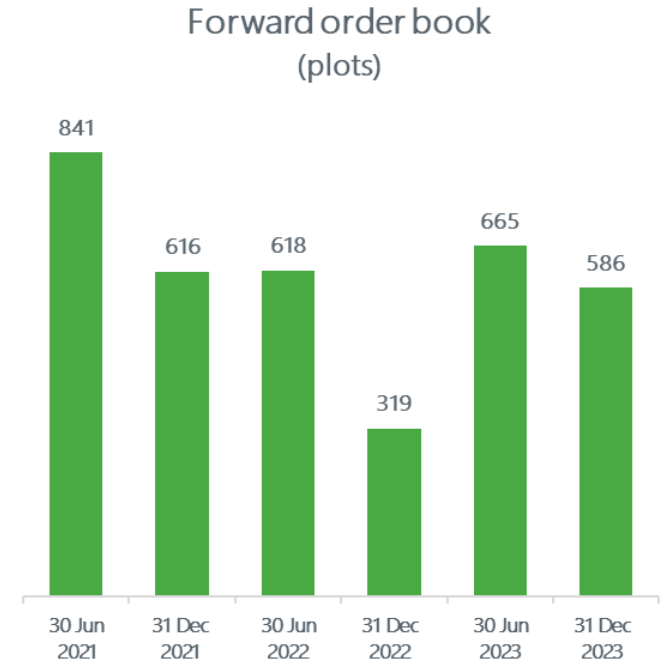
- Other operating income £0.2m (H1 22/23: £0.2m)
- Operating profit £10.2m (H1 22/23: £18.2m)
- Operating margin 7.2% (H1 22/23: 10.9%)
- ROCE* 10.9% (H1 22/23: 24.0%)



*Return on capital employed is calculated based on earnings before interest and tax and exceptional items (EBIT), expressed as a percentage of the average of opening and closing net assets for the prior 12 months after deducting deferred tax and cash and cash equivalents net of borrowings

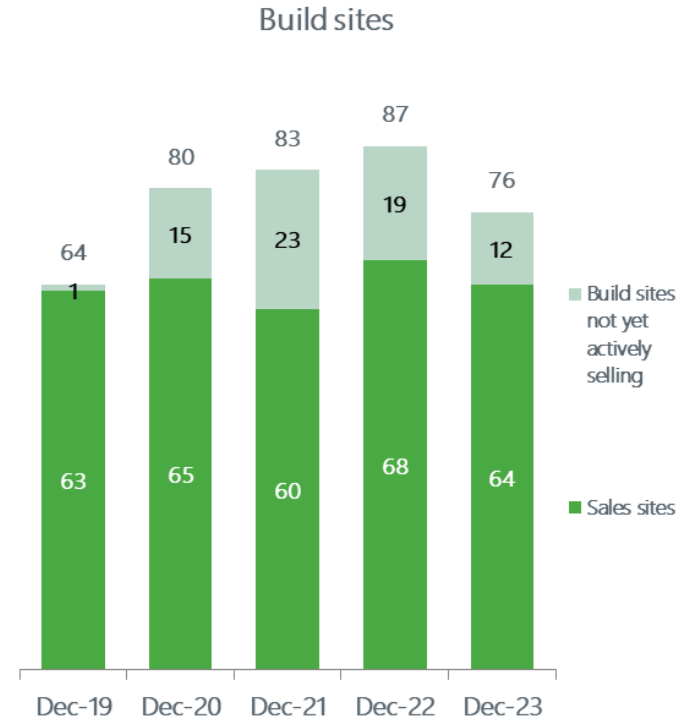
Gleeson Homes: building the forward order book

- Forward order book up 84% from December 2022
 - Partial recovery in demand over last 12 months
 - Multi-unit arrangements
 - Four signed in June 2023
 - Two small arrangements signed in H1
- Expect to end the year with a stronger forward order book assuming:
 - Spring selling season continues at current pace
 - Further multi-unit agreements for sales in H2 and next financial year



Gleeson Homes: build and sales sites

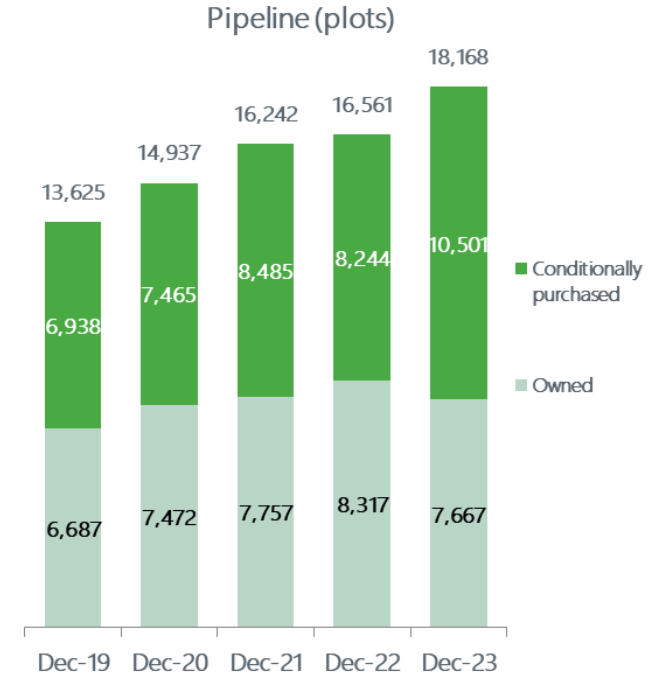
- Planning delays impacted build and sales site starts
- Build sites
 - 3 sites opened (H1 22/23: 3 sites opened)
 - Building on 76 sites (H1 22/23: 87 sites)
 - Expect c80 sites by June 2024
- Sales outlets
 - 2 sites opened for sales (H1 22/23: 10 outlets opened)
 - Selling on 64 outlets (H1 22/23: 68)
 - 67 average outlets (H1 22/23: 66)
 - Expect c60 outlets by June 2024



*Prior to 2020 all sites were actively selling from date of build start

Gleeson Homes: a growing pipeline

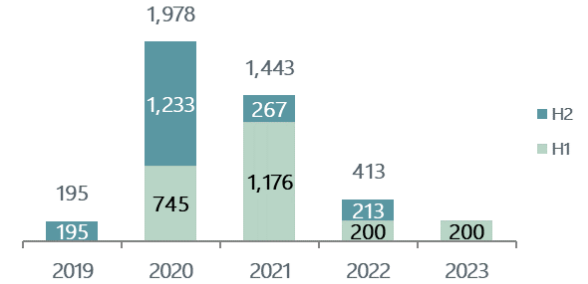
- Pipeline up 9.7% to 18,168 plots on 177 sites
 - 76 active build sites
 - 12 owned, not yet active
 - 89 conditionally purchased sites
- High quality pipeline to support growth
 - Average cost c.£14,800 per plot (31 Dec 2022: £13,000)
- Land still available at sensible prices
 - Cost per plot significantly less than 10% of expected ASP
 - Land cost on pipeline additions £18,800 per plot (31 Dec 2022: £15,500)



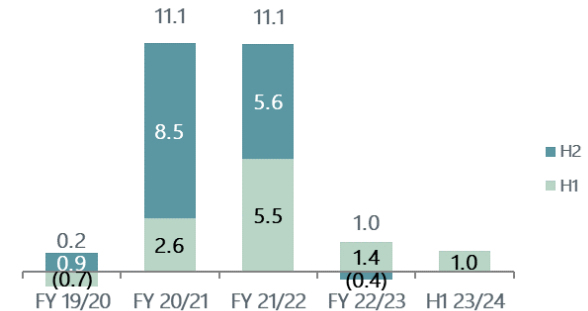
Gleeson Land

- 1 land sale completed (H1 22/23: 1 land sale)
 - 200 developable plots (H1 22/23: 200)
 - Gross profit per plot £14,855 (H1 22/23: £15,555)
- Gross profit £2.9m (H1 22/23: £3.1m)
- Overheads £1.9m (H1 22/23: £1.7m)
- Operating profit £1.0m (H1 22/23: £1.4m)
- ROCE 1.5% (H1 22/23: 15.7%)

Site sales (number of plots)



Operating profit £m



Group balance sheet

£ million		31 December 2023	31 December 2022	Notes
Gleeson Homes	Land	98.2	102.0	£12,800 per plot (December 22: £12,300)
	WIP	227.4	192.1	£3.0m per site (December 22: £2.2m, June 23: £2.6m)
Gleeson Land	Land	14.0	14.7	70 sites (December 22: 71 sites)
	WIP	18.5	18.0	
Total inventories		358.1	326.8	
Other assets		21.2	33.4	£15m Gleeson Homes, £3m Gleeson Land, £1m Corp, £2m tax
Gleeson Homes land creditors		(10.9)	(13.4)	11.1% of Gleeson Homes land assets (December 22: 13.1%)
Other liabilities*		(62.5)	(82.3)	£58m Gleeson Homes, £2m Gleeson Land, £3m Corp.
(Net debt)/cash		(18.7)	13.5	
Net assets		287.2	278.0	

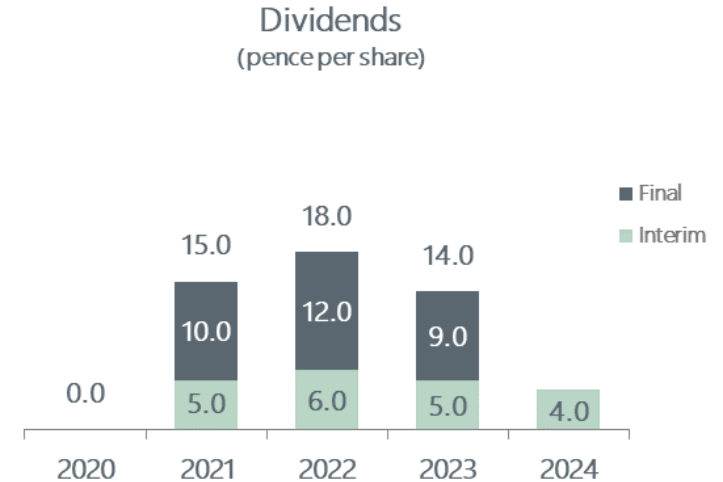
*Includes £12.6m exceptional building safety provision (June 2023: £12.8m)

Group cash flow

£ million	H1 23/24	H2 22/23	Notes
Profit before tax	7.2	16.1	
Depreciation and other	4.3	3.0	Depreciation, provisions, finance costs and SBP charges
Working capital movements	(24.6)	(29.2)	Reflects investment in Part L in FY23 & increased stocks
Cash generated from operating activities	(13.1)	(10.1)	
Tax	(2.0)	(0.6)	
Interest and finance costs	(2.0)	(0.8)	Increased borrowings during the period
Disposal of assets	0.5	0.6	Redemption of shared equity receivables
Purchase of fixed assets	(1.5)	(1.8)	Sales arenas, show homes, compounds and offices
Net cash flow from operating & investing activities	(18.1)	(12.7)	
Increase in loans and borrowings	13.0	-	Loans drawn during the period the period
Purchase of own shares	(0.1)	(0.3)	
Principal elements of lease payments	(0.5)	(0.3)	Office & equipment leases
Dividends	(5.2)	(7.0)	
Decrease in cash	(10.9)	(20.3)	

Capital allocation policy supports growth

- Interim dividend of 4.0 pence per share (H1 22/23: 5.0 pence)
- To be paid on 2 April 2024 to shareholders on the register at close of business on 1 March 2024
- Company's established dividend cover policy of between 3 and 5 times

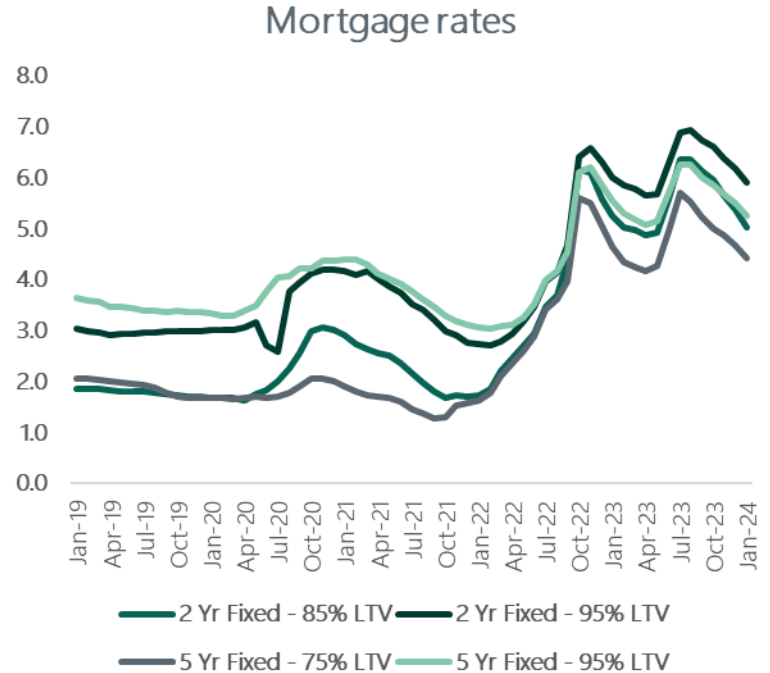


Operations & Strategy

Gleeson Homes

Market context

- Planning system under-resourced and tortuous
- Build cost inflation / deflation has been uneven
- Mortgage rates reducing
- Affordability strong at low-cost end of market
- Buyer confidence key



Source: Bank of England

Prepared for return to growth

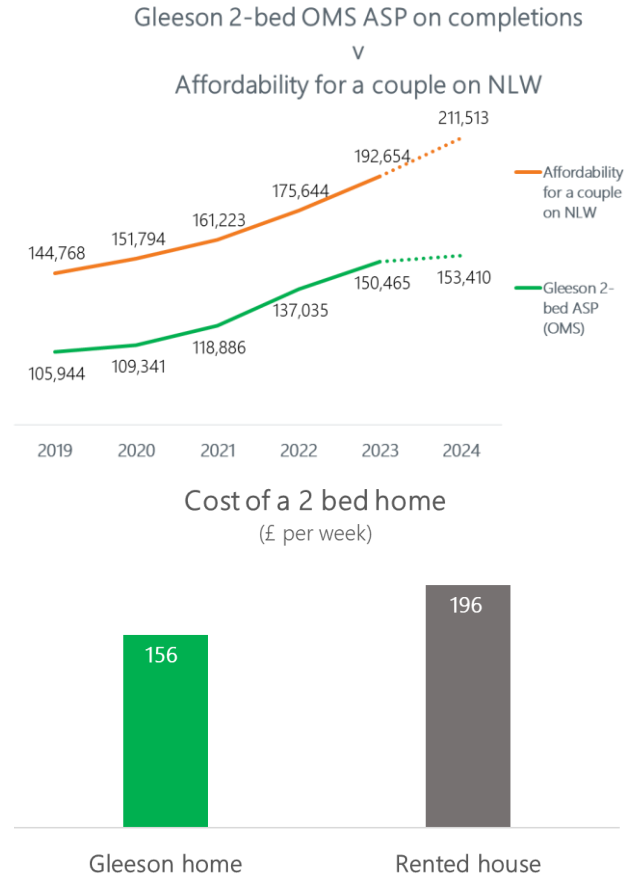
- Regional operating structure in place with capacity for growth
- Strategic initiatives being implemented to drive growth
 - Product refresh complete
 - Marketing broadened to wider demographic
 - Intense focus on upskilling sales teams
- Strong pipeline of sites will support growth in sales outlets from FY25/26
- Further multi-unit sales expected this financial year
- Customer and quality focus improved, with emphasis on continuous improvement



Rosie, Petersmiths Park, Ollerton
3 bedroom, semi-detached 'Tyrone'

Remaining highly affordable

- Affordable for low-income buyers
 - Mortgage payments 19% take home pay v UK average 38%*
 - National Living Wage (NLW) increasing by 9.8% in April 2024
 - A couple on the NLW will be able to afford a home costing £211,513
 - 38% higher than Gleeson's average 2-bed home
 - Higher than Gleeson average 3-bed home
- Affordable alternative to renting
 - Typical Gleeson 2-bed homes costs £156 per week to buy versus £196 per week to rent
- Attractive to value driven buyers
 - Significantly lower cost but equal quality to other housebuilders



*Source: Nationwide Building Society FTB mortgage payment % by region

Gleeson 2-bed FOB OMS ASP £156,521. Mortgage payments on 90% LTV, 5 year fixed, 35 year term at 4.60%.

Rental cost based on the median of new rent listings of a 2-bed house in the North of England and East Midlands in Jan 2024. Data provided by OnTheMarket

The route to 3,000 homes p.a.

- Under supplied market segment, with strong underlying demand for high-quality affordable homes

- Business well-positioned to achieve growth:
 - 101 pipeline sites
 - Opening 30 sales sites p.a. from FY25/26
 - Well-controlled expansion

- Remain confident of achieving at least 3,000 units p.a. in a stable market

- Partnership incremental to medium term objective

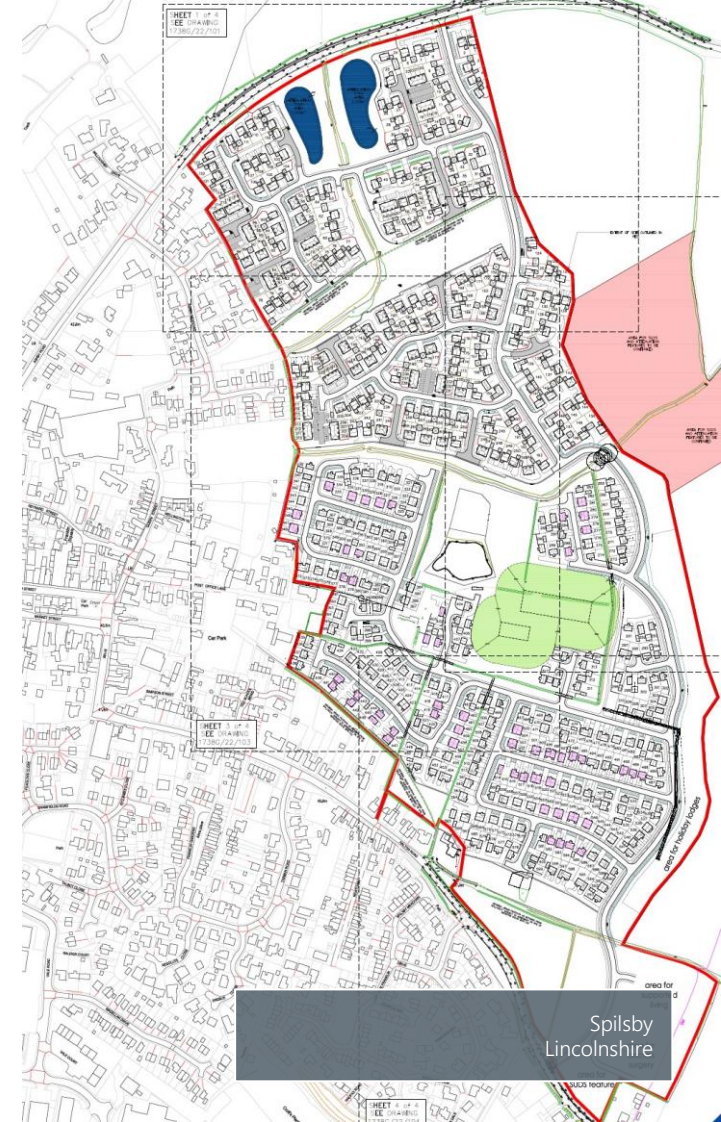
	FY24	Medium-term – stable market scenario
Sales rate*	0.43	0.60
Sales outlets	65**	100
Total homes sold	1,800*	3,000

* Net reservations per site / week excluding multi-unit sales based on analysts' FY24 consensus of circa 1,800 homes sold in FY24

** Average sales outlets in FY24

Progress in partnerships

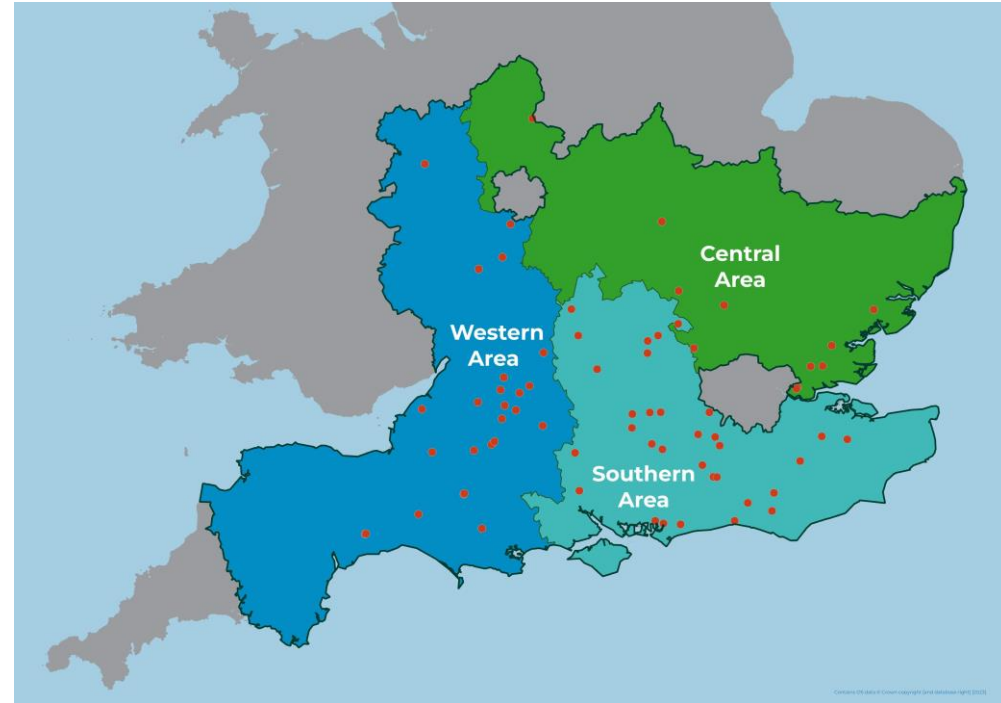
- Gleeson design, price and quality attractive to a range of partnership investors
- Discussions with a number of high-quality partners
- Partnership developments accretive to existing growth plans
 - Forward funding structure enhances returns
 - Opportunity to develop and de-risk larger, more efficient sites
 - Dedicated team but low additional investment



Gleeson Land

Implementing the growth strategy

- Team strengthened to 20 experienced technical, land and planning experts
- Organised into three distinct regions
 - Senior appointments with regional expertise
- Market-leading data analytics capabilities delivering increased opportunities
- Expect to build the pipeline significantly over the next few years
 - Low investment – small promotion and legal fees



NPPF: Planning is failing the country

- Political compromise has fundamentally weakened the NPPF
- Crucial targets downgraded to advisory, though requirements remain for justification and evidence
- Likely to result in further delays to planning
- A future Labour administration has committed to reversing the NPPF changes

↓ 44% *drop in average annual funding in local government planning departments since 2010*

↓ 50%+ *fewer staff in local government planning departments*

60+ *local authorities that have withdrawn housing plans since mandatory targets abolished*

77k *homes p.a. "lost"*

↓ c.100k *fewer homes built in 2023 against 300k annual target*

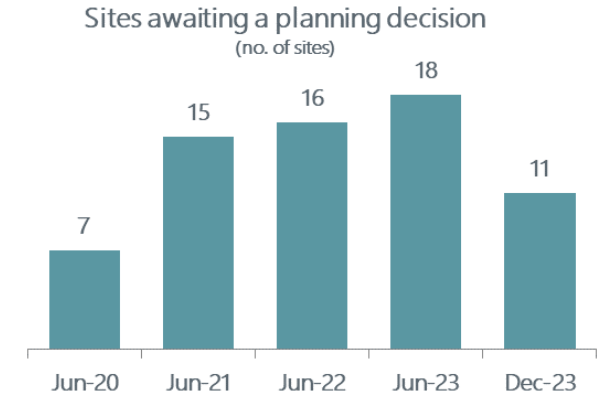
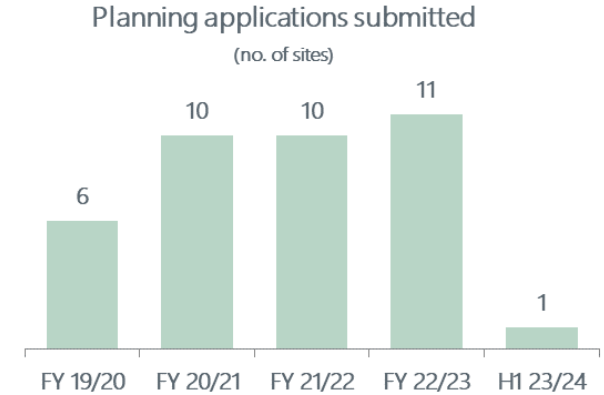
375k *fewer jobs*

£20bn *drop in economic activity*

£2.5bn+ *less tax take*

Navigating the system

- 1 planning application submitted (FY23: 11, H1 FY23: 4)
- 4 sites granted permission (FY23: 6)
- Planning consent refused on 4 sites, of which 3 via appeal
 - These sites will be promoted through the local plan process
- 11 sites awaiting a planning decision (June 2023: 18 sites, Dec 2022: 18 sites)
 - Of which, 4 sites awaiting appeal (June 2023: 8, Dec 2022: 4)
- 9 sites currently with permission (June 2023: 6)



Summary & Outlook

Summary & outlook

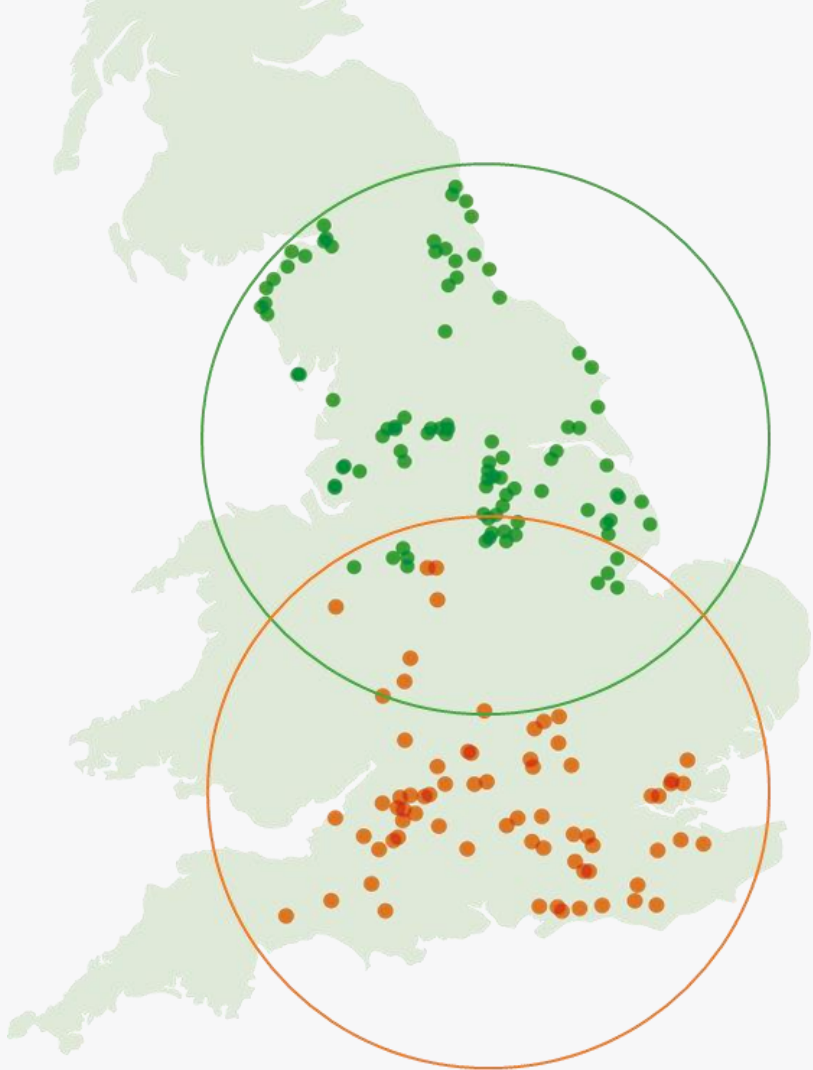
- Robust trading performance despite market conditions
- Improved operations to drive efficiency and support growth
- Encouraged by recent trading uptick, anticipating continued gradual recovery
- Remain confident in delivery of current year expectations and medium-term objectives



The Rowans, Cumbria
Left: 3 bedroom, semi-detached 'Tyrone'
Right: 2 bedroom, semi-detached 'Cork'

Q&A

Appendices



Gleeson Homes

We build and sell high-quality, low-cost homes where they are needed, for people who need them most.

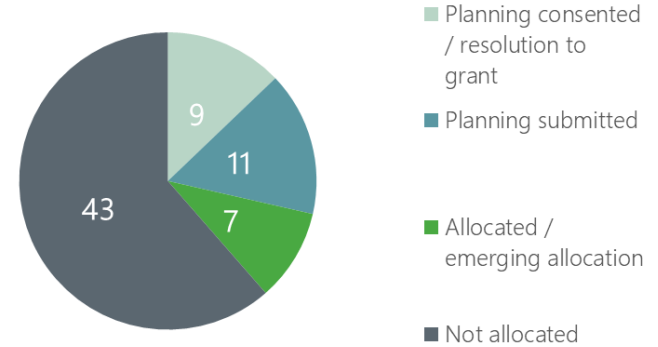
Gleeson Land

We promote land, enhancing its value by securing mainly residential planning consent.

Gleeson Land – Pipeline

- 70 sites (Dec 22: 71 sites)
- 17,574 plots (Dec 22: 18,775 plots)
- 1,660 plots on 9 sites with consent / resolution to grant (June 2023: 1,400 plots on 6 sites)

At 31 December 2023



	As at 31 December 2023		As at 30 June 2023		As at 31 December 2022	
	No. Sites	Plots	No. Sites	Plots	No. Sites	Plots
Planning consented / resolution to grant	9	1,660	6	1,400	6	1,525
Planning submitted	11	3,328	18	4,285	16	3,478
Allocated / emerging allocation	7	1,374	6	1,881	8	2,655
Not allocated	43	11,212	40	10,265	41	11,117
Total	70	17,574	70	17,831	71	18,775

Significantly cheaper to buy than rent

Number of bedrooms	Average Gleeson price	85% LTV mortgage (cost per week)	90% LTV mortgage (cost per week)	Rented house – new lettings (cost per week)
2 bed	£153,400	£141	£153	£196
3 bed	£189,400	£174	£189	£248
4 bed	£249,800	£229	£249	£346

All mortgage payments based on Mortgage payments on 90%/85% LTV, 5yr fixed, 35yr term at 4.6%/4.4% (best available mortgage from Rightmove) on Gleeson average OMS ASP in 7-months to Jan-24
Rented house new lettings is based on new lettings in Jan-24 from OnTheMarket

Customer demographics & case studies

Customer demographics

- Change in demographic due to affordability and quality:
 - First-time buyers: up from 50% to 55% (80% two years ago)
 - Over 55 year olds: still 20% (10% two years ago)
 - Cash buyers: down from 10% to 5% (5% two years ago)
 - Loan to Income: down to 3.2x earnings (3.3 times two years ago)
 - Median buyer age: up from 32 to 34 years (29 years old two years ago)
 - Average deposit for mortgaged buyers: still 15%
- The lowest earners:
 - 5% of UK workforce earn the National Living Wage
 - 15% of Gleeson customers earn the National Living Wage
- The highest earners:
 - Top 10% of Gleeson buyers median income £59,500 p.a. (£48,400 two years ago)



Lucy and Harris,
Northbeck Grange, Bradford

Our case studies

Alicia and Billy

Buyer name:	Billy and Alicia, both 25
Occupation:	Infantry Soldier and Marketing Executive
Date of purchase:	October 2023
Development:	Rainsborough Park, West Yorkshire
House type:	2-bedroom, semi-detached Mayfield
Purchase price:	£161,995
Mortgage:	£741 per month

Before buying their Gleeson Home, Alicia lived in the Midlands as an owner of a 1-bedroom apartment and Billy lived in army barracks in Catterick Garrison. As Billy grew up in Yorkshire, he wanted to move closer to his family which was commutable to Catterick.

Alicia and Billy wanted the security of a new-build home, where they knew they could rely on the warranty if there were any issues with the property itself.

They chose Gleeson over other new build developers in the area due to the fantastic location and affordability. The site has great transport links with two major cities nearby, which appealed to the couple. They also knew that they could comfortably afford a Gleeson home, allowing for growing room and financial stability in their family.



Our case studies

Natalie and James

Buyer name:	James and Natalie, both 24
Occupation:	HGV Driver and Video Editor
Date of purchase:	September 2023
Development:	Moorland Green, Tyne and Wear
House type:	3-bedroom, detached Kildare
Purchase price:	£130,896 through the First Homes scheme
Mortgage:	£731 per month

Before buying their first home together, Natalie lived with her parents and James lived with his mum, so they could maximise their savings for a deposit. They didn't want to rent a home as they wanted the flexibility to make changes to their own tastes.

Natalie and James started their search with Gleeson as they knew they offered the First Homes scheme. They also liked the area where the scheme was available.

Natalie has since recommended buying a Gleeson home to her parents who are looking to downsize, and her cousin who is a first time buyer.



Our case studies

Damon and Francesca

Buyer name:	Damon and Francesca, both 66
Occupation:	Retired
Date of purchase:	April 2023
Development:	Calluna Grange, Cumbria
House type:	4-bedroom detached Blessington
Purchase price:	£255,995
Mortgage:	No mortgage

After making the decision to move from Brighton to Cumbria, Damon and Francesca started looking at a number of new build developments in the area.

They visited various show homes and found that Gleeson stood out as their top choice due to the exceptional quality of the homes, spaciousness and impeccable finish.

Damon and Francesca are very happy to have found their dream home, at the right price, after a year of searching.



Our case studies

Michelle

Buyer name:	Michelle, 45
Occupation:	Mental Health Worker
Date of purchase:	September 2023
Development:	Firbeck Fields, Worksop
House type:	3 bedroom, detached Brandon
Purchase price:	£219,000
Mortgage:	£575 per month

After living in her two-bedroom semi-detached home for 21 years, Michelle was ready for a fresh start, so she decided to sell up and purchase a brand-new home with Gleeson.

Using the Gleeson PX Part Exchange scheme, Michelle was able to forego the typical stress of selling her existing home and enjoy the seamless process of buying her dream home.

She wanted a quality home at an affordable price, and this was exactly what she was able to get. By choosing Gleeson, she was able to buy a spacious, 3-bedroom home which she never thought she would be able to own herself.



Refreshed marketing

Then and now

Sales centre and development signage



Then and now

Sales centres and livery



Sustainability

Operating sustainably

- Safety Health and Environment (SHE) software platform to improve analysis of SHE data
- Achieved score of 87% employee engagement maintaining our upper quartile engagement across all companies
- Gained ILM recognition for our commitment to learning and development
- Engaged with customers on wildlife & biodiversity
- Launched Gleeson Biodiversity Strategy, going beyond compliance / planning obligations
- Partnered with Buglife, the only organisation in Europe devoted to the conservation of all invertebrates
- Full TCFD and SASB reporting
- CDP Disclosure for third consecutive year
- Real Living Wage accredited – first housebuilder to commit
- FairTax Foundation – first housebuilder to be accredited, achieved for the third year running
- Continued partnership with Future Homes Hub and Supply Chain Sustainability School
- 99.9% timber sourced sustainably from PEFC or FSC accredited sources
- 99% of waste diverted from landfill



Communities



Environment

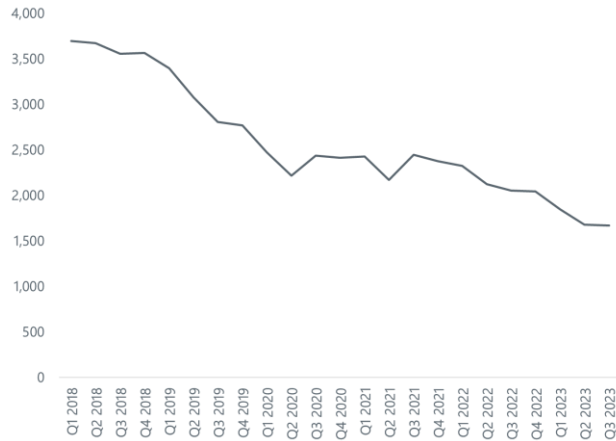


People

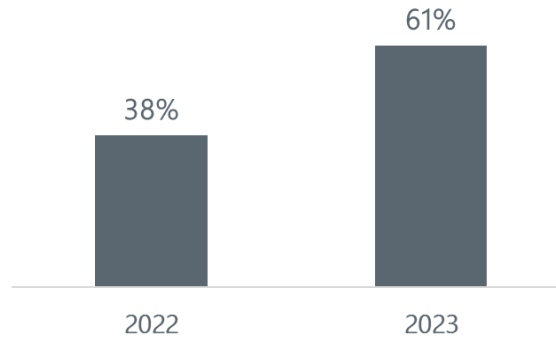
Market Backdrop

Land, planning & housebuilding

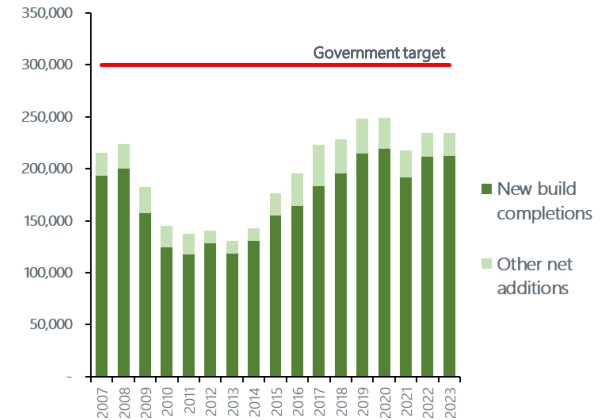
Planning approvals
(South East, South West and Midlands)



Appeals dismissed
(South East, South West and Midlands)

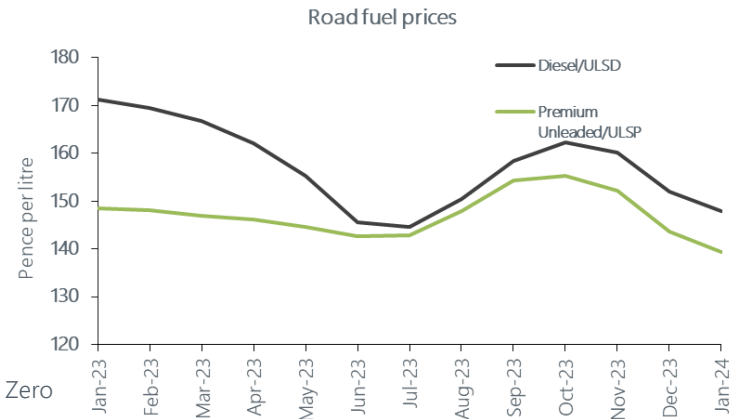
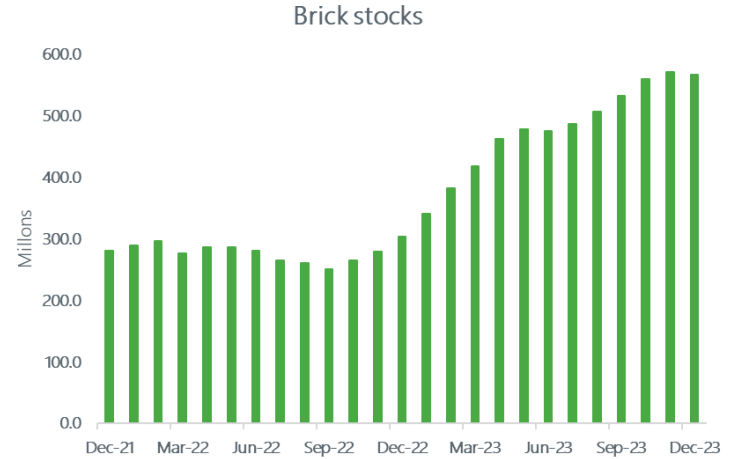


Net additional dwellings
(England)



Healthy supply chain

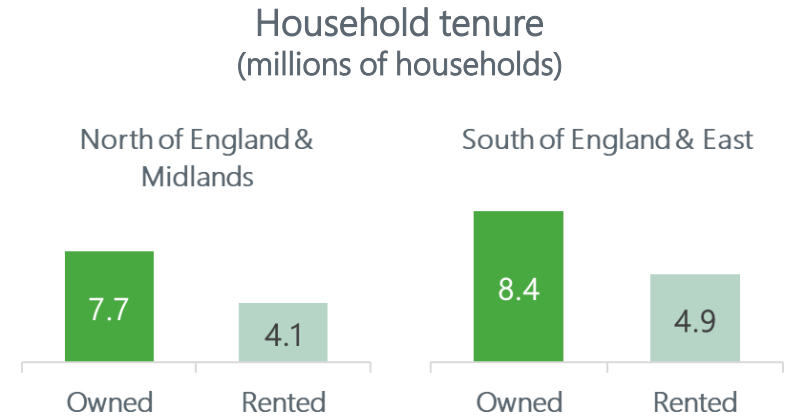
- Materials:
 - Availability high
 - Call-off periods & delivery times back to normal
 - Fuel prices falling
- Labour:
 - Availability good
 - Lower rates for bricklayers, groundworkers, roofers & joiners
- Build cost inflation:
 - -3.6% lower in 12 months to December 2023
 - +1.3% higher in last 6 months



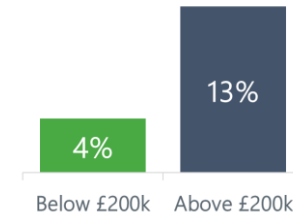
Source: Brick stocks Department for Business & Trade; Fuel prices Department for Energy Security & Net Zero

Structural under-supply of quality, affordable homes

- Shortage of affordable homes in North of England and Midlands:
 - 4.1 million households renting
 - 0.6 million households on Local Authority waiting lists
 - 2.1 million adults living with parents
- Little choice of affordable new build homes in North of England and East Midlands
 - 4% of all homes below £200,000 are new build
 - 13% of all homes above £200,000 are new build
- Energy performance poor in most existing homes
 - 16% of English housing stock rated A or B (EPC)
 - 84% of new builds rated A or B (EPC)
 - 96% of Gleeson Homes rated A or B (EPC)



New build % of all homes bought
North of England & East Midlands



Source: ONS Table 109 Dwelling stock: by tenure and region, England, to 31 March 2022; Homes for sale Land Registry 2022 ; EPC ratings DLUHC (HM Land Registry confirmed that historic data refreshes due to a backlog of new title cases)

Mortgage rates and costs

- Buyers still adjusting to higher cost of buying
- Alternative products available following end of HtB in March 2023
 - First Homes, Shared Ownership, Deposit Unlock, HtB Mortgage guarantee, Own New
- Mortgage market healthy, arrears low, availability high
 - 85% LTV – 1,086 first time buyer products
 - 90% LTV – 550 first time buyer products

Best available first-time-buyer mortgage rates:

	<u>5-yr fixed</u>	<u>2-yr fixed</u>	<u>Variable</u>
85% LTV	4.4%	4.8%	5.7%
90% LTV	4.6%	5.1%	5.9%

Source: Rightmove best available rates February 2024, moneyfactscompare.co.uk

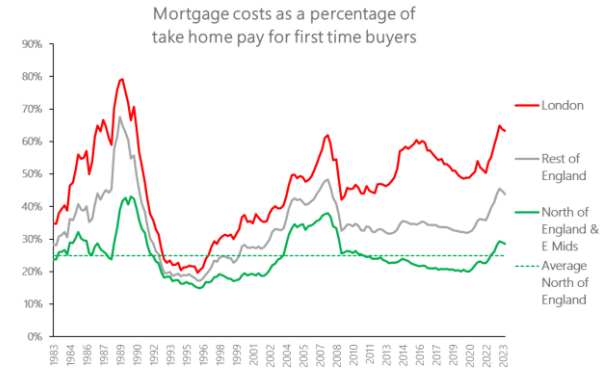
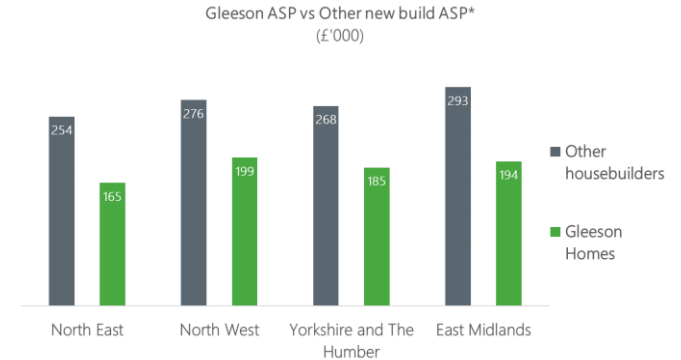
Cost of home ownership

- Selling prices remain low
 - £340,600 average new build house price in England*
 - £272,600 average price charged by other housebuilders in Gleeson's regions
 - 47% higher than Gleeson's average selling price of £185,000
- Rental costs for a typical 3-bed house in the North and East Midlands have risen 8.4%** in the last 6 months to £1,075 per month
- Energy savings important – typically £15 per week saving from January 2024 on a 2-bed home
 - Average existing 3-bed house energy bill £2,500 p.a. from Jan 2024
 - Average Gleeson 3-bed house energy bill £1,430 p.a. from Jan 2024

*Source: ONS Table 23 average annual selling prices for all new build dwellings for 12 months to December 2022

Average Gleeson selling price on completions in H1 FY24

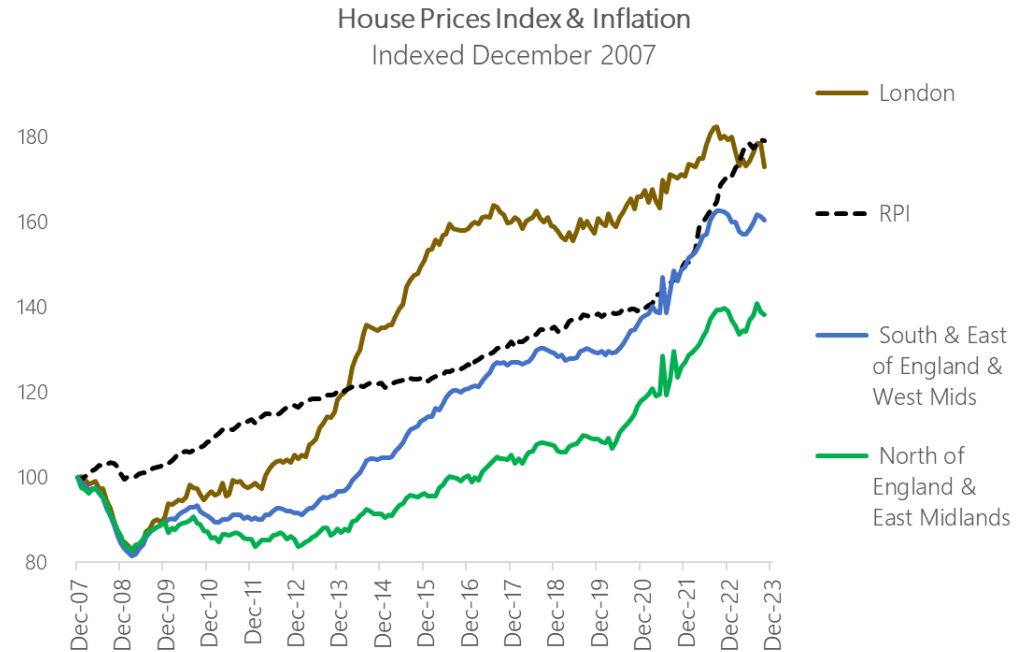
**Rented house new lettings is based on new lettings from Jul-23 to Jan-24 from OnTheMarket



Source: Nationwide

House prices – North of England isn't North London

- Price increases since 2007 vary by region:
 - London up 93%
 - North of England & East Midlands up 46%
 - Below rise in RPI of 79%
- Since 2014:
 - National Living Wage up 65%
 - Gleeson prices up 53%
- Since August 2022:
 - London house prices down 1%
 - North of England & East Midlands prices down 1%



Source: ONS; UK House Price Index

Thank you

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