WATKIN JONES
HOME CONSTRUCTION

21 October 2025

WJG.L

31.4p

Market Cap: £80.5m

SHARE PRICE (p)



12m high/low 39p/18p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£70.9m *(at 30/09/25)*
Enterprise value	£9.6m
Index/market	AIM
Next news	FY results, TBC
Shares in issue (m)	256.4
Chairman	Alan Giddins
CEO	Alex Pease
CFO	Simon Jones

COMPANY DESCRIPTION

Watkin Jones develops large-scale residential-for-rent properties in the build-to-rent & student accommodation markets.

www.watkinjones.com

WATKIN JONES IS A RESEARCH CLIENT OF PROGRESSIVE

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FY25E 'in line' and cash boost post year-end

Watkin Jones has confirmed indications made in last month's project announcement that it expects to meet current expectations for FY25E adjusted operating profit and net cash. The UK's leading rental developer and manager states 'we enter FY26 with a strong pipeline of opportunities' and its medium-term outlook remains 'attractive, supported by a structural shortage of rental and student properties and enduring investor appetite'.

- **FY25E 'in line', as indicated.** Today's trading update for the year to 30 September confirms that Watkin Jones expects to report revenue of c.£280m and adjusted operating profit 'in line with current market expectations'. It reiterates the group's project announcement of 30 September, which stated that its £182m purpose-built student accommodation (PBSA) scheme in Glasgow and 'continued strong operational delivery across the business' were expected to enable it to meet its financial expectations for the year.
- **'Strong pipeline' for FY26E.** We are not changing our estimates for FY25E, other than to reduce revenue to £280m from £317m, reflecting the structure of the Glasgow and earlier Stratford PBSA JVs, in which the associated land sales are excluded. We intend to add FY26E estimates at the FY25 results announcement, which we believe will confirm today's outlook statement regarding a 'strong pipeline of opportunities'. Watkin Jones has exchanged on three schemes in the year, subject to planning, totalling c.1,000 rooms.
- **Significant cash increase since year-end.** Cash management has remained a 'key focus', with gross and net cash as at 30 September 2025 of c.£80m (FY24: £97m) and c.£70m (FY24: £83m), respectively. A number of cash receipts, including a significant portion associated with the Glasgow transaction of £10m, were received in early October and consequently 'the group's cash position has increased post year end'.
- **Resilient performance ahead of long-term growth prospects.** As we have previously observed, the group has demonstrated resilience amid challenging markets and 'timetables being extended on certain transactions', maintaining its FY25E estimates for over a year. It has, for instance, adapted its model, including the Glasgow and Stratford JVs. We continue to believe the long-term outlook for newly built rental accommodation will be underpinned by international investors attracted by shortages of supply and income characteristics. (See page 2.)

FYE SEP (£M)	2021	2022	2023	2024	2025E
Revenue	430.2	407.1	413.2	362.4	280.0
Fully Adj PBT	51.1	48.8	-2.9	9.2	5.3
Fully Adj EPS, dil (p)	16.3	14.8	-0.6	3.5	1.5
Dividend per share (p)	8.2	7.4	1.4	0.0	0.0
PER (x)	1.9x	2.1x	N/A	9.0x	20.5x
Dividend yield (%)	26.1%	23.6%	4.5%	N/A	N/A
EV/EBITDA (x)	0.1x	0.2x	1.4x	0.5x	0.7x

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Group addresses growing private and student rental markets, backed in long term by Fresh accommodation management business

WJG in brief: capital-light model in growth markets

The group, admitted to AIM in 2016, in our view offers a unique capital-light development and asset management model for private and student rental. It develops BTR and PBSA schemes, largely forward funded by institutions, which acquire sites from WJG with the benefit of planning and then pay for construction monthly as development progresses, thus reducing capital tie-up for WJG. The group also provides an accommodation management service through its Fresh Property Group (FPG) business, which manages both WJG and third-party developed assets. We believe the group should benefit from continuing growth opportunities in new student accommodation, has 'early mover advantage' in BTR, and this is all tied together by FPG in what we have defined as a 'virtuous circle'. For more information, see the Watkin Jones section of Progressive's website.

Key current themes: addressing growing rental markets

- **Capital-light investment model.** Institutional investors have underpinned the group's capital-light growth model by acquiring developments on a forward-sales basis, in which they pay for the land and the development works as they progress. The current elevated interest rates have led to a partial slowdown in investment, but we believe both BTR and PBSA remain attractive due to long-term visibility of rental income.
- **Build-to-rent.** As we have argued in our research, we expect long-term growth in BTR, fuelled by demand from renters, either economically or for 'lifestyle', and from investors, attracted by relatively defensive, inflation-hedging yields.
- **Student demand remains high.** Despite past worries that Brexit and then Covid might have deterred university entries, particularly from overseas students, UCAS continues to register new records for applications from both home and abroad.
- **Opportunities in land market – boosted by strong balance sheet.** Any slowdown in investment decisions could, in our view, open up new opportunities for WJG to buy land at reduced prices, given the group's net cash position. We believe WJG could exploit significant opportunities from landowners in challenged sectors such as retail and leisure. WJG could also benefit from recent changes to planning rules, allowing vacant office and retail properties to be fast-tracked for residential use.
- **Fresh accommodation management: tying the group together.** We see Fresh as not only providing a stable income stream from its regular management fees but also using its insight and 'brand' to tie together student accommodation, BTR and possibly co-living as graduates move into work.
- **Refresh ageing university stock.** The group diversified from its new-build model during FY24, with the launch of Refresh, which refurbishes existing PBSA properties, improving their energy efficiency and building safety remediation. Given the ageing university accommodation stock, we see this as a huge long-term opportunity.

Financial Summary: Watkin Jones

Year end: September (£m unless shown)

PROFIT & LOSS	**2021**	**2022**	**2023**	**2024**	**2025E**
Revenue	430.2	407.1	413.2	362.4	280.0
Adj EBITDA	65.9	63.1	7.1	17.5	12.9
Adj EBIT	57.3	54.7	0.2	10.6	6.0
Reported PBT	51.1	18.4	(42.5)	(0.3)	4.2
Fully Adj PBT	51.1	48.8	(2.9)	9.2	5.3
NOPAT	47.0	42.6	0.1	10.4	4.5
Reported EPS (p)	16.4	5.2	(12.7)	0.7	1.2
Fully Adj EPS (p)	16.3	14.8	(0.6)	3.5	1.5
Dividend per share (p)	8.2	7.4	1.4	0.0	0.0

CASH FLOW & BALANCE SHEET	**2021**	**2022**	**2023**	**2024**	**2025E**
Operating cash flow	76.3	(19.6)	(17.2)	27.5	(7.1)
Free Cash flow	61.3	(15.3)	(16.5)	30.1	(9.1)
FCF per share (p)	23.9	(6.0)	(6.4)	11.7	(3.6)
Acquisitions	0.1	0.0	0.0	16.8	0.0
Net cash flow	1.8	(25.5)	(38.4)	24.5	(9.1)
Overdrafts / borrowings	141.2	77.4	73.7	54.4	
Cash & equivalents	136.3	110.8	72.4	97.0	
Net (Debt)/Cash, pre-IFRS 16	124.3	82.6	43.9	83.4	70.9
IFRS 16 Lease liabilities	(129.3)	(49.1)	(45.2)	(40.8)	(37.4)
Net (Debt)/Cash post-IFRS 16	(4.9)	33.5	(1.3)	42.6	33.5

NAV AND RETURNS	**2021**	**2022**	**2023**	**2024**	**2025E**
Net asset value	184.8	176.5	128.8	130.7	135.2
NAV/share (p)	72.1	68.8	50.2	51.0	52.2
Net Tangible Asset Value	172.1	164.3	117.2	119.6	123.3
NTAV/share (p)	67.2	64.1	45.7	46.7	48.1
Average equity	176.3	180.9	153.5	131.3	132.6
Post-tax ROE (%)	23.8%	7.4%	(21.2%)	1.4%	2.4%

METRICS	**2021**	**2022**	**2023**	**2024**	**2025E**
Revenue growth	21.5%	(5.4%)	1.5%	(12.3%)	(22.7%)
Adj EBITDA growth	7.9%	(4.3%)	(88.7%)	145.5%	(26.3%)
Adj EBIT growth	10.8%	(4.5%)	(99.7%)	6115.9%	(43.4%)
Adj PBT growth	11.7%	(4.6%)	(105.9%)	(422.0%)	(42.7%)
Adj EPS growth	11.2%	(9.7%)	(104.4%)	(638.6%)	(56.2%)
Dividend growth	11.6%	(9.8%)	(81.1%)	(100.0%)	N/A
Adj EBIT margins	13.3%	13.4%	0.0%	2.9%	2.1%

VALUATION	**2021**	**2022**	**2023**	**2024**	**2025E**
EV/Sales (x)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA (x)	0.1	0.2	1.4	0.5	0.7
EV/NOPAT (x)	0.2	0.2	97.1	0.9	2.1
PER (x)	1.9	2.1	N/A	9.0	20.5
Dividend yield (%)	26.1%	23.6%	4.5%	N/A	N/A
FCF yield	76.2%	(19.0%)	(20.5%)	37.4%	(11.3%)

Source: Company information and Progressive Equity Research estimates

Progressive EQUITY RESEARCH

21 October 2025

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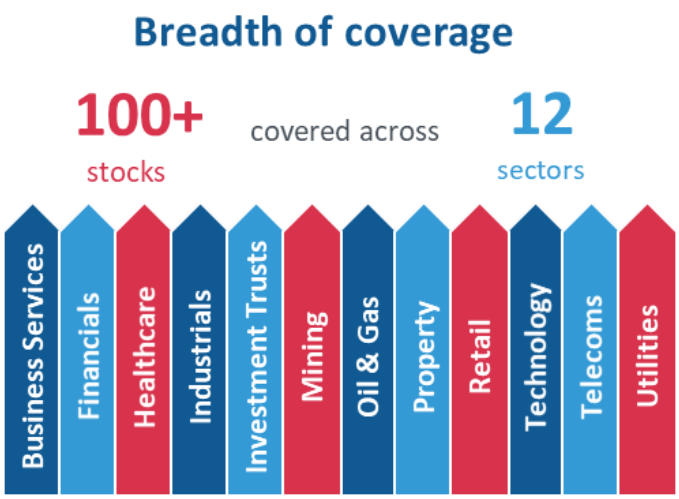
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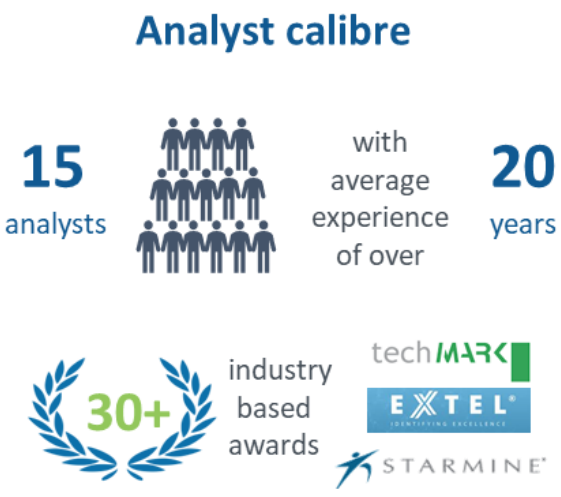
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