

MJ Gleeson – the urban regeneration specialist

Site visit Carlisle Park, Rotherham - Friday 20th May 2016 Wayne Bishop and Craig Hart

Please note this company is not a core holding so for portfolios where your ethics and portfolio aims allow we have been investing in this company since October 2015, having held a watching brief before this time. We were offered the opportunity to visit one of their developments in Rotherham, South Yorkshire. Some families are already in situ whilst building works continue to releases up further plots as they become available.

We have MJ Gleeson classified as Best of sector – housing. Our profile states that this housebuilder provides low cost family homes in socially and economically deprived areas that benefit from urban regeneration. MJ Gleeson partnered with the Chief Police Officers Association to design homes that are secure – a real issue in many of the areas where their houses are built. Evidence of environmental management is somewhat lacking although all timber is certified from sustainable sources. The company was the first major housebuilder to sign up as a Living Wage employer and has an above average safety record.

We have always been impressed when meeting Management and also we like to align ourselves with their business plan and the company's regeneration of land whether previously barren from contamination, plots claimed back from local gangs/anti-social behaviour or simply just years of neglect from the local authority. The company do not buy land that other housebuilders are interested in. They do not wish to build homes to the same specification or in the same areas as the likes of Crest Nicholson or Berkeley Homes.

As mentioned previously the company prides itself on providing low cost family homes for, as the CEO of the company likes to use his analogy of a Bus Driver and his wife earning the average wage for that region being able to own their own home. We wanted to test this theory and make sure that this was indeed true. Whilst touring the plot the Management stated that over 90% of residents came from within a mile and a half radius of this site, thereby not only providing low cost housing to the family but also freeing up council housing for the local authority. In the vast majority of cases with "Help to Buy" the option of owning their own home is cheaper than renting older property from the local authority.

The company works alongside the local authority to show the benefits that building new homes will bring, not only to the families but to the local economy as well. They are just not buying land for the sake of it. They employ local tradesmen as well and provide training and apprenticeship opportunities for local unemployed people. This helps to recycle that wage back into the local economy again. Gleeson also has The Gleeson Community Sports Foundation that provides sponsorship opportunities for local junior sports clubs. Alterations to property's for disabled occupants are carried out free of charge, and a Neighbourhood Watch scheme is initiated on all their developments. Occupants are also encouraged to keep gas and electricity bills for a year after moving in, these can then be sent to the company so Gleeson can carry out an annual survey of utility costs. The families are rewarded with M&S vouchers for doing so. Gleeson state it costs £12.86 per week to heat and light their semi-detached homes.

We were pleasantly surprised and very impressed by the standard of the build of the houses, the company's commitment to their projects and the overall site. We were very pleased to have been given the opportunity to see our investment first hand and it has strengthened our view that it is a good company executing its strategy and also it is worthwhile investment where your mandate permits.

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