Resilient performance reflected in improved profitability and cash position

Full Year Results to 30 September 2024

23 January 2025

Alex Pease
Chief Executive Officer

Simon Jones
Chief Financial Officer

Metal Works, Bedminster

Agenda

Alex Pease
Chief Executive Officer

Simon Jones
Chief Financial Officer

Leatherhead, Surrey

Overview

FY24 Overview – resilient performance

Adjusted Operating Profit

£10.6m

Strong Cash & Debt Position

Gross **£97m** / Net **£83m**

2-year HSBC Facility **£50m**

Control and Efficiency

- Controls: cost base & cash
- Organisation: efficiency & execution
- Delivery: **6** schemes completed / key USP

Transactional Agility

- **2** completed sales
- Profitable alternate structures

Revenue Diversification

- Refresh & Development Partnerships
- Encouraging start & growing pipeline

Pipeline Growth

- Land opportunities
- **2** Acquisitions & **4** under offer
- **c. 2,600** beds granted planning

Market Backdrop – short term challenges but opportunities for growth

Market Backdrop

Short term – market challenges remain

- Changeable market backdrop reducing visibility
- Economic volatility slowing investment liquidity
- Development transactions deliverable when driven by quality & structure

Medium term - strong sector fundamentals & growth opportunities

- Strong political sector support
- Structural undersupply & suppressed delivery
- Positive operational fundamentals
- Investor demand for UK residential

Evolving the business and positioning for growth

Three core areas of focus:

Execution

- Cost control & efficiencies
- Optimise delivery performance
- Transactional, design & planning outperformance

Broaden our revenue base

- Grow high-quality pipeline
- Transactional flex & innovation
- Alternate revenue streams
- Creating a more resilient base

Building resilience

- Maximise cash generation
- Retaining liquidity
- Explore innovative development funding opportunities

The Gorge, Exeter (Fresh managed)

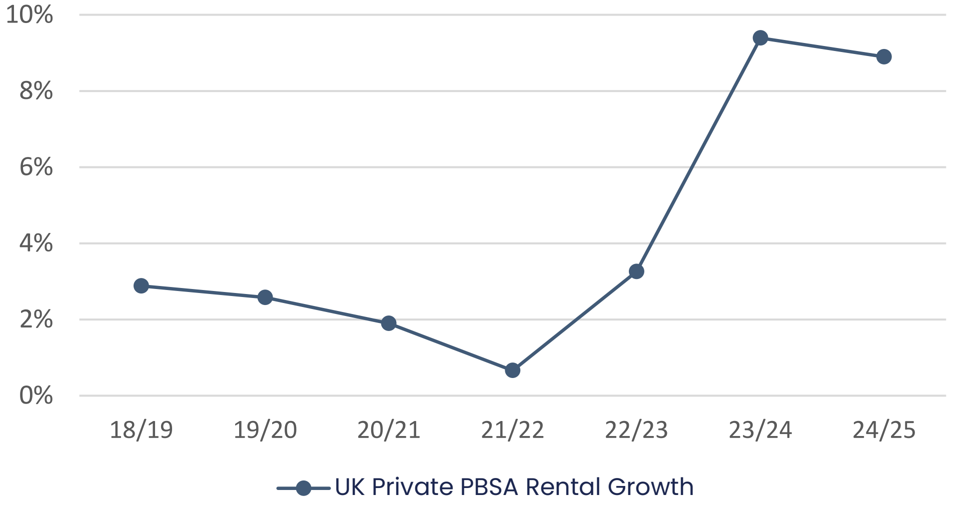
Market Review

Operational sector landscapes remain highly supportive

PBSA

- **Rental Growth: + 8.9%** 2024/25 driven by lack of supply
  - Expected to moderate back to **+3-4%**[1]
- **Lettings:** Overall strong market lettings environment
  - **97-98%** occupancy forecast for 2025/26[2]
- **Student numbers - continued growth anticipated**
  - **UK domestic students:** No. of 18 year-olds forecast to grow by 2% YoY
  - **Int. students:** Expected to settle in more stable political environment[2]

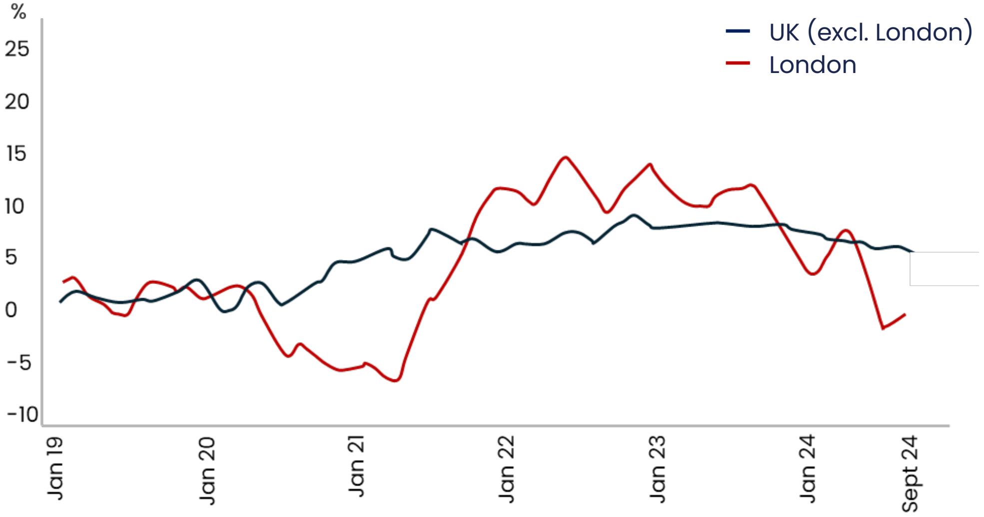
UK Private PBSA Rental Growth[1]



BTR

- **Rental Growth: +3.9%** UK wide (end Oct 24)[6]
- Growth moderating and aligning with inflation
- Growing political support
- **Strong Lettings:** BTR schemes average occupancy of **98%** across the UK[4]

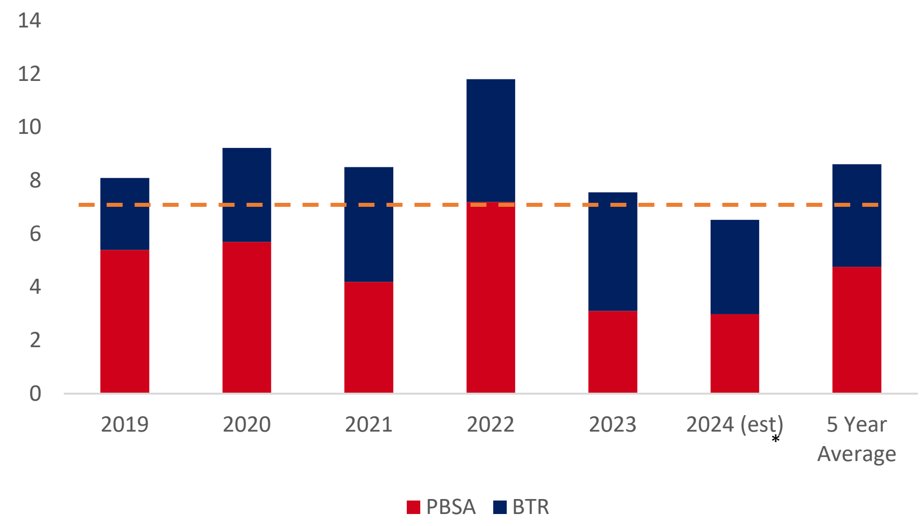
Historic Annual Rental Growth[1]



Investment market – constrained but emerging signs of liquidity returning

- **UK Living transaction volumes decline with constrained liquidity**
  - ➢ BTR c. **£3.5bn** and PBSA c. **£3.0bn**[3] (£6.5bn vs £11.5bn in 2022)
- **Watkin Jones maintaining market share**
  - ➢ WJ responsible for **c16%** of PBSA development transaction volume in 2024 vs long term WJ annual average of **c13%** of private PBSA beds delivered[3]
- **Emerging recovery**
  - ➢ Investor demand remains attracted by strong operational sector
  - ➢ Rates and gilt reductions key to draw in core capital
- **Multiple new funds deploying capital in Living Strategies in 2025**
  - ➢ UK Living remains a key strategic focus for global capital
  - ➢ Increasing number of funds looking to allocate into Living sectors

PBSA and BTR Investment Volumes (£bn)[3]

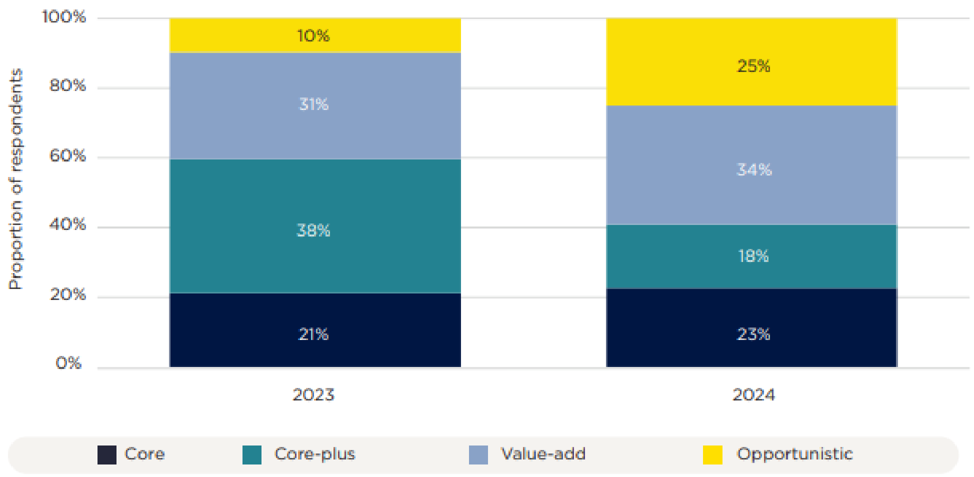


*2024 numbers exclude Mapletree's acquisition of Cuscaden Peak which is deemed a related party transaction.

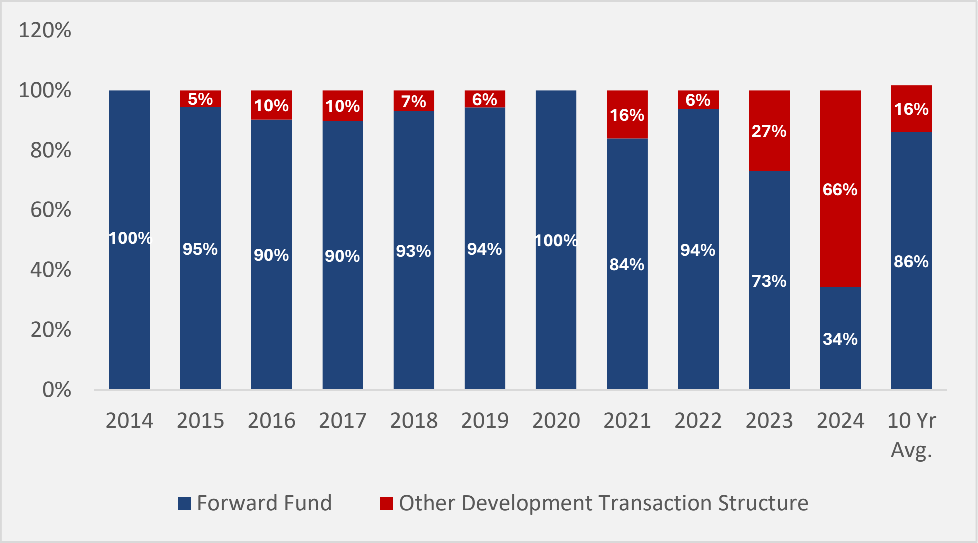
Forward fund market – cyclical impacts but business strengths to adapt to the market

- **Cyclical change in capital strategies**
  - Material reduction in 'core plus' capital – **20% yoy**[3]
- **Forward Funds significant decline in 2024**
  - Forward fund transactions reduced by 52% vs. 10-yr average[3]
  - Core capital replaced by higher return strategies
- **Increased focus from opportunistic capital**
  - Seek higher returns & risk share in more structured deals
- **Watkin Jones unique capabilities**
  - Transactional agility in short term

Change in investment strategies for the beds sectors between 2023 and 2024[3]



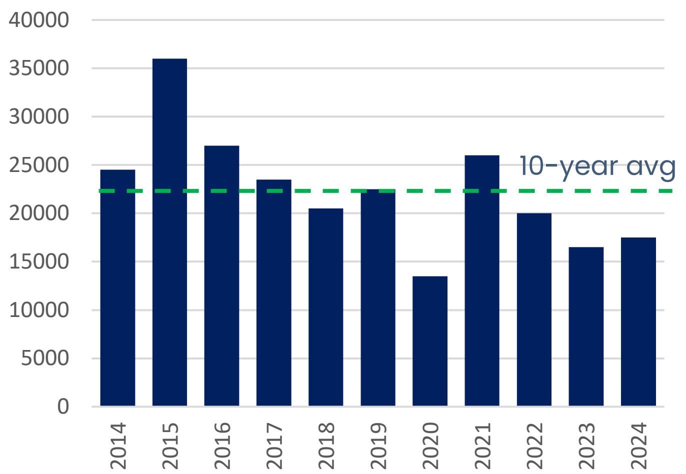
Forward Funds as a proportion of PBSA development transactions[3]



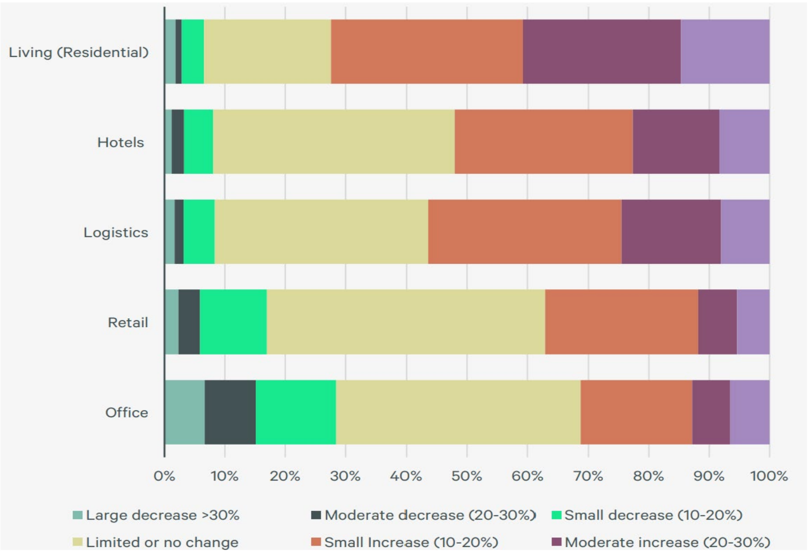
Forward funding – the pathway to recovery

- **Constrained Supply**: New supply significantly curtailed & below 10-year average for starts and completions
- **Scale of Opportunity:** Access to adequate stock remains a key investor concern
- **Forward Funding:** A preferred structure to access scale & best quality product
- **Market stabilisation:** Interest rates expected to decrease further in 2025
- **Investor Allocations:** £45bn forecasted to allocate to UK living sectors (5 years)[4]
- **Market stability:** will bring further opportunities
  - Anticipated core money strategies will return
  - WJ well placed to outperform from market recovery

Annual PBSA beds per year over 10-year average[4]



Allocations per sector and balance of increase[7]



Cardiff, Central Quay

FY24 Financial Results

Materially improved profit outturn in FY24

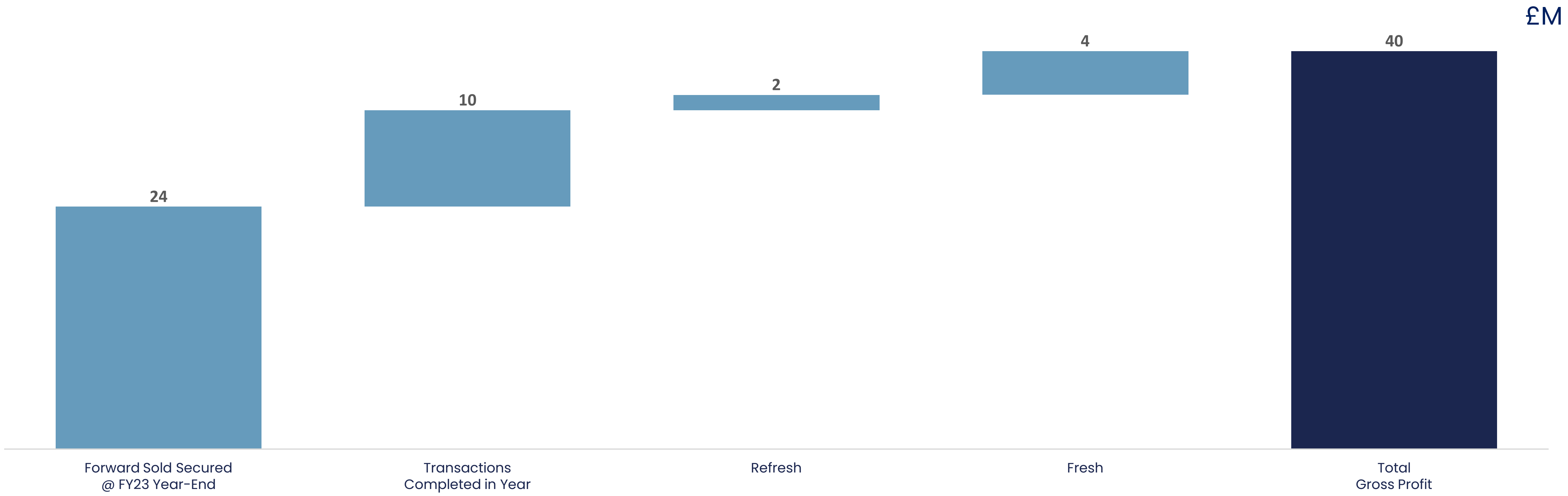
- Total Gross profit ahead of last year by **12%** on a slightly reduced revenue
- Continued efficiency drive despite the pressures on costs with overheads down **£0.6m**
- Substantial increase in adjusted operating profit to almost **£11m**

£M

	FY24	FY23	Movement
Revenue	362.4	413.2	-12%
COS	(328.6)	(372.9)	-12%
Asset Disposal	6.3	(4.6)	
Core Trading Gross Profit	40.1	35.8	+12%
Core Trading Gross Profit %	11.1%	8.7%	
Overheads	(29.5)	(30.1)	
Impairment		(5.5)	
Operating Profit [1]	10.6	0.2	
Operating Profit % [1]	2.9%	0.0%	
Profit Before Tax [1]	9.2	(2.9)	
Basic EPS [1]	3.5 pence	(0.6) pence	

1. The FY24 measures exclude the exceptional charges of £7m provided for remedial costs associated with building safety and £2.5m for the unwinding of the discount rate on the building safety provision. The FY23 measures exclude the exceptional charges of £35m provided for remedial costs associated with building safety, £3.1m of restructuring costs and £1.5m for the unwinding of the discount rate on the building safety provision.

Strong gross margin contribution from all business lines



- For FY24, we started the year with **60%** of gross profit secured
- Despite the challenging market, we delivered **2** transactions with a further combined **25%** of gross profit
- Our new Refresh business delivered ahead of expectations with an additional **£2m** with **£4m** from Fresh

Focus on cash has delivered a strong liquidity position

- Significant reversal of prior year out flow to **£55m** inflow reflecting strong focus on cash management
- Combined with debt more than halving has led to substantial increase in net cash of over **£83m**
- Recently extended **£50m** debt facility to Nov 2027 giving medium term financing as markets improve

£M

	FY24	FY23	Movement
Net Cash From Operating Activities	30.2	(31.5)	61.7
Net Cash From Disposal of Subsidiary	24.8	-	24.8
Total Trading Net Cashflow	55.0	(31.5)	86.5
Gross Cash	97.0	72.4	24.5
Borrowings	(13.6)	(28.5)	14.9
Net Cash [1]	83.4	43.9	39.5
RCF Headroom	36.2	21.2	15.0
Overdraft Facility	10.0	10.0	-
Cash & Available Facilities	143.2	103.6	39.5
Dividend [2]	-	15.1	(15.1)
Average Daily Cash	44.7	51.0	(6.4)

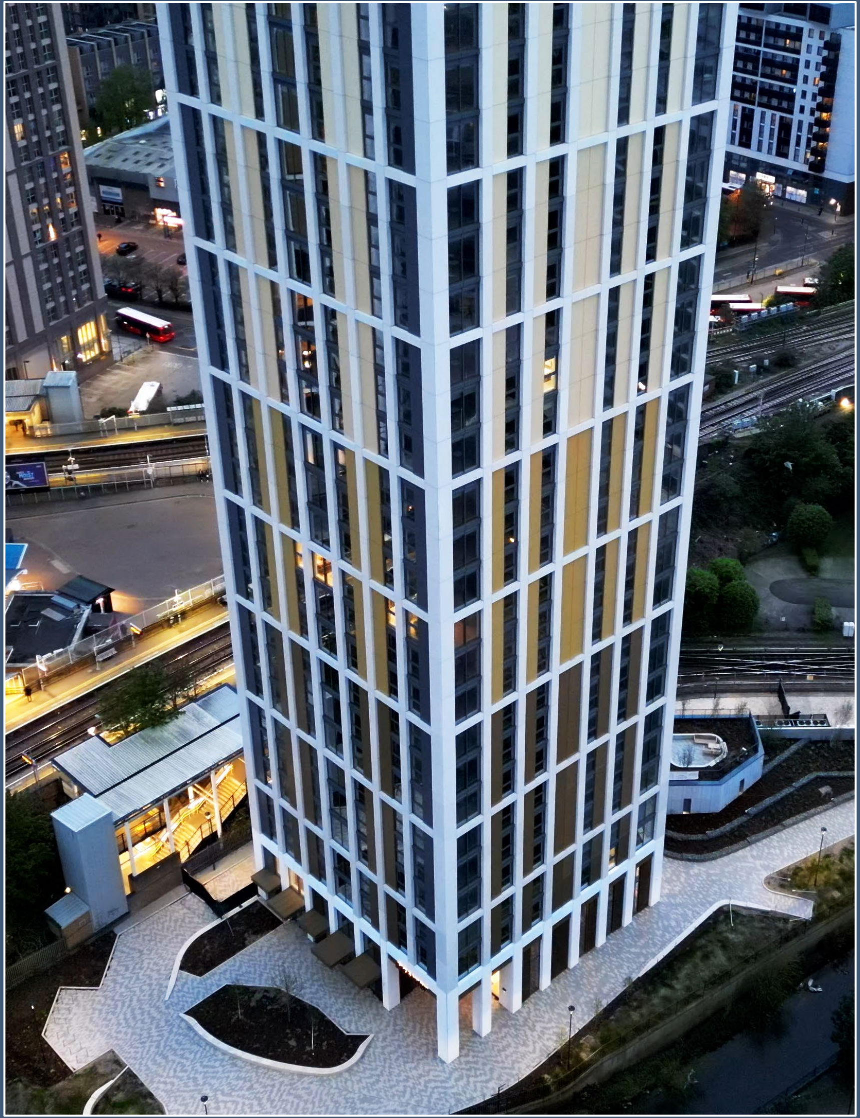
Notes
1. Net cash is stated after deducting interest bearing loans and borrowings, but before deducting IFRS 16 operating lease liabilities of £40.8m in FY24 (FY23: £45.2m).
2. Dividend paid in the year

Balance sheet - strengthened enhancing flexibility

- Net assets increase to **£132.6m**, or **47p** per share excluding goodwill
- Inventory and WIP reduce as schemes completed in year and the disposals of both Stratford & Gas Lane
- Gross provision reduced £54.7m to **£48m** as costs are incurred in remediation
  - £7m BSA provision taken in year
  - £7.6m of reimbursement assets remain in current / non-currents assets

£M

	FY24	FY23
ROU & Leased Assets	**26.5**	**29.5**
Other Non-Current Assets	**42.5**	**30.6**
Total Non-Current Assets	**69.0**	**60.2**
Inventory & WIP	**94.3**	**123.5**
Other Current Assets	**71.7**	**115.4**
Cash	**97.0**	**72.4**
Current Assets	**262.9**	**311.4**
Total Assets	**331.9**	**371.5**
Trade & Contract Liabilities	**89.3**	**102.2**
Provisions	**55.6**	**65.6**
Borrowings	**13.6**	**28.5**
Lease Liabilities	**40.8**	**45.2**
Total Liabilities	**199.3**	**241.5**
Net Assets	**132.6**	**130.0**
NA (Less GW) per Share	**0.47**	**0.46**



Lewisham, London

Outlook & Pipeline

Outlook

Investment market showing signs of recovery, though pace will be linked to further reductions in gilt and interest rates

Focus on delivering target margins for in-build schemes, alongside tight overhead control

Pipeline of transactions in, or to take to, market but too early to have a clear view on how many will be transactable by year end

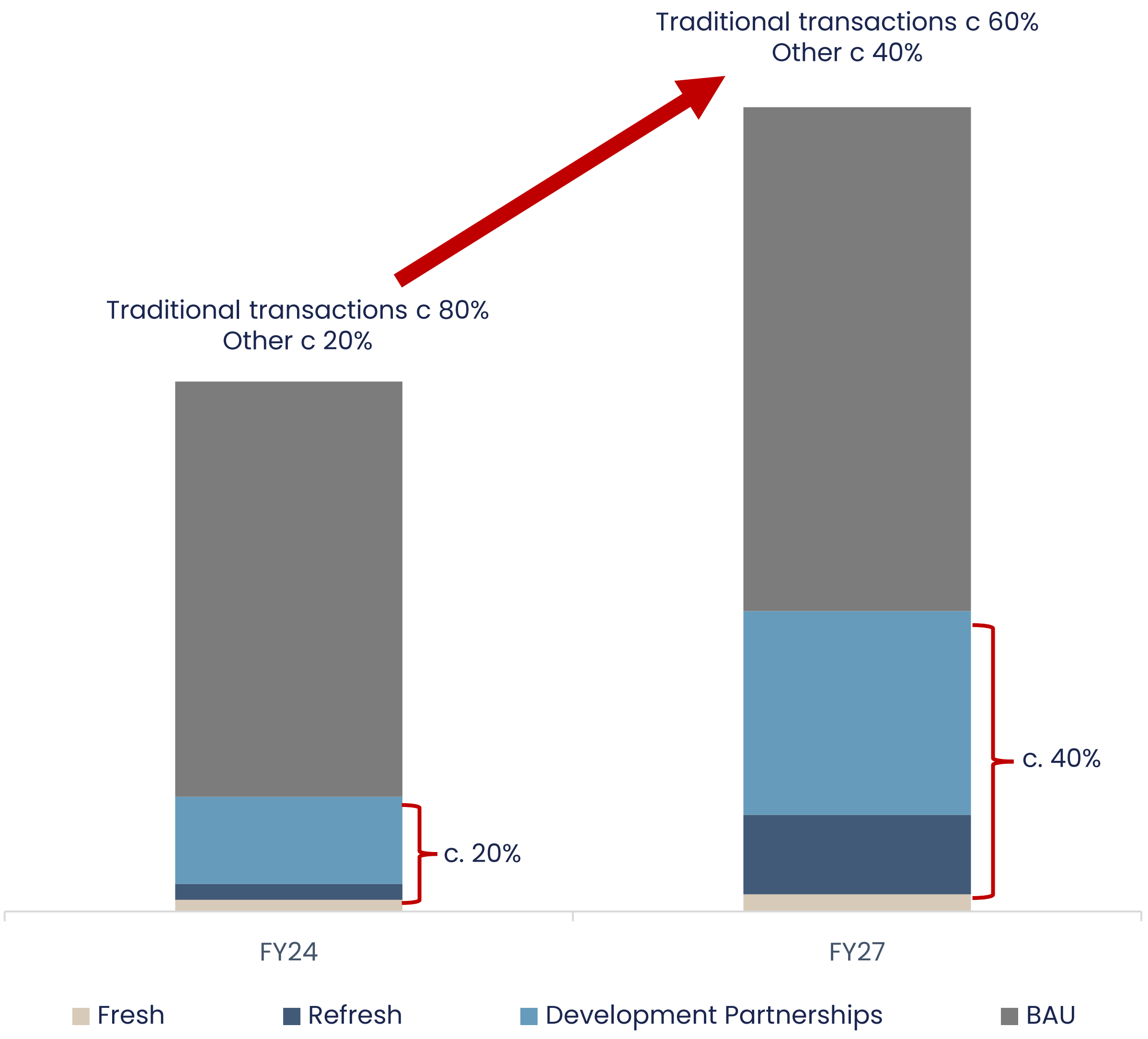
Profile of transactions evolving, reflecting pivot to Refresh and Development Partnerships

We will update on progress at the Half Year

Evolving our revenue streams

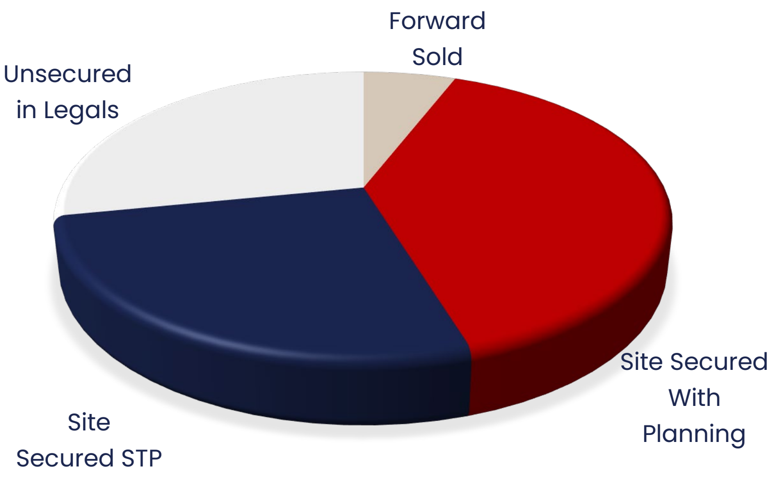
- Creation of more resilient revenue base by growing Refresh and Development Partnerships to augment our existing business
- Overall strategy will see revenue diversify with less lumpy profile
- Continued margin improvement as new schemes are signed
- Assumed target gross margins
  - 14-15% for traditional schemes
  - 10-12% for Refresh and Development Partnerships

Evolving Revenue Blend (Indicative)

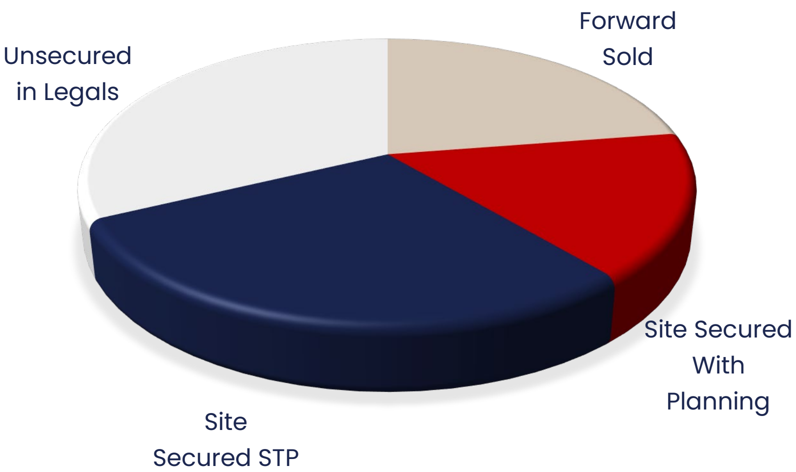


We have taken advantage of market opportunities to grow our pipeline

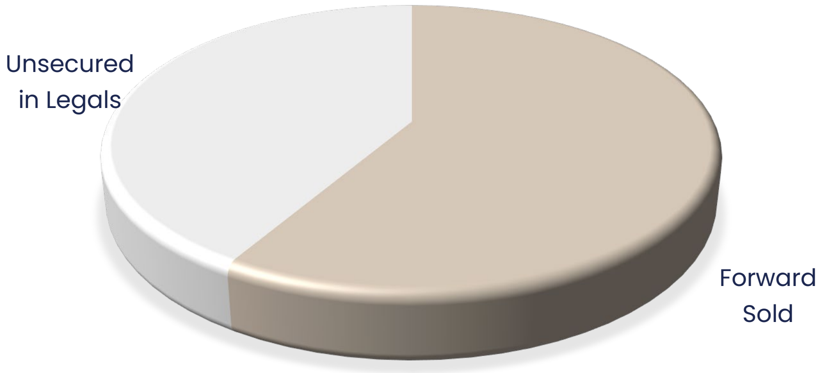
PBSA £1.07BN PIPELINE



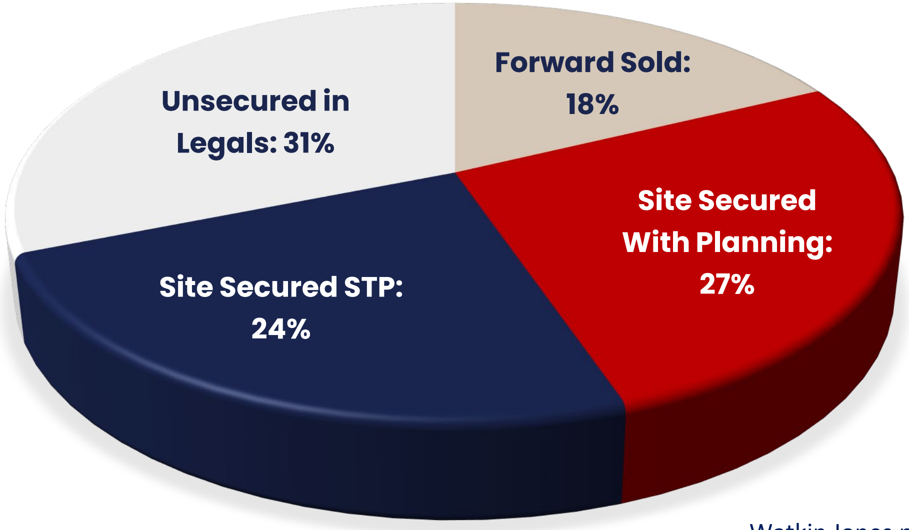
BTR £0.64BN PIPELINE



DEVELOPMENT PARTNERSHIP £0.24BN PIPELINE



WJ £1.95BN PIPELINE



The Waterways, Lower Parliament Street, Bristol (Fresh managed)

Divisional Update

Acquisition and planning – good progress in growing pipeline

Continuing to successfully grow the pipeline

- ✓ Development Pipeline @ **c £1.95bn**
- ✓ **2** sites exchanged in FY24
- ✓ **4** sites under offer
- ✓ Planning secured on **c. 2,600** bed/units
- ✓ Targeting permission on **c. 2,000** beds in FY25

Looking ahead

- Market dynamics creating good land opportunities
- WJ track record & deliverability = key market USP
- Government policy support for residential development
  - ➢ Target **1.5m** additional homes
  - ➢ Planning Reform
  - ➢ Urban & Brownfield Regeneration supportive policies

Titanic Quarter, Belfast (PBSA)

Headrow, Leeds

Divestment – progress in a recovering transactional environment

Executing in a challenging environment

- ✓ Two schemes sold during 2024:
  - **Bristol PBSA**: Traditional forward fund structure
  - **Stratford PBSA**: Innovative JV – flexing the funding model
- ✓ Progress on sales pipeline with adaptability key
  - **One** scheme under offer in legals
  - Three marketed for sale with good initial interest
- ✓ Importance of 'one stop' development/delivery/operation solutions

CGI of Malago Road, Bristol

Development Partnerships

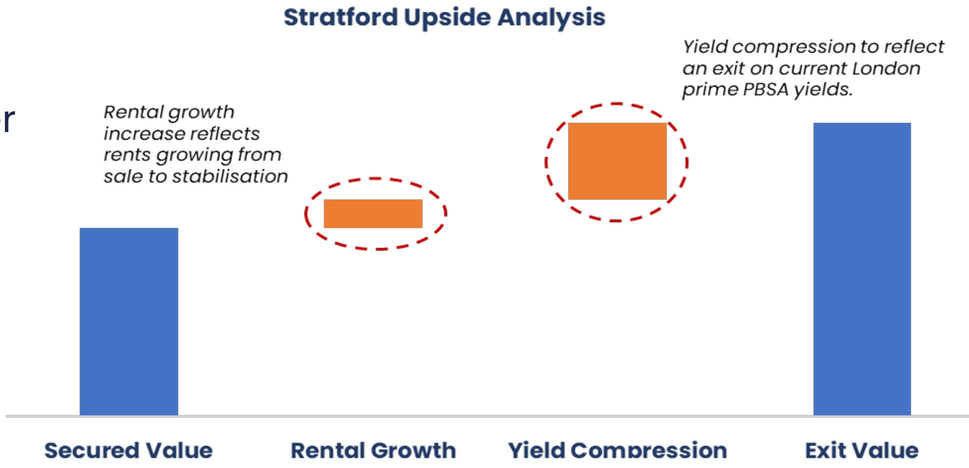
- ✓ Development Partnerships gaining momentum
- ✓ Visible pipeline **c£0.24bn**
- ✓ **St Helens SFH**: 295-unit Single-Family Housing partnership
- ✓ **+ 3** Development Partnerships under offer / exclusivity
- ✓ Construction & Delivery capabilities support model growth

CGI of Gas Lane, Bristol

Divestment case study: Stratford PBSA – flexing the model to unlock value

- Tenure type: **397**-unit PBSA scheme
- Structure: Joint Venture Funding
- Counterpart: Housing Growth Partnership (subsidiary of Lloyds Banking Group)
- Value: **c £96m**

- **Adaptive approach**: Agile & profitable structure adapted to market conditions
- **Secured Profit**: Structure generates profit in line with group budget margin
- **Upside Potential**: Ability to lock into market recovery with potential additional margin paid on sale.
- **Cashflow impact**: Cashflow neutral, with build costs funded through JV partner equity & debt
- **Operational alignment**: WJ retain control of performance delivery from construction through to operational management through Fresh



Development Partnership case study: St Helens – diversifying revenue

- Tenure type: **295**-unit Single Family homes / affordable scheme
- Structure: Development Partnership
- Counterpart: Torus Housing Association & Harworth Group
- Value: **c £48m**

- **End to end value creation**: Providing crucial regeneration & affordable homes
- **Unlocking value** - Achieved detailed planning permission April 2024 on behalf of Harworth Group
- **Delivering Value** - Developer & delivery conduit for Torus (Homes England funded)
- **Capital light structure**: No capital investment = cashflow & margin positive from day 1 with no investment exit risk
- **Further growth opportunities**: Scope to grow pipeline & take advantage of a growing subsector with strong political support

Delivery – A USP in the development market

Delivery – Key Differentiator

- ✓ Strong cost control, value engineering and depth of skill base
- ✓ Pivot the model – Refresh & Development Partnerships enabled by construction capability

Practical Completions

- ✓ **6** completions in 2024 on programme and materially to budget
- ✓ Delivery is a key USP as a developer/contractor

Inflation / Cost management

- ✓ Inflation largely normalised
- ✓ WJ supply chain management and buying power driving outperformance

Building Safety Act

- ✓ Core knowledge and understanding of the Building Safety Act
- ✓ Capitalising and monetising our in-house competencies and skill sets


Central Quay, Cardiff


CERTIFICATE OF
PERFORMANCE
REGISTERED SITE
CONSIDERATE CONSTRUCTORS SCHEME
PRESENTED TO:
Watkin Jones Group
FOR
Central Quay
Your Organisation has been visited by a Monitor during your registration, and has achieved the following average scores in each section:
RESPECT THE COMMUNITY 14.0
CARE FOR THE ENVIRONMENT 14.0
VALUE THEIR WORKFORCE 13.3
PERFORMANCE LEVEL: EXCELLENT
Amit Oberoi
Executive Chairman
PRINT DATE: 16/01/2025
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Refresh – encouraging progress and well placed to capitalise

Strong Year 1 Performance and positive market engagement

- FY24 revenue budgets doubled
- Validating margin assumptions

Larger than anticipated market opportunity

- **538,000**[1] PBSA beds: 8+ years old / poorer quality / 1st gen schemes
- **240** potential PBSA schemes identified
- Substantial potential University Halls market
- Opening cities where new build viability remains challenged

Potential pipeline growth significant

- **3** projects on-site
- **c.£100m** of tracked revenue pipeline
  - ➢ **c.£55m** in 121 negotiation / exclusivity
- Extended due diligence periods required
- Potential programmatic & portfolio opportunities being explored

REFRESH PIPELINE REVENUE

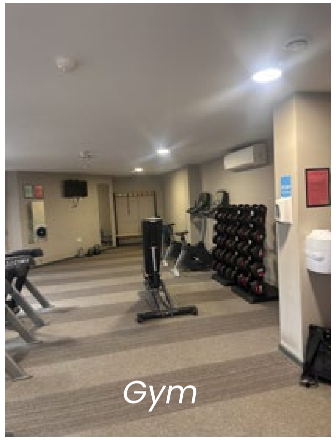
Dunaskin Mill – PBSA, Glasgow

- ➢ Refresh works completed: 2024
- ➢ Scheme: 504 beds across 5 blocks
- ➢ Developed by: Watkin Jones in 2016 and managed by Fresh
- ➢ Programme: 11-week accelerated
- ➢ Revenue: £4.8m
- ➢ Margin: 14%

Works undertaken:

- Full refurbishment and upgrades to all amenity spaces
- New studio kitchens, decoration to all beds & ancillary areas
- Upgrade of existing kitchens (inclusive of appliances)
- Minimal disruption to students

Before *After*



Fresh – An important differentiator and part of our end-to-end proposition

Review of FY24 – resilient performance in changing marketplace

- ✓ Onboarded 2,335 units
- ✓ Positive trend with client and resident experience scores
- ✓ Occupancy remain strong in core cities
- ✓ Strengthened leadership team from within the sector

Looking ahead to FY25

- Strengthen pipeline with tracked visible targets of c7,000 additional units
- Increasing market interest in Co-living sub sector & BTR opportunities
- Invested in our origination capabilities over last 12 months
- Fresh bringing opportunity for Refresh schemes on managed sites

Innovation

- Enhancement to client reporting for 360 view
- System improvement focus on efficacy and experience e.g. Applepay
- 'BE' wellbeing strategy launched to increase the resident experience.

+62
Client Net Promoter Score

90%
Occupancy 24/25

18,656
total units under management

27
Individual clients

+36
Student Net Promoter Score

35
operational cities

4%
Av. rental growth

58
Individual schemes

ESG – Progress made across People, Places, Planet

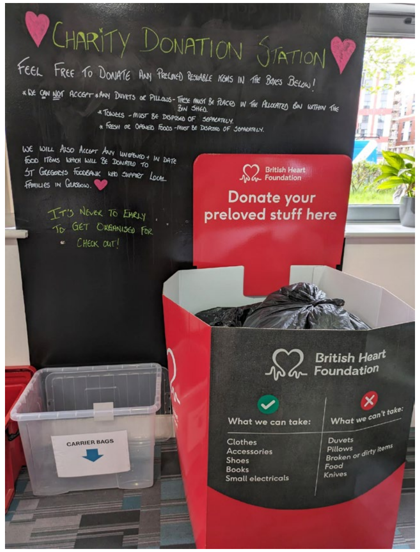
We continue to exceed internal and external targets including:

- All sites submitted for planning **BREEAM Excellent** for PBSA & **HQM 4*** for BTR
- Average Considerate Constructor score of 42 **(Excellent)**
- **Over 99%** of waste diverted from Landfill
- Disability Confident Employer status achieved
- Significant Scope 3 carbon reduction* through improved specification

250-mile, three-day cycle along the Wild Atlantic Way Ireland, to raise funds for PAPYRUS, a charity working to prevent young suicide

Social Impact
✓ Charity fund raising totalling £38,000 (for Papyrus & The Good Shepherd Hospice)
✓ £116k raised + 44,000 kg waste diverted from landfill by Fresh partnering with the British Heart Foundation
✓ Green Fuel being utilised across a number of our sites (Grove Crescent is expected to save in excess of 16,000 tonnes of Co2 over the course of the scheme)

Looking ahead to FY25
• Launch of our new Social Value Strategy
• Efficient M&E and further investment in our Modern Methods of Construction (MMC) to continue our carbon reduction commitments
• New Employee Wellbeing Programme



One of the BHF drop off points at our Fresh Managed Properties

*10% Reduction in embodied carbon in our BTR and PBSA Specification through MMC and product standardisation using LCA carbon modelling. MMC Kitchens are a bespoke product developed by the WJ Product Development Team

Lower Bristol Road, Bath

Summary

Summary

Execution

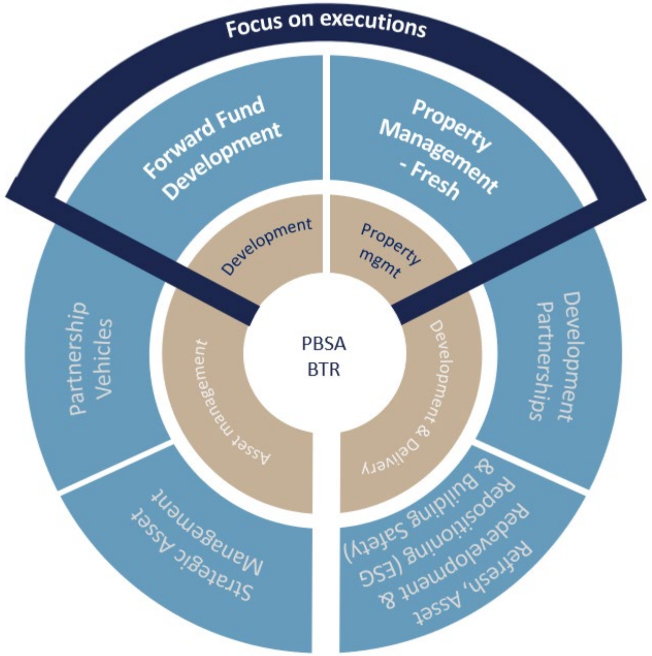
- Cost control & efficiency
- Maximising key USP's
- Operational outperformance

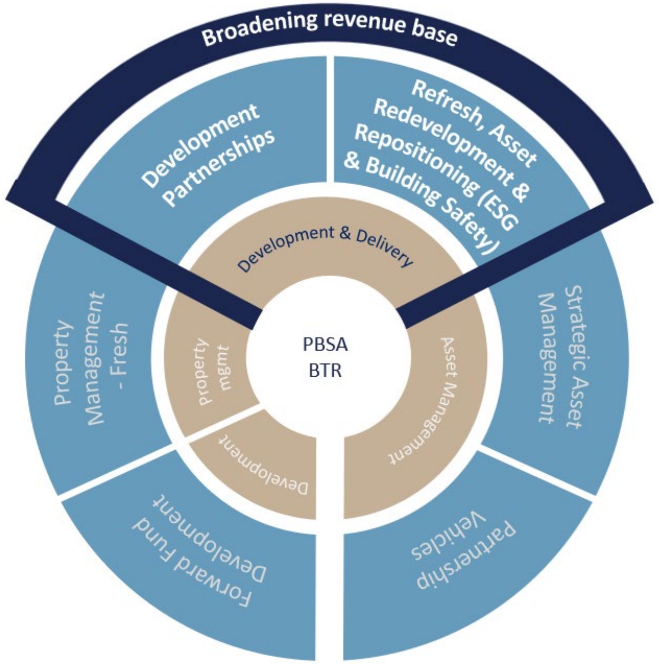
Broaden our revenue base

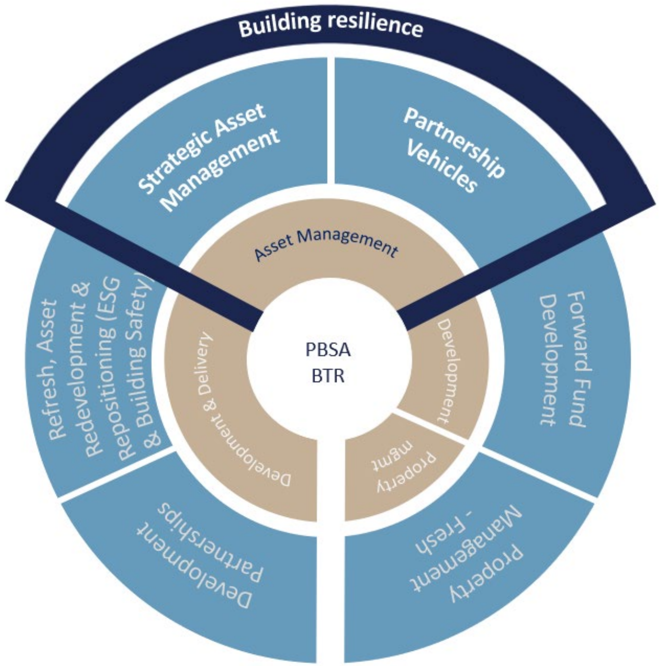
- Revenue Diversification
- Resilient revenue base
- Augmenting the model for growth

Building resilience

- Maximise cash generation
- Retain liquidity
- Innovation in structuring & funding







Q&A

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