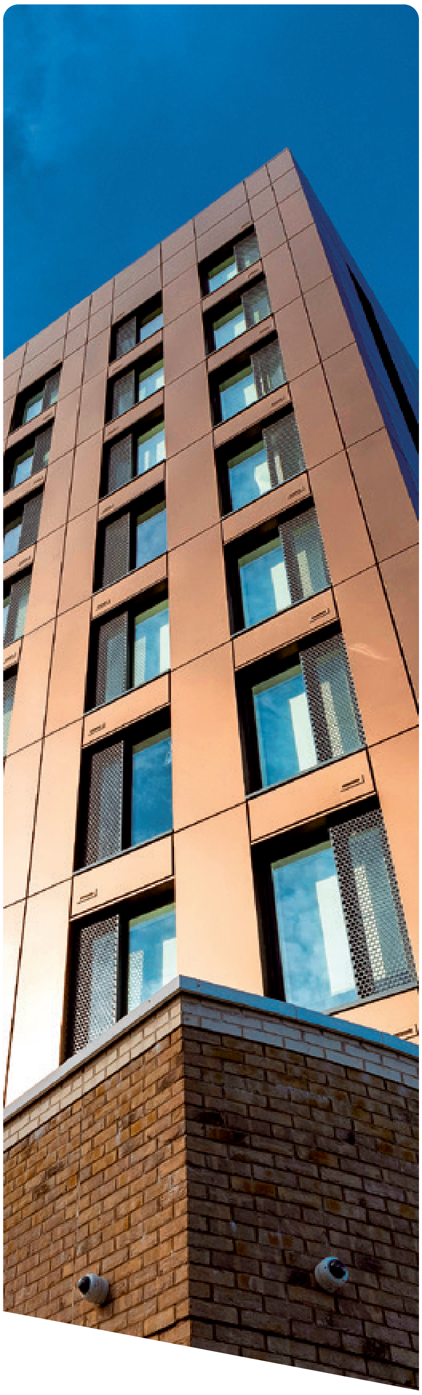

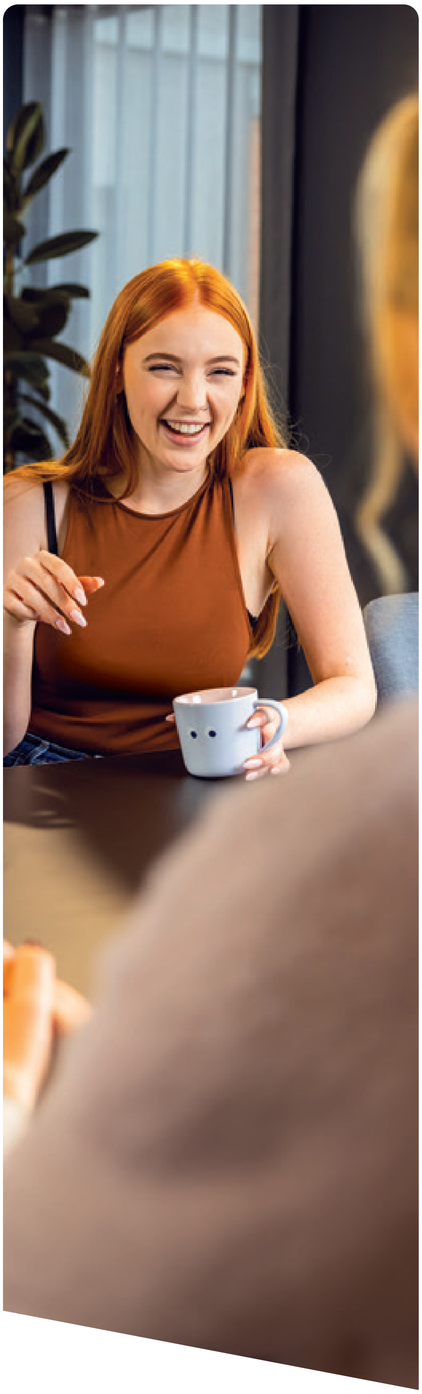

Creating the **future of living**

Annual report and financial statements 2024

Who we are

Watkin Jones is the UK's leading developer and manager of residential for rent, with a focus on the build to rent, student accommodation and single family homes housing sectors. We have strong relationships with the institutional investors who buy our schemes and a reputation for successful, on-time delivery of high-quality developments.

Our vertically integrated business model is a key strength and allows us to offer our institutional clients an end-to-end service, from sourcing sites in attractive urban locations, developing and constructing the schemes, to managing the finished development, as well as refurbishing their existing assets.

We typically aim to forward sell our developments before we start construction, giving us a capital-light and cash-generative business. Our Accommodation Management division also generates invaluable insight from residents, helping us to evolve our designs to meet their changing expectations.

Our purpose

Our purpose is to create the future of living, regenerating urban areas by developing and building places that people will enjoy living in for years to come. We enhance residents' lives through the quality of our homes and excellent customer service, and play a meaningful part in helping to solve the UK's housing shortage.

Our approach to sustainability

Sustainability is inherent to our purpose, as we transform mainly urban brownfield sites into new homes and communities. Our sustainability strategy encompasses the people who work with us, the places we create and our impact on the planet.

Our future people | **Our future places** | **Our future planet**

Read more on pages 41 to 52

Strategic report

Governance

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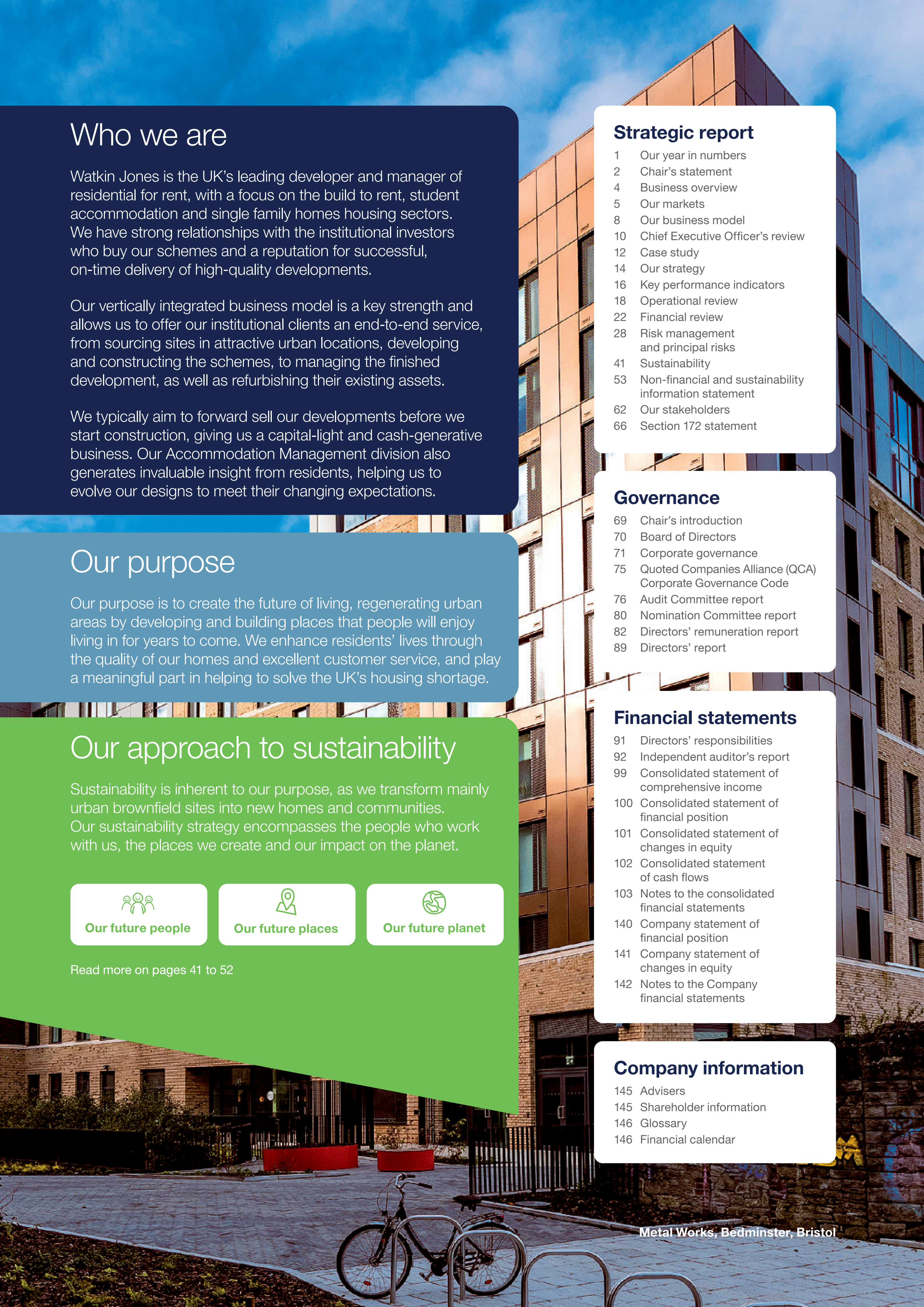
Company information



Metal Works, Bedminster, Bristol

Our year in numbers

Resilient performance reflected in improved operating profitability and cash position

Revenue
£362.4 million
2023: £413.2m

Gross profit
£33.8 million
2023: £34.9m

Operating profit/(loss)
£3.6 million
2023: £(38.0)m

Adjusted operating profit[1]
£10.6 million
2023: £0.2m

Adjusted profit/(loss) before tax[1]
£9.2 million
2023: £(2.9)m

Earnings/(loss) per share[1]
0.7 pence
2023: (12.7)p

Adjusted earnings/(loss) per share[1]
3.5 pence
2023: (0.6)p

Dividend per share
Nil
2023: 1.4p

Adjusted net cash[1]
£83.4 million
2023: £43.9m

Return on capital employed[1]
14.8%
2023: 0.2%

Net assets
£132.6 million
2023: £130.0m

1. Alternative performance measures (APMs) have been provided where appropriate to give a view of the Group's underlying financial performance. An explanation of the APMs used and their calculation is provided on page 26.

Chair’s statement

Alan Giddins
Chair

Dear shareholder

In January 2024, Alex Pease, our Chief Executive Officer, set out an updated strategy for the Group, recognising the need to broaden the base of the Group’s earnings. Over the last 12 months we have made positive progress against each of the key strands of Alex’s strategy. In particular, I believe that our joint venture with Housing Growth Partnership for a major PBSA scheme in Stratford, East London, is a fantastic example of Watkin Jones being able to flex its business model to meet the requirements of our institutional investors.

Nevertheless, a number of the market challenges that the business has had to work with over the last 24 months remain. Interest rates remain well above the five-year average, and while we have seen some easing of input cost inflation, accessing certain labour skills remains challenging. The macroeconomic and geopolitical backdrop also continues to carry a high degree of uncertainty.

While the Group’s robust net cash position provides it with a strong financial underpin to meet its committed spending requirements, our capital-light business model is a potential limiting factor on the extent to which we can take advantage of market conditions as they improve and proactively commit early-stage capital into our pipeline. In light of this, management has been looking at how we might work with our institutional partners to provide additional funding flexibility.

Financial performance

Revenue for the year was £362.4 million (FY23: £413.2 million) and operating profit was £10.6 million (FY23: loss of £38.0 million). Year-end adjusted net cash was strong at £83.4 million (FY23: £43.9 million).

At an operational level we completed five PBSA and BTR developments during the year, and handed over the first phase of a sixth, with one more completing post September.

Building safety

Building safety remediation remains a key focus for the Board. Watkin Jones, like the rest of the property industry, has had to continually reassess the level of the Group’s exposure as our technical understanding and the detailed legislation has evolved. The Group has incurred £16.2 million in cash costs during the year, and recognised an additional £7.0 million liability for further works required, such that we have a net balance sheet provision of £48.0 million at 30 September 2024 (£54.7 million at 30 September 2023). Further detail in respect of our approach to building safety remediation is set out on page 67.

People

The heart of Watkin Jones lies in the people it employs, many of whom have worked for the Group for a considerable length of time. Indeed, every time I go round one of our sites I am always impressed by the considerable loyalty and pride people feel towards the organisation. Against this backdrop, making sure we continue to listen to our employees’ views is absolutely paramount, and I have been impressed by how Alex Pease has championed a much more open style of communication across the organisation.

We ran our third all-employee engagement survey this year. While the engagement score was broadly in line with the prior year, it was pleasing to see that the participation levels increased.

As an organisation we also continue to focus on how we can improve diversity and training across the Group. During the year we have partnered with Purple Tuesday, an organisation promoting disability, to increase awareness and understanding. Through this we have adapted many elements of our recruitment and onboarding process, as well as workplace environments.

Board

Sarah Sergeant stepped down as Chief Financial Officer in June 2024. The Nomination Committee ran an extensive process, involving a third-party search firm, to identify an appropriate candidate for the role. Simon Jones was the standout candidate, bringing with him extensive property and financing experience. Simon joined the business in May 2024, and in the short time he has been with the Group I have seen first-hand the significant impact he has been able to have.

ESG

The health and safety of our employees and our subcontractors remains a key focus for the Board. It is reported on by the Chief Executive Officer at each Board meeting, in addition to which the Board receives regular updates from the Group Head of Health and Safety.

We launched our sustainability strategy, Future Foundations, in November 2021. This has now become embedded within our normal business practices and is an integral part of how we do business. We report against our targets in our sustainability report on pages 41 to 52.

Dividend

The Board, prioritising the maintenance of financial flexibility, did not propose an interim dividend. Recognising that there remains a level of uncertainty within our end markets, the Board has decided to continue with this approach and is not proposing that the Group should pay a final dividend.

Outlook

PBSA and BTR remain two of the most attractive asset classes within real estate. For our institutional investors, however, confidence in the downward trajectory of interest rates and stability of input costs remain critical to decision making.

While my working assumption is that we may see only marginal improvement in the first half of 2025, I am hopeful that we may start to see the market opening up in the second half of the year. In the interim, your Board will remain focused on our employees, maintaining a strong balance sheet and continuing to look at how we evolve our model and effectively access additional sources of funding.

Finally, I would like to thank my Board colleagues and all of my colleagues in Watkin Jones. Watkin Jones is an excellent business which has had to face into a very challenging market over the last two years. As the market does improve I believe the Group will benefit from the clear strategy management has put in place.

Alan Giddins
Chair

23 January 2025

Business overview

Our businesses are highly complementary, giving us a complete development, management and asset refresh solution for our institutional clients. Together, they position us to achieve our purpose of creating the future of living.

Build To Rent (BTR)

Read more on page 18

We completed our first purpose-built BTR development in 2017, as we leveraged our student accommodation capabilities into this rapidly growing sector. Since then, we have completed more than 2,200 apartments across 12 schemes.

Purpose Built Student Accommodation (PBSA)

Read more on page 19

We are the UK's leading PBSA developer. Over the last 25 years, we have delivered c.50,000 student beds across 147 schemes. Our reputation for high quality and on-time delivery is particularly important in this sector, where developments must be ready for the start of the academic year.

Accommodation Management

Read more on page 20

Fresh is a market-leading independent manager of residential for rent assets across the UK and Ireland. It creates communities for our residents, winning numerous awards for service quality and for supporting our residents' wellbeing.

Single Family Homes

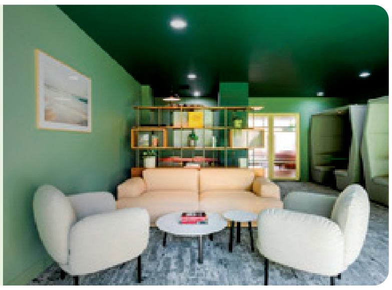
Read more on page 18

Our affordable-led, single family homes create developments for purchase by institutions and housing associations, as well as other tenures such as homes for private sale.

Refresh

Read more on page 19

Our Refresh business gives our clients' existing assets a new lease of life, leveraging our construction skills to refurbish, redevelop and reposition them.



Our markets

BTR and PBSA are two of the most attractive asset classes within the real estate sector. In this section, we explain the trends that underpin our confidence in their long-term growth potential.

Build To Rent

The UK has growing unmet demand for housing

There is a long-standing imbalance of supply and demand for housing, with delivery of new homes consistently falling short of government goals. In 2022/23, for example, a net 234,400[1] dwellings were added in England, more than 20% below the government's 300,000 target. The new government is determined to address this, by delivering 370,000 new homes per year in England and 1.5 million in total by 2029, supported by planning reforms, local housing targets and the creation of new towns.

The shortage of new housing means many people cannot afford to buy a home. The average house price in England was 8.3 times[2] average earnings for a full-time employee in 2023, and recent research[3] shows 40% of full-time workers are unable to buy an average priced two or three-bed home in Great Britain. This makes renting the default option for large numbers of people.

In England, there are 4.6 million households, or 19% of the total[4], living in the private rented sector. However, rental homes are also in short supply, with data from Zoopla showing the stock of homes available for rent in August 2024 was 24% lower than in the same period in 2019. In part this reflects increasing regulation and less-favourable tax treatment, which have led many buy-to-let landlords to sell up. A lack of PBSA in larger towns and cities also ties up housing that could otherwise be used by local people.

BTR provides better homes that suit modern lifestyles

Most private rented housing in England is ageing stock, with 32% having been built pre-1919 and 58% built pre-1965. Just 12% has been built since 2002[3]. As a result, private renters are the most likely group to live in a home that does not meet Decent Home Standards (21%), has a category 1 hazard (12%)[5] or suffers from damp (10%). Modern BTR developments, in contrast, offer high-quality and energy-efficient homes, with excellent internet connectivity, amenities such as gyms, cinema rooms and workspaces, and a ready-made community.

Many private sector tenants value the flexibility of renting. They are generally younger, with the head of the household having an average age of 41, compared with 57 for owner occupiers and 53 for social renters. Reflecting this, they are more likely to have children (30% versus 23% for owner occupiers) and are much more likely to move home for a new job (22% versus 7% for owner occupiers)[3]. BTR therefore suits their lifestyles.

Impact of BTR market conditions and our response

The market conditions described above mean that:

- rents have risen rapidly in recent years, with annual growth to November 2024 of 10.4% in London and 8.7% across the UK as a whole[6]; and
- occupancy of BTR schemes is high, at an average of 98%[7] across the UK.

The BTR sector is still in its early stages and makes up just 2.1% of total private rented homes in the UK, rising to 3.2% including BTR homes currently under construction[8]. This gives the sector substantial room to grow. BTR schemes will also have an important role in meeting the government's housing targets, by delivering new homes at scale. In total, Savills estimates more than 1 million new rental homes will be required by 2031[6].

These dynamics all make BTR an attractive asset class for institutional investors. However, limited completed stock makes it difficult for many to achieve sufficient exposure to the sector. Among the top 50 investors in UK BTR assets, the average holding is around 1,700 units and only a handful own more than 5,000 units[6].

We therefore continue to seek attractive locations for BTR developments, leveraging our development expertise and supply chain. To help address affordability, we bring forward schemes which include a substantial element of affordable housing. The proportion of renters with children also supports the development of single-family housing within our BTR offering.

1. Ministry of Housing, Communities and Local Government.
2. Office for National Statistics.
3. Zoopla, October 2024.
4. English Housing Survey 2023.
5. A Housing Health and Safety Rating System category 1 hazard presents a serious and immediate risk to a person's health and safety.
6. Savills.
7. Knight Frank/Experian.
8. Fresh.

Our markets continued

Purpose Built Student Accommodation


The Brook, Bath

Demand for UK university places remains strong

The UK has one of the world's leading higher education sectors, with 11 of the top 100 universities globally and 25 of the top 200[1].

There are 2.4 million[2] full-time students in the UK and the number continues to grow. For the 2023 application cycle, UK universities received 752,000 applications for 554,000 places, showing demand well above supply[3], and UCAS projects that applications could reach 1 million by 2030. This is supported by positive demographic trends, with the number of 18 year olds in the UK projected to increase by 25% between 2020 and 2030[2]. Demand from overseas students also remains strong, with the latest UCAS figures for the 2024 cycle (to June 2024) showing 135,000 applications, little changed on the 138,000 received at the same stage in 2023.

There is a chronic shortage of student accommodation

As with general housing, there is a long-term demand-supply imbalance for PBSA. CBRE estimates there is unmet demand of around 600,000 beds across the UK, with the shortage particularly acute in the most popular cities[4]. London, for example, has around 400,000 students but only around 100,000 PBSA beds[5]. The 20 largest student cities in the UK have 1.3 million students but only 500,000 operational PBSA beds[6].

This imbalance is expected to grow, with the predicted annual increase in the number of students exceeding the supply of new beds. Planning and viability challenges have restricted new starts in recent years, with only 9,000 new beds delivered in 2023 and 14,000 expected in 2024, against an historic average of 30,000 per year[5].

Much PBSA stock is outdated

Around one quarter of total PBSA is unrefurbished first-generation stock, which is less attractive to students. Newly built PBSA generally offers better amenities, resulting in higher rents and occupancy rates, while aligning with investor requirements for best-in-class products with strong ESG credentials, limited legacy issues, operational efficiencies and lower running costs.

The refurbishment of existing, older assets also offers opportunities for us to reposition and modernise schemes for our investor clients.

1. Times Higher Education World University Rankings 2024.
2. ONS.
3. UCAS.
4. CBRE.
5. Savills.

Impact of PBSA market conditions and our response

The market conditions described above mean that:

- lack of supply is driving strong rental growth, up 8.2% from academic year 2023/24 to 2024/25[1]; and
- most markets have been resilient, with overall occupancy for the 2024/25 academic year at 90% and many schemes at least 65% booked by spring 2024[2]. However, letting velocities and occupancy rates currently sit at a reduced rate compared to 2023/24, across the portfolio, due to a slight decrease in the number of international students in the UK and an increase in supply in several markets. This effect is driven by three specific markets: Nottingham, Coventry, and Swansea.

Selectivity therefore remains key, as we continue to see good prospects in the PBSA market. We look to build in towns and cities with high-performing universities that are most in-demand with students, using student feedback via Fresh to keep our developments attractive to future occupants. We also see attractive opportunities to use our skills to refurbish existing assets (see page 19).

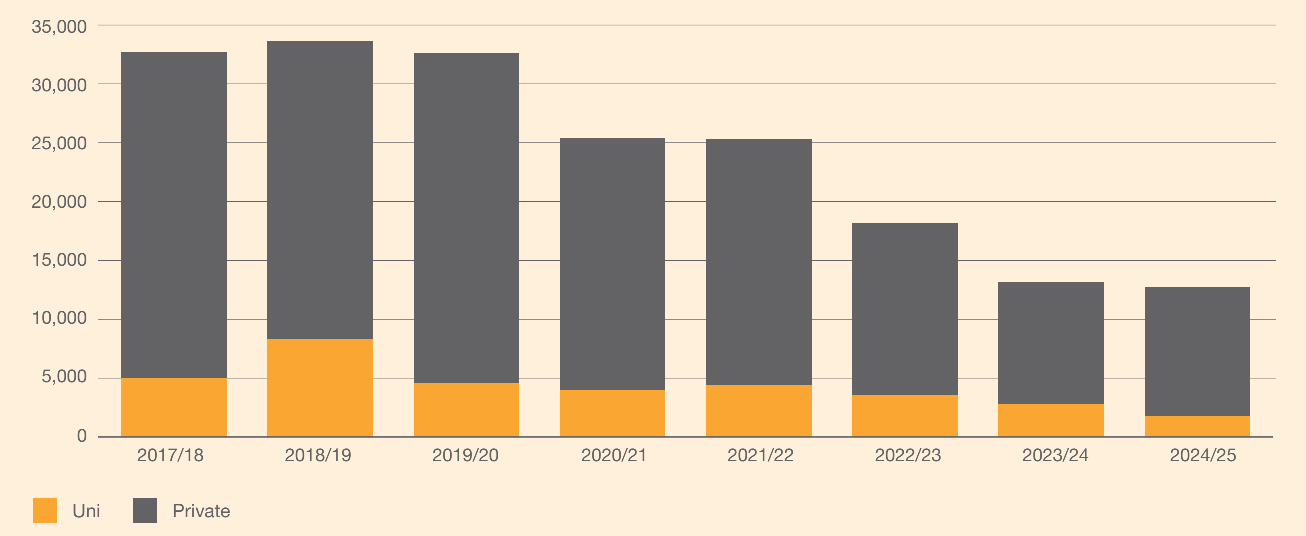
Market conditions in FY24

While the long-term market trends are favourable, the real estate sector remained challenging throughout FY24. Funding costs have stayed high and uncertainty over the pace of interest rate cuts has had a significant effect on investment market liquidity. Estimated total 2024 transaction volumes were £3.5 billion in BTR and £3 billion in PBSA, down 24% and 57% respectively on 2023[1]. This continued to affect our ability to forward sell developments and we have responded by considering alternative financing structures, as shown by the transaction with Housing Growth Partnership we announced in July 2024 (see page 12). However, we are seeing new institutional entrants to the market from North America and Australia, reflecting the relatively good value of PBSA assets.

Planning remains a barrier to entry in residential to rent. Local planning authorities are under-resourced and the assessment process is increasingly complex, with an emphasis on design, quality, ESG and building safety. These factors are delaying decisions and reducing applications and consents, contributing to supply shortfalls.

The funding and viability challenges for developers are having a knock-on effect on the land market. We continue to actively review opportunities to expand our longer-term pipeline and while there is competition for good locations, we are seeing attractive opportunities to acquire sites both on and off-market, with expected margins building back to our long-run targets.

New PBSA beds added



Source: Cushman & Wakefield.

1. Savills.
2. Fresh.

Our business model

Our business model provides our institutional clients with a full solution, which ranges from identifying sites to managing the finished buildings, to refreshing assets to bring them back to life.

1 Identify development sites

Know-how and insights
Our in-house knowledge of markets, planning and client demand is crucial to making the right investments. Our target locations are informed by data analysis and insights from our institutional partners and Fresh, which interacts with thousands of students and residents every day.

Regeneration and community
We generally target urban brownfield sites, close to transport and amenities, which we can bring back to life with energy efficient homes and vibrant communities.

Strong relationships and track record
Our extensive network of relationships enables us to source many sites off-market, at attractive prices. Our track record, strong reputation and financial standing then help us to close these transactions, since we can offer vendors greater certainty of completion.

Disciplined selection
We regularly review our target markets and product to ensure they are fit for purpose. We subject site acquisitions to our rigorous investment approval process before we proceed.

2 Site procurement and planning

Risk mitigation
We typically reduce risk by making site purchases conditional on receiving satisfactory planning consent. Occasionally we buy sites unconditionally, where the potential margin outweighs the additional risk and we are confident of planning approval.

In-house expertise
Our specialist in-house planning team is a key advantage for us. The team's extremely high success rate over more than a decade helps to minimise planning delays.

Strict ESG criteria
Our planning proposals assess environmental and social impact and consider stakeholder views on matters such as amenity space, affordable housing and the environment. We target industry standards for environmental efficiency and residents' wellbeing, which would benchmark our developments as best in class.

3 Transaction and funding

Capital-light model with excellent visibility
We generally aim to forward sell each scheme to an investor before we start construction, reducing our risk and working capital requirements. Forward sales give us excellent visibility of our earnings and cash flow, so we can plan our working capital requirements.

Innovative structures
To suit market conditions we may explore alternative investment structures to the traditional forward fund, such as joint venture arrangements. This broadens the range of institutions we can work with and, unlike the forward sale model, may provide fee opportunities as well as margin upside for us when the development is ultimately sold.

Strong partnerships
Selling our developments means we do not compete with our institutional clients and can forge stronger relationships with them. We partner with investors who share our vision of creating communities and constructing better, environmentally friendly homes that people are proud to live in.

4

Construction and delivery

Construction expertise
Unlike many developers, we self-build most of our schemes. This gives us greater control, with our expert construction directors and project managers holding our supply chain to our very high quality and health and safety standards. We may use third-party contractors to give us additional capacity and flexibility.

Strong partnerships
We have long-term relationships with key suppliers, who understand our requirements and standards, and share our focus on health and safety, sustainability and doing business responsibly.

Continuous improvement
Initiatives such as design standardisation and increasing the use of modern methods of construction help us to improve efficiency, while maintaining quality and the highest standards of building safety.

5

Accommodation management

Adding value for clients
Fresh is a key part of our offer for institutional clients, managing assets developed by us and third parties. We focus on repeat business, with a view to managing portfolios of assets for them.

High barriers to entry
We have invested significantly in systems tailored to residential for rent. The required investment, plus the need to employ experts ranging from health and safety to customer experience, mean that accommodation managers need significant scale and barriers to entry are high.

Invaluable insights
Insight from residents enables us to drive product innovation in the right areas and inform our site identification and planning processes. We also use these insights to guide our asset refurbishment projects.

Focus on wellbeing
Fresh has invested in a resident wellbeing programme, which has won industry awards.

6

Asset refresh

Complete client solution
Our Refresh business gives us a complete solution for clients, by improving their existing assets. We can remediate issues with their buildings, refurbish the properties to increase rents and capital values, or strip the building back and completely reposition it. Our institutional relationships through our development and Fresh activities give us access to a pipeline of potential projects.

Leveraging our skills and supply chain
All the skills required for a Refresh project are already within our business. Our scale as a developer gives us substantial buying power and we can leverage relationships with many of our existing suppliers.

Supporting sustainability
Bringing buildings up to date helps to extend their useful life and can prevent assets becoming ‘stranded’, when their failure to meet increasingly stringent ESG criteria significantly reduces their value. This in turn saves the carbon emissions associated with replacing the building.

Chief Executive Officer's review

Alex Pease
Chief Executive Officer

The Group produced a resilient operational performance in FY24, in the context of a difficult investment market. The slow pace of interest rate cuts and the surprise timing of the general election meant that whilst investor sentiment remained positive, transactional activity on developments has not improved as quickly as expected, and we completed fewer forward sales as a result. We responded by focusing on the factors within our control: successfully delivering our in-build projects, carefully managing our costs and further increasing our resilience. In particular, we have broadened our revenue base, opened up new sources of income and worked hard to protect our cash position.

While the investment market has continued to be challenging, the sectors in which we operate remain attractive. PBSA is still undersupplied and BTR offers a key solution to the UK's housing shortage, helping to accelerate the delivery of new homes and fostering communities. Rents in both sectors continue to grow. We are also encouraged that the new government is pro-housebuilding and wants to unblock the planning system to meet its ambitious housing targets.

Performance

During FY24 we completed five projects and handed over the first phase of a sixth. All finished on time and materially to budget, despite being procured and delivered in a very difficult construction environment, with high build cost inflation and supply chain disruption during FY22 and FY23. Our in-build sites are all progressing to plan. I am pleased that in the year we were able to close two forward sale transactions of our PBSA schemes at Stratford in East London and at Gas Lane in Bristol.

Group revenue was £362.4 million (FY23: £413.2 million), down 12.3%. In part this reflected the accounting treatment of the transaction of the Stratford development with Housing Growth Partnership (HGP), discussed later in this report. While it shares many of the characteristics of a forward sale, it was accounted for as the disposal of a subsidiary rather than a land sale. This excluded it from revenue, which would otherwise have been £24.8 million higher.

Gross profit reduced slightly to £33.8 million (FY23: £34.9 million) although operating profit before exceptional items was up materially at £10.6 million (FY23: £0.2 million).

BTR was again the largest contributor to our revenue but the improved profitability of our PBSA developments was the main driver of our increased profits. We were also pleased by the initial results of our Refresh business (see below), which, from a standing start, doubled our budget targets with revenue of £10.9 million at a strong gross margin of 13.8%.

At the year end, we achieved a better cash position than we forecast, with an adjusted net cash position of £83.4 million (30 September 2023: £43.9 million) and total cash and available facilities of £143.2 million (30 September 2023: £103.6 million), meaning our balance sheet remains strong.

Strategy

We have continued to successfully implement our three-part strategy, which aims to diversify our sources of income in residential to rent, drive operational efficiency and ensure we are a responsible business.

Diversify our sources of income

Forward sales remain central to our model but with limited activity during the period, we have been proactive in leveraging our expertise in the residential for rent sector by developing new approaches, broadening our offering and diversifying our income streams. We are pursuing further 'Development Partnerships' with clients, looking to accelerate delivery and revenues by acquiring sites with planning consent or developing a consented site our partner already owns. Also, post FY24 close, we signed a development partnership with Torus to build 295 new affordable homes in Moss Nook, St Helens. This is another very positive example of us diversifying our sources of income.

The joint venture with HGP is an example of us exploring and executing alternative structures and in the case of that deal we have a significant opportunity to outperform our underwriting whilst managing risk.

We will continue to consider differing types of transaction which give us access to capital, and the potential to charge fees, whilst leveraging our leading development and construction expertise in the sector. Such flexibility should enable us to develop our pipeline and place the business in a strong position to capitalise on the opportunities that arise when the market recovers.

We will continue to keep an open mind when exploring the funding options available to us, in order to provide a robust business in the long-term interests of our stakeholders.

Our new Refresh business stream, meanwhile, has turned a challenge into an opportunity, as clients saw the high standard of our building safety remediation work and asked us to apply that skill and experience to remediate their other assets. This service can be further expanded to include a fuller refurbishment and repositioning of an asset. We are leveraging our wide network of institutional contacts to grow the business and the volume of assets requiring remediation and the level of interest suggests we can achieve meaningful revenues and further diversify our income. To position ourselves to take advantage of this opportunity, we have created a dedicated team to provide this offering, which includes refurbishment and redevelopment. This team works closely with Fresh, who provide insight on resident needs, which can then be incorporated into our proposal.

Driving operational efficiency

Driving efficiencies was a key focus in FY24, as we began the second phase of our programme to deliver excellence through operational improvement. The aim is to further improve productivity and efficiency while reducing risk, ensuring our processes, governance and decision-making work well and set us up to outperform. As part of this, we have redesigned our Delivery function to ensure we have the right resources in the right place, and to give our people the capacity to lead. Richard Harris, Managing Director of Group Delivery, is retiring in January 2025 and we have taken the opportunity to split his role. We have promoted and appointed to the executive team Gwyn Pritchard and Michael Bunyan to head up Construction and Project Services respectively. Richard has mentored them as part of our succession planning, to ensure a smooth transition. I want to thank Richard for his important contribution to the Group. We have also added to the executive team in the year with the appointment of Simon Jones as Chief Financial Officer and Adam McGhin as Chief Legal Officer & Company Secretary. Both Simon and Adam have substantial experience in the real estate sector and their leadership will prove key in driving forward the business to achieve our strategic goals.

Build cost inflation reduced during FY24 and we also benefited from our efforts to mitigate rising costs, including developing stronger relationships with our supply chain. We have created excellent partnerships with suppliers in FY24 to further improve our buying power and held our second supplier conference, with an enthusiastic reception as we launched Refresh to them.

The Fresh division continues to provide a reliable income stream to the business. Having a management arm is also hugely accretive to our understanding of the sector and what really matters to residents when living in PBSA and BTR buildings. We anticipate further opportunity to increase Fresh's market share over the coming years as competitors exit the market.

Being a responsible business

This has been a tough period for our people but we have worked hard to keep them engaged and motivated, and I am pleased that we have retained our key personnel and skillsets. We have also maintained our exceptional health and safety record, substantially outperforming the peer group average.

Refresh captures everything good about sustainability. It gives people a better, safer place to live, helps improve the surrounding area and is good for the planet, as we can extend the building's useful life and avoid the substantial carbon emissions from replacing it. We also continue to reduce our own environmental impact. For example, we have redesigned the standard student bedroom and reduced the associated Scope 3 emissions by 10%. We are also diverting 99.15% of waste from landfill.

We made good progress with building safety remediation in the year, completing three projects at a cash cost in line with our expectations. The number of buildings in scope, the extent of the work required and discussions with building owners on reimbursement all continue to evolve, and the Board took the decision to recognise an additional £7.0 million liability during the year.

People

Our people are our greatest strength. The expertise and market-leading position of the business flows directly from the skills and quality of our people. When I carry out site visits throughout year, I am always struck and inspired by the knowledge and commitment of our staff. Their expertise is fundamental in continuing to deliver our strategy for the benefit of the residents and all of our stakeholders.

Please see pages 44 to 46 to learn more about our people strategy and how we are implementing it.

Outlook

We see good prospects for our capital-light forward sale model. The attractions of our end markets mean there is significant capital wanting to allocate to the residential to rent sector but too few built assets to satisfy this demand. The major shortage of accommodation means new assets are urgently needed and the requirements of the Building Safety Act and focus on ESG performance also mean investors want new, best-in-class assets.

The low number of transactions in FY24 will affect our FY25 results, by delaying revenue from building out schemes we had expected to forward sell. The Group's performance will be significantly influenced by the evolution in forward fund liquidity over the coming months and, while it is possible to deliver year-on-year progress in FY25, this will require market conditions to improve at a faster pace as we enter the new financial year.

The business will continue to grow our diversification strategies in 'Refresh' and 'Development Partnerships' across the UK living sectors to provide a resilient base for our traditional transactional and planning-led development activities. We will also continue to assess innovative and alternative real estate funding opportunities if accretive to the scale and speed of growth in the business.

As a market-leading developer with a strong track record, Watkin Jones is an ideal conduit for institutional capital. Further interest rate cuts are forecast, which should improve forward fund liquidity. We are actively sourcing new land for development and are currently marketing a number of schemes, with encouraging investor interest. Looking to the medium term, we believe that there is an excellent opportunity in the sector and that we are well placed to take advantage of that.

Alex Pease
Chief Executive Officer

23 January 2025

Case study

Creating innovative new ways to partner with institutional clients

In July 2024, we announced the sale of a major PBSA development in Stratford, East London. The 397-bed development is being funded by the Housing Growth Partnership (HGP), a social impact investor and part of Lloyds Banking Group.

HGP takes a unique investment approach that shares risk and reward with its development partners. As a traditional forward sale would not meet its criteria, we created an innovative transaction structure that allowed it to participate. This structure retains many of the features of a forward sale but also gives us the chance to share in the upside if the project outperforms.

Our solution was to create a joint venture, owned 75% by HGP and 25% by us. We will deliver the scheme to completion, at which point Fresh will take on its management. HGP is providing equity financing, supplemented by third-party debt.

We expect to generate revenues of around £96 million from the development, at margins in line with our targets. Once the scheme is completed and its operation has stabilised, we expect the JV to sell it. At this stage, we can receive a further cash payment if the sale generates returns above the hurdle rates we have agreed with HGP, with the size of the payment linked to the level of outperformance.

This is our first collaboration with HGP. The transaction demonstrates our entrepreneurial approach and our ability to offer attractive solutions to suit the needs of a broader range of institutional capital.

The Oakgate, Leatherhead

Our strategy

Our strategy aims to deliver sustainable growth from a broader range of income streams, while increasing our operational effectiveness and ensuring we are a responsible business.

1 Diversifying our sources of income

Strategic focus

- Leveraging our market leadership in PBSA and building further momentum in BTR, by securing high-quality locations and using investor and resident insights to develop our products.
- Developing selected mixed-tenure schemes of affordable housing, including single-family housing.
- Growing our institutional-grade accommodation management services and establishing our Refresh offering.
- Continuing our diversification of income streams across the UK living sectors.

Our progress in FY24

- Successful year of delivery, reaching practical completion on five schemes and completing phase one of a sixth.
- Forward sold one development and established an innovative joint venture structure with Housing Growth Partnership, to deliver a PBSA scheme.
- Received planning on four sites, with the potential for 2,570 beds.
- Established Refresh to refurbish existing client properties, completing two projects and recruiting a Head of Building Improvements to lead this business.
- Added 2,392 units under management to the Fresh portfolio, partially offsetting the loss of 6,800 student beds taken in-house by clients from October 2023.

Priorities for FY25

- Complete further forward sales and continue to explore innovative transaction structures.
- Look to rebuild our BTR and PBSA pipelines, taking a highly disciplined approach to site acquisitions.
- Continue to explore development and land partnership models with existing and new capital partners.
- Win further projects for our Refresh offering.
- Reviewing alternative and accretive real estate funding options.

Link to risk

- Economic cycle
- Increased competition
- Land availability
- Liquidity

2 Driving operational excellence

Strategic focus

- Optimising our business structure, to empower our teams and support cross-functional working.
- Investing in our systems, processes and technology, to further increase productivity and reduce risk.
- Continuing to optimise cost and quality, for example by enhancing our supply chain management and introducing modern methods of construction (MMC).

Our progress in FY24

- Began second phase of our Delivering Excellence through Continuous Improvement programme, including further process enhancements and designing a new structure for our Delivery function, to increase efficiency and effectiveness.
- Adapted approach to projects to reflect Building Safety Act requirements, including designing buildings earlier in the process.
- Improved management of build cost inflation, benefiting from strengthened supply chain relationships.
- Improved cost forecasting and management of live projects, including recruiting a construction finance director, adding to the cost estimation team and improving processes, for example to highlight risks earlier.
- Increased the number of post-completion project reviews, to identify areas for further improvement.
- Trialled use of prefabricated kitchen pods, resulting in less waste and reduced snagging.

Priorities for FY25

- Introduce and embed the new structure for the Delivery function and ensure effective handover to new executive team members, on the retirement of our Managing Director of Group Delivery in January 2025.
- Continue phase 2 of Delivering Excellence through Continuous Improvement.
- Continue to focus on forecasting and effectively managing build cost inflation.
- Look for ways to innovate, for example through further increasing the use of MMC.

Link to risk

- Project delivery
- Build quality
- People

3 Ensuring we are a responsible business

Strategic focus

- Being a company that is great to work for, celebrates diversity and inclusion, and prioritises health and wellbeing.
- Enhancing resident and client satisfaction, by delivering the highest-quality buildings and services.
- Minimising our environmental footprint by reducing carbon emissions and waste.

Our progress in FY24

- Maintained our excellent health and safety record, with an incident rate at 13.4% of the industry average.
- Achieved employee engagement score of 72% (FY23: 73%).
- Further increased Fresh net promoter scores to +36 for residents (FY23: +35) and +62 for clients (FY23: +37).
- Diverted 99.15% of waste from landfill.

Priorities for FY25

- Continue to improve our health and safety performance.
- Maintain focus on employee engagement, communication, reward and recognition, learning and development, and diversity and inclusion.
- Continue to innovate to improve the environmental credentials of our developments.
- Reduce waste production and increase percentage diverted from landfill.

Link to risk

- Health and safety
- People
- Increased competition

The Waterways, Nottingham

Key performance indicators

We have a range of key performance indicators to measure our progress towards achieving long-term, sustainable value growth for shareholders.

Financial KPIs:

Gross margin (%)

FY24 9.3%

FY23 8.4%

Purpose

Measures our ability to maintain and improve the quality of our earnings over time, by selecting the right development projects and continually improving our operational effectiveness.

Definition

Gross profit as a percentage of revenue.

Performance

Gross margin improved during the period, with gross profit remaining broadly consistent despite reduced revenues, benefiting from the successful on-time completion of several schemes during the year and the commencement of our Bristol and Stratford PBSA schemes.

The prior year was impacted by supply chain pressures and build cost inflation, as well as acceleration costs required to achieve completion on certain of our schemes.

Basic EPS (adjusted) (pence)

FY24 3.5p

FY23 (0.6)p

Purpose

Measures our ability to deliver profitable growth and underpins our progressive dividend policy.

Definition

Profit from continuing operations attributable to ordinary shareholders, excluding exceptional items, divided by the weighted average number of shares in issue in the year.

Performance

Adjusted basic earnings per share increased as a result of the improved trading performance and favourable effective tax rate primarily driven by the Stratford PBSA disposal.

Return on capital employed (ROCE) (%)

FY24 14.8%

FY23 0.2%

Purpose

Demonstrates how efficiently our working capital-light, forward sales model utilises the capital employed in the business, which in turn underpins our dividend policy and our strong financial position.

Definition

Operating profit before exceptional items, divided by average capital employed, being net assets excluding intangible assets, lease assets and liabilities, and net cash.

Performance

Our ROCE performance improved to 14.8%, reflecting the improved trading performance, the disposal of the Bristol and Stratford PBSA land assets, and the receipt of bullet payments for completed schemes.

Non-financial KPIs:

Total development pipeline (£m)

FY24	1,955
FY23	1,843

Purpose
Shows our ability to build a strong pipeline for future development.

Definition
The total anticipated revenue to be delivered from development sites and Refresh contracts which are either secured or in legals.

Performance
The Group continued to identify opportunities to develop the secured BTR pipeline, with planning achieved for a further c.230 units.

Our PBSA pipeline has also benefited from two new secured sites, and planning being achieved on three sites delivering c.2,300 beds.

The impact of these additional units is offset in part by the successful project completions achieved in the current year.

Student beds and BTR units under management

FY24	18,656
FY23	23,064

Purpose
Shows our ability to expand our high-margin Accommodation Management business, which provides an ongoing regular income and cash flow.

Definition
The number of student beds and build to rent units that Fresh is contracted to manage on behalf of our institutional clients.

Performance
Fresh continued to enhance its offering in a challenging market. Over last 12 months we have invested in our origination capabilities, adding c.2,400 new units under management. This was offset by 6,800 units where management was taken in-house by a major client from October 2023.

Operational review

Build To Rent

	BTR apartments by estimated year of practical completion				
	Total pipeline	FY25	FY26	FY27	FY28
Forward sold	**2,382**	956	1,110	316	—
Forward sales in the market	**300**	—	70	—	230
Sites secured subject to planning	**795**	—	—	—	795
Total secured pipeline	**3,477**	956	1,180	316	1,025

Total revenues for the year were £211.3 million (FY23: £207.7 million), up 1.7%. Revenues were generated by the build-out of our forward sold developments and a development partnership scheme in Cardiff. During the year, we reached practical completion on our schemes at Hove and Lewisham, and handed over the first phase of the Sherlock Street development in Birmingham.

In FY24, we submitted planning on a site in Leeds with the potential to deliver around 230 units, which was approved just after year end. The current secured development pipeline for BTR is shown in the table above. The pipeline has an estimated future revenue value to us of £0.5 billion (FY23: £0.6 billion), of which £232 million is currently forward sold (FY23: £447 million).

Gross profit for the year was £18.0 million (FY23: £19.8 million), down 9.1%, resulting in a gross margin of 8.5% (FY23: 9.5%). This reflected the lack of land sales in the period, with the build margins of certain in-year schemes being lower than typical land margins.

Award-winning delivery in BTR

We were delighted to win the BTR Specialist Award at the national EG Awards 2023. The judges commented:

"Watkin Jones has shown an incredible depth of activity over the period, and pushed the boundaries when it came to bringing capital to the BTR sector. The buildings Watkin Jones delivers are uncompromising in terms of design and approach to ESG standards and offer its residents a best-in-class service."

Single Family Homes

The affordable-led single family homes business completed 20 sales in the year (FY23: 36 sales), generating revenue of £12.9 million (FY23: £19.6 million).

The business has continued to make progress at its Crewe site but delays to house sales have increased holding and management costs, eroding the margin on completed transactions. Gross loss for the year was therefore £0.2 million (FY23: profit of £1.9 million) at a gross margin of -1.6% (FY23: +9.7%). We are looking at revising the planning at Crewe to reduce the number of four-bed units and provide more two and three-bed units, which will increase the potential for selling to single-family housing funds.

In December 2024, we signed a development partnership with Torus to construct 295 new affordable homes in St Helens.

Operational review

Student Accommodation

	PBSA beds by estimated year of practical completion				
	Total pipeline	FY25	FY26	FY27	FY28 onwards
Forward sold	657	260	397	—	—
Forward sales in the market	2,605	—	—	330	2,275
Sites secured subject to planning	1,594	—	—	—	1,594
Total secured pipeline	4,856	260	397	330	3,869

During the year we delivered three developments as planned, completing Lower Parliament Street in Nottingham, Metalworks in Bedminster, Bristol, and the Lower Bristol Road scheme in Bath. We forward sold the 260-bed Gas Lane scheme in Bristol, which will transform a brownfield site into a new student community in one of the UK's largest urban regeneration zones. This was our first transaction with a new client, Hines. We also sold the 397-bed development in Stratford, East London, to a new joint venture we created with the Housing Growth Partnership (HGP), a social impact investor and part of Lloyds Banking Group. The JV is owned 75% by HGP and 25% by us, with funding provided by HGP and third-party debt.

We expect the JV will sell the completed scheme once it is stabilised and we have the opportunity to receive a further cash payment if the returns exceed agreed hurdle rates.

Revenues from PBSA were £117.6 million (FY23: £175.7 million), down 33.1%, in part because the HGP transaction was accounted for as the disposal of a subsidiary rather than a land sale. As a result it was not included within revenue, which would have been £24.8 million higher if the transaction had been a traditional forward sale. Despite reduced revenues, gross profit rose 19.3% to £13.6 million (FY23: £11.4 million), resulting in a much-improved gross margin of 11.6% (FY23: 6.5%). This reflects a recovery towards the margins we have historically earned in this sector.

The margin in FY23 was suppressed by additional build costs on a scheme in Exeter where the third-party main contractor went into liquidation, as well as acceleration costs required to achieve completion on some other developments.

In FY24, we secured sites subject to securing planning in Belfast (c.1,000 beds) and Bristol (358 beds). We also obtained planning on three sites, with the potential to deliver c.2,300 beds. The secured development pipeline for PBSA is shown in the table above. This pipeline has an estimated future revenue value to us of £0.8 billion (FY23: £0.9 billion), of which £60 million is currently forward sold (FY23: £60 million).

Refresh

Having performed a soft launch of this business in the first half of the year, we successfully completed three refurbishment projects on PBSA assets for an existing institutional client. Total revenues in FY24 were £10.9 million, generating gross profit of £1.5 million at a margin of 13.8%.

The completed projects renovated 800+ bedrooms and more than 660sqm of amenity space over an 11-week period. The room renovations started at the end of term and in just eight weeks returned all rooms fully renovated for the new intake in September. The amenity works transformed unused spaces into vibrant hubs. This successful partnership has led to further active discussions on future work.

With a dedicated team in place to deliver these projects and an active pipeline, we anticipate good growth in FY25. The PBSA sector currently has the greatest potential, given the large proportion of outdated stock (see page 6), but we also expect opportunities to improve older private rented sector accommodation.

Operational review

Accommodation Management

Key statistics

Student beds and BTR apartments under management		Student net promoter score	
18,656	23,064	+36	+35
FY24	FY23	FY24	FY23

Revenues in Fresh fell 14.7% to £8.1 million (FY23: £9.5 million), reflecting the 6,800 student beds that left Fresh in October 2023 with the majority being managed by a new in-house client platform. This was partially offset by Fresh taking over the management of an existing 250-bed PBSA scheme and mobilising a 120-bed BTR (affordable) scheme, as well as contract wins to take on the management of 366 student beds in FY25 and FY26. Fresh also mobilised 1,866 student beds ahead of the 2024/25 academic year, which will contribute to revenue in FY25.

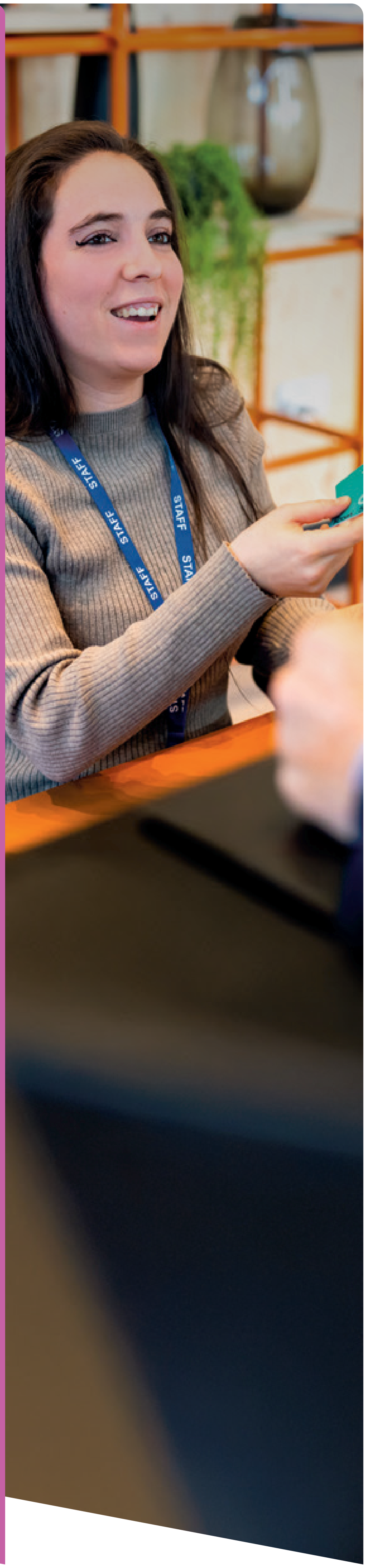
At the end of FY24, Fresh had 18,656 units under management across 58 schemes (FY23: 23,064 units across 71 schemes). Lower revenue resulted in gross profit of £4.4 million (FY23: £6.0 million) at a margin of 54.3% (FY23: 64.8%).

We have a track record of excellent service and our student net promoter score in the Global Student Living Index (GSLI) increased for the fifth year in a row, to +36 (FY23: +35), well above the benchmark of +14. We also retained our Platinum certification. More than 4,600 of our residents took part in the survey.

In the year Fresh collected several awards: GSLI Best Learning Environment UK for Calico in Liverpool, Inspiring Women in Property Awards – Mental Health and Wellbeing Initiative of the Year and Property Week Heath and Wellbeing Award (2023). Our wellbeing programme has been an important contributor to student satisfaction and we reviewed it during FY24, giving us a five-year roadmap with targets, to allow us to monitor our impact and do more of what works.

To support our client service, we are investing in a client portal, which we hope to launch in 2025. This will enable clients to access data on their assets' financial, operational and ESG performance in near real time, assisting their onward reporting. We also continue to invest in our Yardi property management platform and implementing the next upgrade. This brings many advantages, including the ability to incorporate AI to increase efficiency, for example managing initial interactions to secure progression through our funnel and into the CRM.

Our market continues to evolve and consolidate, and we believe Fresh's independence will be increasingly important to clients. To support our growth plans, we have recruited a new commercial director from a competitor. We are also seeing good interest in our white-label offering, which enables asset owners to have their own accommodation brand. We expect this to gain traction in FY25.



The Gorge, Exeter

Financial review

Simon Jones
Chief Financial Officer

Strong operational delivery, cost control and broadening our offering contributed to substantially improved operating profit performance in FY24.

	Adjusted results[1]		Statutory results	
	FY24 £m	FY23 £m	**FY24 £m**	FY23 £m
Revenue	**362.4**	413.2	**362.4**	413.2
Gross profit	**33.8**	34.9	**33.8**	34.9
Operating profit/(loss)	**10.6**	0.2	**3.6**	(38.1)
Profit/(loss) before tax	**9.2**	(2.9)	**(0.3)**	(42.5)

1. A reconciliation between adjusted and statutory results is shown on page 27.

Revenue

Group revenue for the year was £362.4 million (FY23: £413.2 million), down 12.3%. Revenue was primarily generated by our in-build developments, with the reduction in part reflecting the accounting treatment of the transaction of our Stratford development, which was executed as a disposal of subsidiary, rather than traditional land sale. Revenue also benefited from an initial contribution from our new Refresh offering.

On a segmental basis, revenue in the year was as follows:

	FY24 £m	FY23 £m	Change %
Build To Rent	**211.3**	207.7	1.7
Student Accommodation	**117.6**	175.7	(33.1)
Affordable-led Homes	**12.9**	19.6	(34.2)
Accommodation Management	**8.1**	9.5	(14.7)
Refresh	**10.9**	—	
Corporate	**1.6**	0.7	
Group revenue	**362.4**	413.2	(12.3)

Information on divisional revenue performance can be found in the operational review on pages 18 to 20.

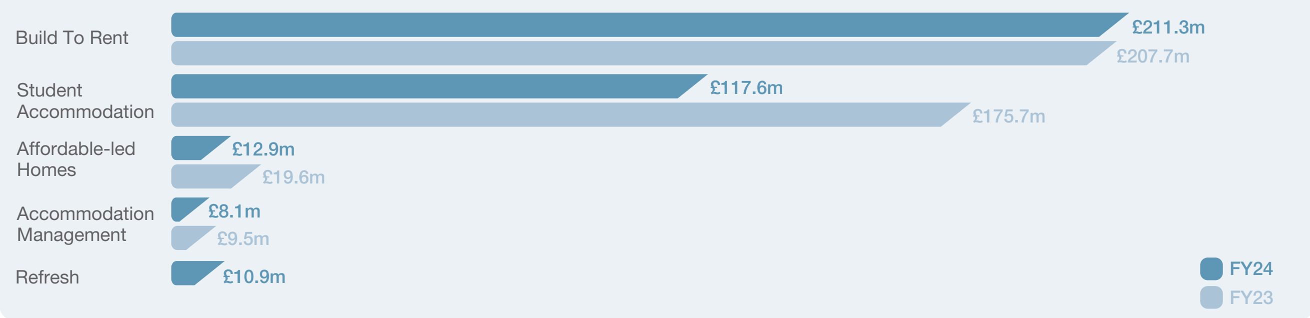
Gross profit

Gross profit for the year was £33.8 million (FY23: £34.9 million), a decrease of 3.2%, with reduced revenue offset by improvements in gross margin. Student Accommodation was the primary contributor to this improved margin performance as a result of the strong operational delivery of our ongoing schemes.

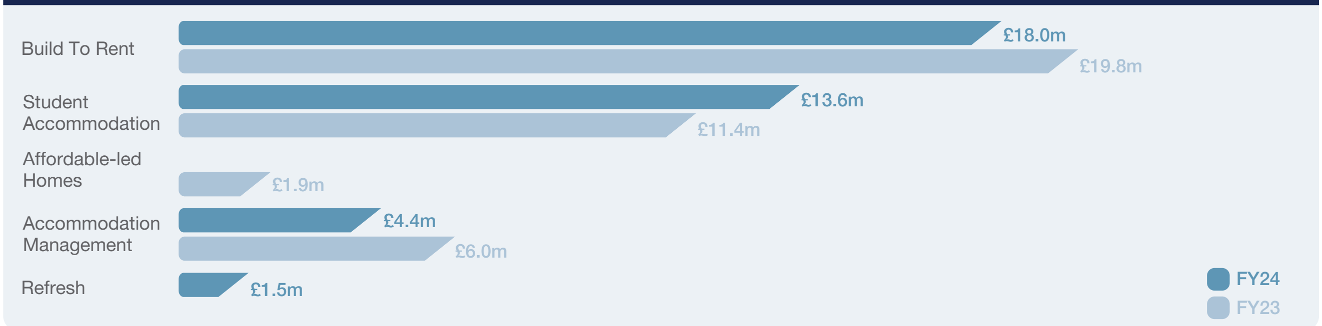
On a segmental basis, gross profit in the year was as follows:

	FY24 £m	FY23 £m	Change %
Build To Rent	**18.0**	19.8	(9.1)
Student Accommodation	**13.6**	11.4	19.3
Affordable-led Homes	**(0.2)**	1.9	(110.5)
Accommodation Management	**4.4**	6.0	(26.7)
Refresh	**1.5**	—	
Corporate	**(3.5)**	(4.2)	
Gross profit	**33.8**	34.9	(3.2)

Revenue by operating segment



Gross profit by operating segment



See the operational review on pages 18 to 20 for more information on divisional gross profits. Corporate is primarily central costs such as plant, insurance and legal expenses that are not allocated to a business unit.

Operating profit

Operating profit for the year was £3.6 million (FY23: £(38.0) million loss). After adding back the exceptional £7.0 million increase to the building safety provision, adjusted operating profit for the year was £10.6 million (FY23: £0.2 million), reflecting the £6.3 million profit on divestment of the Stratford PBSA scheme.

Operating loss in the prior year was after charging:

- a £4.6 million loss on disposal of PRS assets; and
- £38.1 million of exceptional administrative expenses, comprising £35.0 million provided for remedial costs associated with building safety and £3.1 million of one-off restructuring costs.

Our adjusted operating profit of £10.6 million in FY24 therefore represents a significantly improved underlying result.

Administration expenses, excluding the impact of exceptional items, reduced to £29.5 million (FY23: £30.1 million), demonstrating strong cost control in the face of continued inflation in services costs and wages.

Finance costs

Finance costs for the year were £4.9 million (FY23: £5.0 million). These costs included:

- the finance cost of capitalised leases under IFRS 16, which totalled £1.7 million (FY23: £1.8 million);
- an exceptional charge of £2.5 million (FY23: £1.5 million) for the unwind of the discount of the building safety provision (see below); and
- fees associated with the availability of our revolving credit facility (RCF).

Finance costs in FY23 also included interest on the loans previously held with Svenska Handelsbanken AB, which we repaid in that year.

Loss before tax

Loss before tax for the year was £0.3 million (FY23: loss before tax of £42.5 million). Adjusted profit before tax, which excludes the impact of the exceptional items, was £9.2 million (FY23: adjusted loss before tax of £2.9 million).

Taxation

The corporation tax credit was £2.2 million (FY23: credit of £9.9 million). The effective tax credit rate was less than the standard UK corporation tax rate of 25% for the year, primarily as a result of tax reliefs utilised on disposal of a subsidiary. Cash tax in respect of FY24 was minimal, as a result of utilising brought forward tax losses.

Information on our tax strategy can be found in the Investor section of our website, **watkinjonesplc.com**.

Earnings per share

Basic earnings per share from continuing operations for the year was 0.7 pence (FY23: 12.7 pence loss per share). Adjusted basic earnings per share, which excludes the impact of exceptional items, was 3.5 pence (FY23: 0.6 pence).

Dividends

The Board has continued to prioritise the Group's financial flexibility during the current period of market disruption and has therefore not declared any dividends in respect of FY24. The Board will keep this under review. In FY23, we paid an interim dividend of 1.4 pence per share and no final dividend.

At 30 September 2024, the Company had distributable reserves of £41.6 million available to pay dividends.

EBITDA

EBITDA, which is calculated as set out on page 27, was £11.2 million (FY23: loss of £21.0 million). Adjusted EBITDA, which excludes exceptional items, was £18.2 million (FY23: £17.2 million), with an adjusted EBITDA margin of 5.0% (FY23: 4.2%).

Financial review continued

Return on capital employed

The return on capital employed (ROCE) for the year, calculated as set out on page 27, increased to 14.8% (FY23: 0.2%) as a result of our improved profitability.

Building safety

We continue to focus on delivering our building safety rectification obligations and completed works on three buildings in FY24, with a cash outflow of £16.2 million in line with our expectations.

Following the conclusion of investigations undertaken, necessary remedial works were identified at further properties, and the scope of works at a number of properties already under remediation has been revised. An additional net provision of £7.0 million (30 September 2023: £35.0 million) has therefore been made during the year, for which further information is provided in note 4 to the financial statements.

As for many other participants in our industry, the properties in scope of the government's guidance and legislation continue to evolve, as do the range and cost of works. We are monitoring this as building investigations and discussions with building owners continue. The provision recognised represents our best estimate of the amounts required to remediate those properties where we expect remediation works to be required. However, as disclosed in note 4 to the financial statements, there are a number of properties for which the Group's liability remains uncertain and as such, we consider these to be contingent liabilities until such time as there is greater clarity on the Group's obligations or the extent, if any, of remedial works required.

As shown in the table below, at the year end we had a net provision of £48.0 million, after offsetting a £7.6 million reimbursement asset representing contractually agreed customer contributions to the remediation works.

Our current expectation is for a cash outflow of approximately £10.6 million in FY25 with the balance between FY26 and FY30. Given these costs will be incurred in future years, the provision is discounted to its present value. As the discount unwinds over time, the change in the present value is recognised as an exceptional finance cost, as described above.

Statement of financial position

At 30 September 2024, non-current assets amounted to £69.0 million (FY23: £60.2 million), with the most significant item being the carrying value of the leased student accommodation investment properties amounting to £20.8 million (FY23: £24.2 million).

The deferred tax asset, predominantly relating to carried forward losses from the year ended 30 September 2023, amounted to £15.1 million (FY23: £12.1 million) and is expected to be fully utilised in the short to medium term.

Right-of-use assets relating to office and car leases amounted to £5.7 million (FY23: £5.3 million). Intangible assets relating to Fresh amounted to £11.0 million (FY23: £11.6 million) and were reduced by the amortisation charge of £0.6 million in the year.

The movement in the building safety provision and associated reimbursement assets is described above.

Inventory and work in progress was £94.3 million (FY23: £123.5 million), with the decrease reflecting the forward sale during the period of our Stratford and Bristol PBSA sites.

Contract assets decreased significantly in the year to £36.5 million (FY23: £66.4 million) reflecting the final payment balances which are received on completion of developments during the year, particularly from a number of BTR developments which were close to completion at the prior year end, and two PBSA schemes which completed during September 2024. Contract liabilities increased by £1.8 million during the year to £3.3 million.

Interest-bearing loans and borrowings reduced to £13.6 million at 30 September 2024 (FY23: £28.5 million) (see 'Bank facilities' on page 26).

Lease liabilities were reduced to £40.8 million (FY23: £45.2 million), reflecting capital repayments made in the year offset by indexed rent increases on our student leased investment properties.

At the year end, we had a cash balance of £97.0 million and loans of £13.6 million, resulting in a net cash position of £83.4 million. At 30 September 2023, we had a cash balance of £72.4 million and loans of £28.5 million, resulting in a net cash position of £43.9 million.

Net cash balances are stated before deducting the lease liabilities of £40.8 million (30 September 2023: £45.2 million), arising as a result of applying IFRS 16. The lease liabilities relate primarily to several historic student accommodation sale and leaseback properties, for which the future lease rental liabilities are expected to be substantially covered by the future net student rental incomes to be received.

Building safety provision and reimbursement asset

	Provision £m	Asset £m	Total £m
At 1 October 2023	65.6	(10.9)	54.7
Arising during the year	8.1	(1.1)	7.0
Utilised in the year	(21.1)	4.9	(16.2)
Unwind of discount rate	3.0	(0.5)	2.5
At 30 September 2024	**55.6**	**(7.6)**	**48.0**

Cash flow

In a typical year, the Group's cash balance peaks around the year end, as we receive the final payments on student accommodation developments completing ahead of the new academic year, as well as initial proceeds from the latest forward sales.

The Group is then a net user of cash until the following year end, as a result of outflows such as tax and dividend payments (when paid), overhead costs and land purchases.

However, as in the prior year, we expect our cash flow profile in FY25 will be more evenly spread than in previous years. This reflects the anticipated physical completions of some of our BTR developments in FY25, which will result in the Group receiving these final payments throughout the year.

The cash balance at the year end is still important for funding our day-to-day cash requirements and for putting the Group in a strong position when bidding for new sites.

The Group's net cash inflow from operating activities for the year was £30.2 million (FY23: outflow of £31.5 million), primarily reflecting the collection of bullet payments on our schemes completed during the year.

Net finance costs paid totalled £1.2 million (FY23: £2.8 million), including the finance charges on the capitalised lease liabilities of £1.7 million (FY23: £1.8 million).

No dividends were paid in the year (FY23: £15.1 million). Dividends paid in FY23 comprised the final dividend for FY22 and the interim dividend for FY23.

Cash and net debt

	FY24 £m	FY23 £m
Operating profit before exceptional items	10.6	0.2
Loss/(profit) on disposal of fixed assets	0.1	(0.3)
Depreciation and amortisation	6.9	11.5
Profit on disposal of subsidiary	(6.3)	—
Decrease/(increase) in working capital	16.2	(28.6)
Finance costs paid	(1.2)	(2.8)
Tax received/(paid)	3.9	(11.5)
Net cash flow from operating activities	30.2	(31.5)
(Purchase)/sale of fixed assets	(0.1)	15.0
Cash flow from joint venture interests including Stratford disposal	16.9	—
Dividends paid	—	(15.1)
Payment of lease liabilities	(7.3)	(6.8)
Repayment of borrowings	(15.1)	—
Increase/(decrease) in cash	24.6	(38.4)
Cash at beginning of year	72.4	110.8
Cash at end of year	97.0	72.4
Less: borrowings	(13.6)	(28.5)
Net cash before deducting lease liabilities	83.4	43.9
Less: lease liabilities	(40.8)	(45.2)
Net cash/(debt)	42.6	(1.3)

Total cash and available facilities

	FY24 £m	FY23 £m
Cash and cash equivalents	97.0	72.4
Revolving credit facility (RCF)	50.0	50.0
Drawn balance on RCF	(13.8)	(28.8)
Overdraft	10.0	10.0
Total cash and available facilities	143.2	103.6

Financial review continued

Bank facilities

At the year end, the Group had the following bank facilities with HSBC:

- an RCF of £50.0 million, which we can use to fund land acquisitions and development work. The RCF had £13.8 million drawn against it at the year end (30 September 2023: £28.8 million); and
- an undrawn overdraft facility of £10.0 million.

Total cash and available facilities at 30 September 2024 therefore stood at £143.2 million (30 September 2023: £103.6 million).

Subsequent to the year end, the Group has agreed a two-year extension to these facilities, which will now run to 30 November 2027. The overdraft has been replaced with an accordion facility within the RCF of an additional £10.0 million, to support future land acquisitions.

Going concern

We have undertaken a thorough review of the Group's ability to continue to trade as a going concern for the period to 31 January 2026. The basis of the review and an analysis of the downside risks is set out in the section on 'Risk management and principal risks' on pages 28 and 40.

Alternative performance measures (APMs)

We use APMs as part of our financial reporting, alongside statutory reporting measures. These APMs are provided for the following reasons:

1. to present users of the annual report with a clear view of what we consider to be the results of our underlying operations, enabling consistent comparisons over time and making it easier for users of the report to identify trends;
2. to provide additional information to users of the annual report about our financial performance or position;
3. to show the performance measures used by the Board in determining dividend payments; and
4. to show the performance measures that are linked to remuneration for the Executive Directors.

The following APMs appear in this annual report

	Reason for use	Reconciliation	FY24 £'000	FY23 £'000
Adjusted operating profit/(loss)	1	Operating profit/(loss)	**3,566**	(37,970)
		Add: exceptional items in administrative expenses	**7,001**	38,140
		Adjusted operating profit	**10,567**	170
Adjusted profit/(loss) before tax	1,4	Loss before tax	**(307)**	(42,459)
		Add: exceptional items	**9,518**	39,598
		Adjusted profit/(loss) before tax	**9,211**	(2,861)
Adjusted basic earnings/(losses) per share	1,3,4	Profit/(loss) after tax	**1,895**	(32,547)
		Add: exceptional items	**9,518**	39,598
		Less: tax on exceptional items	**(2,380)**	(8,716)
		Adjusted profit/(loss) after tax	**9,033**	(1,665)
		Weighted average number of shares	**256,564,829**	256,434,903
		Adjusted basic earnings/(losses) per share	**3.52 pence**	(0.65) pence
EBITDA	1	**Operating profit/(loss)**	**3,566**	(37,970)
		Add: share of loss in joint ventures	**(8)**	(13)
		Add: impairment of land assets	**769**	5,496
		Add: loss on disposal of non-core assets	**—**	4,584
		Add: depreciation	**6,346**	6,388
		Add: amortisation	**559**	559
		EBITDA	**11,232**	(20,956)
Adjusted EBITDA	1	EBITDA	**11,232**	(20,956)
		Add: exceptional items in administrative expenses	**7,001**	38,140
		Adjusted EBITDA	**18,233**	17,184
Adjusted net cash	2	Net cash/(debt)	**42,602**	(1,294)
		Add: lease liabilities	**40,769**	45,195
		Adjusted net cash	**83,371**	43,901
Return on capital employed	1,2	**Adjusted operating profit**	**10,567**	170
		Net assets at 30 September	**132,590**	130,005
		Less: adjusted net cash	**(83,371)**	(43,901)
		Less: intangible assets	**(11,047)**	(11,606)
		Less: investment property (leased)	**(20,751)**	(24,240)
		Less: right-of-use assets	**(5,747)**	(5,276)
		Add: lease liabilities	**40,769**	45,195
		Adjusted net assets at 30 September	**52,443**	90,177
		Adjusted net assets at 1 October	**90,177**	99,265
		Average adjusted net assets	**71,310**	94,721
		Return on capital employed	**14.8%**	0.2%

Simon Jones
Chief Financial Officer

23 January 2025

Risk management and principal risks

The effective management of risk is essential to the successful delivery of our strategy.

Risk management process

The Board has established a formal risk management process, under which it identifies, evaluates and monitors the principal risks facing the Group and the effectiveness of the controls and procedures in place to mitigate against them. This includes:

- the Board's approval of a detailed corporate risk register, which identifies the principal risks and is prepared and kept under review by the Risk Committee, which meets regularly as a sub-committee of the Executive Committee;
- the review of assurance and information about the management of those risks, including specific reviews carried out by KPMG as our outsourced internal audit provider; and
- an assessment of the Group's appetite for particular categories of risk, as a basis against which to assess whether the principal risks are being mitigated to an acceptable level.

The Audit Committee reviews the risk register annually. The review includes:

- any substantial changes to the principal risks, including new or emerging risks;
- material changes to the control framework;
- changes in risk scores;
- changes in risk appetite; and
- progress with any additional mitigating actions which have been agreed.

The Audit Committee also provides appropriate challenge to the effectiveness of mitigating controls, including KPMG's review and testing of mitigating controls for selected risks as part of the annual internal audit plan.

In November 2024, the Board and Audit Committee reviewed the Group's strategic risk register at a joint meeting. This meeting acknowledged the work done during 2024 in progressing the Group's corporate risk management, and approved the risk appetites and current assessments for each of the Group's principal risks.

Principal risks

A principal risk is a risk that is considered material to the delivery of the Group's strategy or its performance, position or future prospects. The Board, through the Audit Committee, has undertaken a robust review of the principal risks facing the Group. The principal risks which the Board considers are relevant to the Group are summarised by risk category and considered more fully on pages 30 to 39.

Risk categories and risk appetite

The Board allocates its principal risks to risk categories and considers the level of risk it is willing to accept for each category, to achieve the Group's business objectives.

We have no appetite for risk in relation to health and safety matters, financial crime and compliance with legislation, so these have been allocated our lowest level of risk appetite.

While we also have minimal risk appetite in relation to liquidity, cyber security and build safety, the appetite for these risks is slightly higher in acknowledgement of the high levels of inherent risk in these areas. We have a cautious to moderate risk appetite in relation to our remaining principal risks.

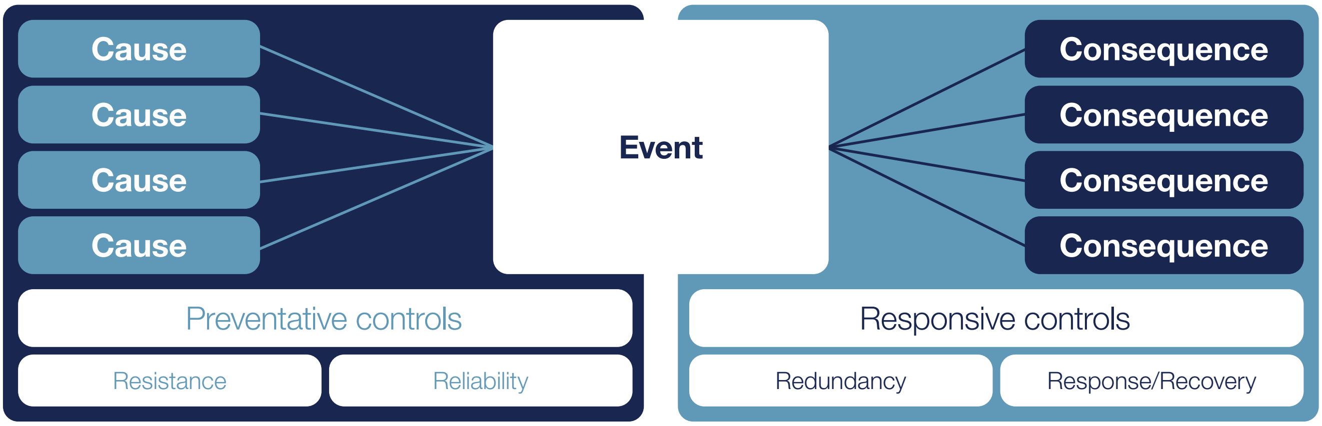
The Group's risk categories, risk appetites and principal risks are set out in this section, along with the Board's assessment of the effectiveness of the controls and procedures in place to mitigate against them.

Heat map

The heat map summarises our exposure to our principal risks by considering the likelihood of a risk event occurring and its potential impact on the Group in the medium term. It shows the gross and net risk assessment, which are determined before and after mitigating factors and controls are taken into account.

The heat map also show the Board's risk appetite for each risk category, with the aim that after taking into account mitigating factors and controls, the net risk is reduced to a level that sits within or below the Board's appetite for risk.

Bow-tie model



The principal risks and risk appetite have been assessed using the following scoring matrix. Using this matrix, the gross and net risk assessment score for a principal risk is the product of the assessed likelihood and impact scores.

Likelihood	Score	Impact	Score
Highly probable	5	Extreme	5
Probable	4	Major	4
Possible	3	Moderate	3
Unlikely	2	Minor	2
Remote	1	Insignificant	1

Changes in year

The Group actively monitors emerging risks and changes to the profile of existing principal risks. The risk assessment for the following principal risks has been reconsidered for such changes during the period:

Economic and political cycle

The Board has noted the macroeconomic and geopolitical conditions influencing the economic cycle which, despite encouraging signs of recovery in our markets, may impact the Group. These include persistent high interest rates, political uncertainty, the continued threat of conflict in Europe and the Middle East, and indicators of build cost inflation.

The Board increased the net risk score for this principal risk in the prior year, and considers that the Group's mitigations, including the exploration of alternative deal structures to expand our addressable market and leveraging our centralised procurement function to minimise the impact of inflation, are sufficient to maintain that score.

Land availability

The reduced number of suitable sites coming to market over the preceding two years, combined with planning delays and local authority under-resourcing, continues to place pressure on land availability. Nevertheless, the Group remains well placed to mitigate these challenges with its in-house planning team and record of effectively navigating the planning process. Vendor expectations, which had been slow to align to changing macroeconomic conditions, have also begun to soften in recent months. As a result, we have maintained our rating for gross risk, but increased our net risk rating from the prior year.

Liquidity

Despite recent reductions in interest rates and encouraging signs of recovery in the market, we have not yet seen a full return of customer appetite for forward sales for existing developments. We consider that our existing mitigations, including the Group's cash reserves and revolving credit facility discussed in the going concern review on pages 39 and 40, are sufficiently robust to maintain the net risk at the prior year level.

Building safety and quality assurance

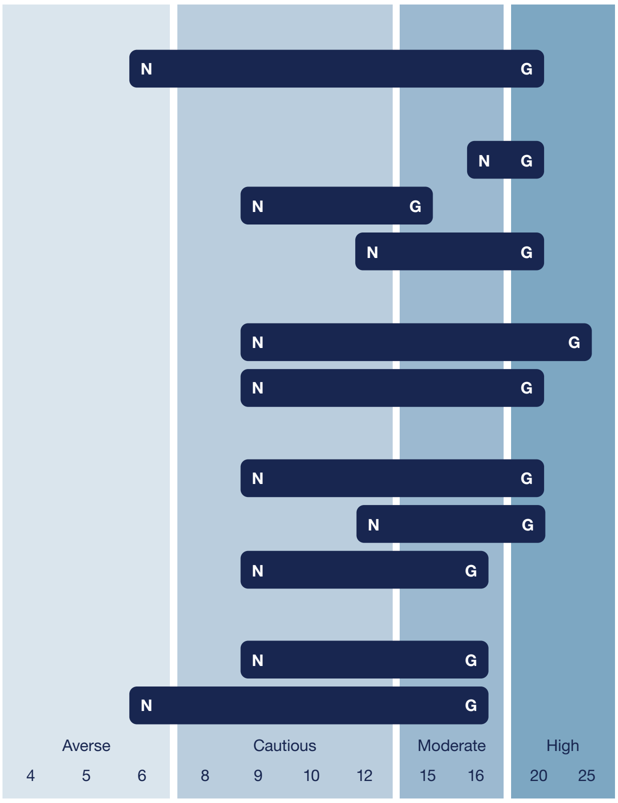
In response to the substantial regulatory changes affecting the Group, including the introduction of the Building Safety Act 2022 (BSA) and evolution of related secondary legislation in the previous financial year, the Group has introduced a number of key mitigating controls, including a proactive programme of fire safety remediation for historic projects, and the creation of a working group to co-ordinate the Group's training, compliance and response to the BSA's requirements. The Board notes the challenges that certain of the Group's peers are reporting with delays to programmes as a result of the BSA Gateway process, and is closely monitoring the response of both the government and the wider industry to these challenges. The Board considers that the mitigations in place are sufficient to maintain the net risk at the level set in the previous year.

Risk management and principal risks
continued

Risk heat map

Principal risk:	Risk appetite:
Health and safety:	
Health and safety	Averse
Strategic:	
Economic and political cycle	Moderate
Increased competition	Cautious
Land availability	Cautious
Financial:	
Liquidity	Cautious
Cyber security/GDPR	Cautious
Operational:	
Project delivery	Cautious
Building safety and quality assurance	Cautious
Widespread business interruption and continuity	Cautious
People and legal:	
People	Cautious
Legislation	Averse

Gross risk score = **G**
Net risk score = **N**



People

Change: Link to business model:

Threats		**Consequences**	
Threats	**Preventative barriers**	**Responsive controls**	**Consequences**
Uncompetitive remuneration packages.	Salary benchmarking undertaken to ensure our remuneration packages are competitive.	Use of counter-offers or use of succession plans to cover responsibilities.	Loss of key personnel.
Failure to improve diversity and inclusion in under-represented groups.	Promotion of the 'People' pillar in the Group's Future Foundations initiative; introduction of equity, diversity and inclusion charter.	Identify those at risk and put in place additional short-term and long-term incentive plans.	Increased strain on personnel.
Absence of succession and talent plans.	Formal executive succession plan and senior management talent plan reviewed annually.	Use of external contractors or consultants to cover prolonged periods of absence.	Inability to maintain key functions within the business.
A misaligned employee culture, including the impact of hybrid working.	Employee engagement is a core personal objective for all senior employees across the organisation. Feedback from exit interviews used to inform strategy.	**Escalation factors**	**Preventative barriers**
Increasing awareness of employee wellbeing.	Promotion of mental health wellbeing through training programmes and internal communications.	Pressure on people from stress of achieving business objectives.	Access to internal or external support via our Employee Assistance Programme.

Risk that the Group finds it difficult to attract, recruit, motivate and retain employees, which could have an adverse impact on its ability to deliver its strategic objectives

Key

Identify potential developments · Site procurement and planning · Transaction and funding · Construction and delivery · Accommodation management

Increase · Decrease · No change

Health and safety

Change: No change · Link to business model: Construction and delivery, Accommodation management

Threats

Threats	Preventative barriers
Major fire on site.	Quality assurance procedures and fire risk assessments.
Crane collapse/failure of lifting equipment.	Robust procedures for erection, use and dismantling of major equipment with works undertaken by suitably qualified personnel.
Falls from height.	Work at height procedures and use of prefabrication off site to avoid work at height where possible.
Lack of appropriate skills or experience.	Formal process in place to assess individuals on site for appropriate skills, which are logged on a central database for compliance monitoring. Detailed role profiles for staff include health and safety requirements.
Collapse of excavation or temporary work structure.	Risk assessments and evaluations of competence of contractors.
Unauthorised access to site.	Security protocols set for different types of sites using hoardings, security staff, CCTV etc., based on the assessed risk.
Severe adverse weather conditions as climate changes.	Additional risk assessments in place for scaffolding, crane and plant use, and working at height procedures during high winds, heavy rain, ice or extreme temperatures.
Significant infection outbreak.	Risk assessments and inductions at each site, sanitisation facilities provided, social distancing introduced where necessary.
Employee mental health concerns, including stress.	Trained mental health first-aiders available to provide assistance; wellbeing and Employee Assistance Programmes in place.

Consequences

Responsive controls	Consequences
Regular audits to identify improvements.	Loss of life or serious injury.
Maintenance of appropriate levels of insurance cover.	Damage to property leading to financial loss.
Formal accident/incident reporting procedures.	Breach of legislation, including the BSA, leading to prosecution, financial penalties and reputational damage.
Internal and external communication plans developed.	Reputational damage leading to financial loss.
Post contract reviews completed to identify any lessons learned.	Repeated incidents could lead to reputational damage and financial loss.

Escalation factors	Preventative barriers
Unrealistic build programmes create pressures to cut corners.	Management's tone from the top and influence over development programme.
Rapid climate change leading to increased risk of severe adverse weather conditions.	ESG strategy in place to mitigate the Group's contribution to climate change.

Risk that failure to follow established health and safety procedures could result in a serious incident or fatality

Risk management and principal risks
continued

Building safety and quality assurance

Change: Link to business model:

Threats

Threats	Preventative barriers
Cladding safety, in particular fire safety.	Proactive programme of fire safety remediation for historic projects carried out by the Group. See note 4 to the financial statements. Group design standards requiring the selection of certified products, with the selection informed by input from specialist consultants, assessed in line with PAS 9980.
Defects and safety issues identified on completed buildings.	Specialist in-house building safety team reviews historic portfolio of projects and takes a proactive approach to remediating any issues identified.
Selected subcontractors do not have the necessary expertise or capability.	Prequalification questionnaire process for the selection of subcontractors, with a focus on technical capabilities.
Budgetary pressures lead to selection of poor-quality materials or subcontractors.	In-house construction expertise used to inform cost estimates when appraising new build opportunities or pricing Refresh contracts.
Failure to comply with statutory requirements, including the Building Safety Act 2022.	Regular reviews of legislation by in-house planning and technical teams and use of suitably qualified consultants. Introduction of BSA working group to ensure compliance.
Lack of clarity on government policy, or rapidly changing legislation.	Emerging policy and legislation is regularly reviewed by in-house and external legal advisers.

Consequences

Responsive controls	Consequences
Customer care team aims to address any defects promptly and ensure a good customer experience.	Damage to reputation.
Quality assurance (QA) procedures in place, with progress captured on construction management software, including post-completion reviews.	Significant defects leading to remedial costs and the risk of personal harm.

Escalation factors	Preventative barriers
Delays to programmes as a result of slower than expected BSA Gateway approval.	BSA working group established. Combined in-house planning and construction expertise to navigate Gateways.
Labour shortages in the construction industry, in particular fire safety engineers.	Long-term relationships with the Group's nationwide supply chains.

Risk that poor build quality could result in financial and reputational loss

Key

Identify potential developments
Site procurement and planning
Transaction and funding
Construction and delivery
Accommodation management
Increase
Decrease
No change

Economic and political cycle

Change: No change Link to business model: Identify potential developments, Site procurement and planning, Transaction and funding, Construction and delivery

Threats

Threats	Preventative barriers
Major disruption to the forward funding market, or reduction in available capital.	Alternative funding and partnership structures explored with potential clients, including joint venture arrangements, to increase routes to market.
Input cost inflation.	In-house construction expertise and supply chain relationships, quarterly Inflation Committee reviews to mitigate impact, including employee cost inflation.
Short-term market turbulence including increased interest rates or reduction in available capital.	Forward funding sales model reduces impact of interest rate movements in the short to medium term. Hedging strategies considered for any borrowing undertaken to deliver projects.
Increases in investment yields.	Forward funding sales model and use of sensitivity analysis when appraising developments.
Changes in employment, demographics or immigration controls.	Target cities selected on the basis of their strong economic and demographic characteristics to help insulate them from any nationwide downturn.
Political risks in occupier markets, including controls over rent setting or lease termination.	Diversification across different property classes and forward funding model means completed properties are not retained.

Consequences

Responsive controls	Consequences
Control over land usually conditional and construction inputs typically procured in advance to fix prices.	Increased costs reduce profits or render developments unviable.
The Group's strong liquidity position gives it the flexibility to look through short-term disruption.	Short-term economic turbulence leads to a closure of the forward funding market.
Forward funding model insulates the Group from short-term yield movements. Consideration of other funding structures.	Increase in the yield expectations of institutional clients reduces the value of developments.

Escalation factors	Preventative barriers
'Black Swan' event causing a sharp economic deterioration and sustained closure of forward funding market.	Stress testing in liquidity forecasts to help ensure adequate contingencies are maintained.

Risk that macroeconomic factors impact the Group's ability to achieve the business plan through reduced margins or failure to fund developments through forward sales

Increased competition

Change: No change Link to business model: Identify potential developments, Site procurement and planning, Transaction and funding, Construction and delivery

Threats

Threats	Preventative barriers
Competition in the land market from direct competitors or a competing use.	Rigorous site appraisal process underpinned by the Group's integrated structure, which provides enhanced letting and construction information.
An increased number of planning applications in one area may lead to refusals regardless of their merits.	Planning due diligence measures prior to contracting to acquire sites and early interaction with local planning authorities (LPAs) during applications.
Increased competition leads to gazumping of land acquisitions.	The Group's strong track record can demonstrate to vendors its ability to perform and transact.
Increased supply might increase the difficulty of forward funding developments.	Dedicated Divestment team in place with a network of agents to help promote disposals. Alternative funding structures considered, including joint ventures.
Increased competition in construction market.	Strong existing supply chain for in-house construction and expanding relationships with third-party main contractors.

Consequences

Responsive controls	Consequences
Capital structure provides the flexibility to progress selected developments on a turnkey basis to increase sales value.	Forecast margins are not achieved due to suppressed sales prices.
In-house construction capability provides an advantage compared to competitors reliant on third-party main contractors.	Forecast margins are not achieved due to increased construction costs from supply chain shortages.
Specialist in-house planning team and promotion of high-quality design and sustainability standards.	Increase in the yield expectations of institutional clients reduces the value of developments.

Escalation factors	Preventative barriers
Attractive market leads to significant new capital invested in new entrants.	Barriers to entry through client expectations for a strong track record.

Risk that increased competition could increase land prices or build costs, or reduce demand for the Group's schemes

Risk management and principal risks continued

Land availability

Change: ↑ Link to business model:

Threats

Threats	Preventative barriers
Finite supply of land increases the risk of accepting sites with more development constraints.	Due diligence procedures in place for assessing the financial and technical viability of developments.
Political factors or new legislation delay the planning process or result in planning refusals.	In-house planning expertise helps to identify locations with higher planning risk, with early interaction with LPAs during applications.
Alternative uses for land become more viable than the Group's core markets.	Regular reviews of our core markets and the property market in general to identify emerging trends.
The land market closes in response to a significant economic event.	The Group has the experience to structure deals in different ways, to adapt to vendors' expectations.
Reduction in land availability due to adverse climate impacts or environmental restrictions.	Group ESG strategy in place to achieve net zero ambitions by 2030. Working closely with supply chain to monitor compliance with ISO 14001, with all suppliers to be accredited by FY25.
Increased competition reduces our success rate in bidding for land.	Credible market presence due to track record of bringing land through planning and competitive pricing due to in-house construction capability.

Consequences

Responsive controls	Consequences
Established macro and microeconomic analysis used to identify target cities and locations, leveraging on-the-ground knowledge from Fresh.	Land acquired in secondary locations or with significant technical and environmental challenges.
Robust investment appraisal methodology and governance structure.	Overpaying for land.
Vendor and agent relationships and credibility in the market.	The Group does not acquire enough land to meet its growth plan.

Escalation factors	Preventative barriers
Significant unexpected change in planning policy.	Maintenance of a strong pipeline of developments provides visibility of earnings and the opportunity to absorb and adapt to changes.

Risk that an inadequate supply of available land or delays in the planning process inhibits the Group's ability to deliver its growth strategy

Key

Identify potential developments | Site procurement and planning | Transaction and funding | Construction and delivery | Accommodation management

Increase | Decrease | No change

Liquidity

Change: No change Link to business model: Identify potential developments, Site procurement and planning, Transaction and funding

Threats

Threats	Preventative barriers
Major disruption to, or sustained closure of, the forward funding market.	Alternative funding and partnership structures explored with potential clients, including joint venture arrangements, to increase routes to market.
Credit and counterparty risk.	Counterparty risk appraised before entering into sale agreements with clients, which are typically blue-chip institutions.
Over-gearing leads to financial distress.	The Group's capital-light forward sales model helps to significantly reduce the Group's cash requirements, with financing provided by its clients rather than using its own balance sheet.
Failure to maintain adequate debt facilities and covenant compliance to support long-term growth plans.	The Group's £50 million RCF has been extended to November 2027 and there is currently significant headroom against its covenants.
Continued high interest rates reduce available funding for developments.	Alternative funding and partnership structures explored with potential clients, including joint venture arrangements, to increase routes to market.
Short-term liquidity issues due to high value of the Group's transactions.	Cash flow forecasting with site acquisitions typically structured on a subject to planning basis, providing good visibility of future commitments.

Consequences

Responsive controls	Consequences
Existing forward sold pipeline combined with debt facilities provides insulation from short-term market disruption.	Unable to sell developments on a forward funded basis.
Maintenance of undrawn debt facilities for development and land acquisition purposes, including accordion facility of £10 million.	Inability to meet short-term commitments.
£50 million RCF, of which only £13.8 million was drawn at the reporting date, with funding options considered in each development appraisal. Periodic review of non-core operational assets to determine whether divestment to release funds is appropriate.	The Group does not acquire enough land to meet its growth plan.

Escalation factors	Preventative barriers
'Black Swan' event causing a sharp economic deterioration and sustained closure of forward funding market.	Stress testing in liquidity forecasts to help ensure adequate contingencies are maintained.

Risk that lack of liquidity could inhibit the Group's growth strategy or in more extreme circumstances lead to severe financial distress and insolvency

Risk management and principal risks continued

Cyber security/GDPR

Change: Link to business model:

Threats

Threats	Preventative barriers
Failure of critical business software.	The Group's key software is hosted with robust third-party providers who have multiple backup and failover arrangements in place.
Failure of critical business hardware.	Firewalls are in place, backed up by flow control and port protection measures in the event of firewalls failing. Majority of systems and data now hosted in cloud.
Phishing.	Email security filters are in place, supplemented by internal training and simulated attacks.
Data breach and GDPR compliance.	Multi-factor authentication and geo-fencing to prevent unauthorised access. Data protection policy and annual GDPR training in place, with external advice received on emerging threats. Bespoke policies in place for Fresh to address increased risk from holding resident data.
Malware/ransomware.	Firewall and web filter measures alongside anti-virus software and external penetration testing. External security operations centre has been implemented to monitor threats on a real-time basis.
Insider threats.	Internal monitoring measures alongside limits to email sizes and restrictions to access.

Consequences

Responsive controls	Consequences
Separate hosting of critical systems to reduce the risk of a widespread loss of systems, with backup and disaster recovery arrangements.	Loss of access to critical business systems.
Delegated limits and controls in place for payments.	Financial loss due to a phishing attack.
Breach prevention controls including network firewalls, malware protections and training alongside formal breach management procedures.	Major personal data breach leading to reputational damage and possible financial penalties.
Detailed scenario plans in place for cyber attacks and data breaches, including rapid response frameworks, which have been tested during the period.	Delayed response leading to further financial loss or data breach.

Escalation factors	Preventative barriers
Development of new malware which can evade existing security measures.	Monitoring of emerging threats.

Risk of loss of access to the Group's systems through a cyber attack

Key

Identify potential developments | Site procurement and planning | Transaction and funding | Construction and delivery | Accommodation management

Increase | Decrease | No change

Legislation

Change: No change | Link to business model: Identify potential developments, Site procurement and planning, Transaction and funding, Construction and delivery, Accommodation management

Threats

Threats	Preventative barriers
Poor or absent tone from the top leads to compliance failures.	Compliance given a high priority, as evidenced by the matters considered by the Board and Executive Committee.
Lack of or inadequate policies and procedures.	Comprehensive set of policies is well embedded in the business, including bespoke policies for Fresh, to help ensure compliance with relevant legislation.
Lack of awareness of regulations and expectations.	Initial compliance training for all new employees, which is reinforced by annual refresher modules. Procurement process enhanced to ensure subcontractors are aligned to the Group's expectations for compliance.
Inadequate control environment.	Formal delegated authorities matrix in place, which is enforced by processes and controls.
Poor management practices which accept non-compliance.	Key individuals in the Finance and Commercial teams have relevant professional qualifications. A third-party whistleblowing hotline is also in place.

Consequences

Responsive controls	Consequences
Specific Group policies reinforced by annual training.	Failure to comply with anti-bribery and corruption or anti-slavery legislation, leading to reputational damage or possible financial penalties.
Well-established Data Subject Access Request and Data Protection Impact Assessment processes, with input from retained specialist GDPR consultants.	Significant data breach of personal data leading to reputational damage or possible financial penalties.
Controls framework governing bank payments, including delegated limits and segregated access.	The Group is a victim of financial crime.

Escalation factors	Preventative barriers
Shortage of subcontractors increases pressure to appoint subcontractors with poor compliance controls in place.	Prequalification questionnaire implemented for appointments, assessed by dedicated procurement team.
Climate-related legislation implemented in response to rapid climate change.	ESG strategy in place to mitigate the Group's contribution to climate change. Regular review of climate-related legislation that would be relevant to the Group.

Risk that failure to comply with legislation could lead to financial and/or reputational damage

Risk management and principal risks continued

Project delivery

Change: ⊖ Link to business model:

Threats

Threats	Preventative barriers
Inaccurate build programmes and increasing build costs.	The Group's business model means that it is involved in planning for most of its developments, giving it a greater ability to ensure a suitable programme.
Failure to obtain necessary statutory approvals.	Experienced in-house delivery teams use the Group construction management methodology, which seeks early engagement and discharge of statutory conditions. BSA working group established to ensure compliance with relevant Gateways under the Act.
Poor-quality workmanship.	Management processes on site for ensuring build quality, with QA procedures in place for monitoring and capturing QA data.
ESG strategy not implemented.	Engagement with supply chain to monitor compliance with ISO 14001, with all suppliers to be accredited by 2025.
Poorly drafted or unclear specification documents, or failure to build what is consented or contracted.	Construction management software utilised to ensure all parties are working to the latest drawings and documents. Regular project management review of compliance with planning and contractual requirements.
Business failures or significant disruption in the supply chain.	Robust financial checks on subcontractors and monitoring of the workload, performance and capacity of key contractors. In the event of market delays in the sourcing of materials, liaising with subcontractors to order materials in advance of requirements.

Consequences

Responsive controls	Consequences
Monitoring of performance against programme in monthly senior management review meetings, to ensure early intervention.	Project is delivered late, leading to financial penalties and reputational damage.
QA data collated and monitored in monthly senior management review meetings. Post-contract review sessions held to identify lessons learnt and to drive continuous improvement.	Poor-quality workmanship.
Monthly senior management review meetings monitor progress with discharging statutory requirements.	Completed properties do not comply with statutory requirements.
Monitoring of progress against ESG targets, with regular reporting to the Board.	ESG commitments not met, leading to reputational damage.

Escalation factors	Preventative barriers
Pressures to meet financial and delivery targets may lead to compromises on programme and quality.	Governance procedures require Executive Committee approval for all developments, with input from all key disciplines.
Delays to programmes as a result of slower than expected BSA Gateway approval.	BSA working group established. Combined in-house planning and construction expertise to navigate Gateways.

Risk that a scheme is delivered late or to a poor quality, which could result in significant financial costs, reputational damage and potential legacy issues

Key

Identify potential developments
Site procurement and planning
Transaction and funding
Construction and delivery
Accommodation management

Increase
Decrease
No change

Widespread business interruption and business continuity

Change: No change Link to business model: Transaction and funding, Construction and delivery, Accommodation management

Threats

Threats	Preventative barriers
Natural disaster, including as a result of climate change.	Geographically diverse locations for the Group's revenue-generating activities reduces concentration of risk, alongside due diligence when appraising sites to identify heightened risks for specific locations.
Man-made disaster.	Robust design and specification of materials, alongside well-established HS&E management framework.
Widespread employee absences due to illness, team defection or pandemic.	Agile working practices can reduce level of face-to-face interaction to stop spread of disease. Experienced and well-embedded H&S practices to monitor latest government guidance.
Significant market volatility affects investor confidence.	Capital-light model, well-managed liquidity position and regular and open contact with stakeholders allows the Group to respond to short-term volatility. A broad range of internal experience and external advice sought to gain early sight of upcoming market challenges.
Widespread loss of access to IT infrastructure or key SaaS systems.	Core systems are cloud based, with backup and failover arrangements in place. The Group uses a range of IT security measures including firewalls, web filters and anti-virus software.
Failure of a key supplier.	Tendering due diligence considers suppliers' technical expertise and financial position.

Consequences

Responsive controls	Consequences
For support services, widespread homeworking can be deployed in the event of the loss of an office.	Loss of access to physical support infrastructure such as offices.
Formal business continuity plan to inform initial crisis response. Maintenance of a comprehensive suite of insurance policies.	Significant damage to construction sites.
Employee Assistance Programme and wellbeing support for staff, including remote GP appointments and mental health support, to assist return to work, with use of consultants to cover.	Absence or loss of key employees for prolonged periods.

Escalation factors	Preventative barriers
Additional pressure placed on employees during recovery period from a significant adverse event.	Access to external and internal support services.

Risk that a major nationwide incident causes a significant reduction or cessation in the Group's business activities

Going concern

The Directors have undertaken a thorough review of the Group's ability to continue to trade as a going concern for the period to 31 January 2026 (the 'forecast period'). This review has been undertaken taking into consideration the following matters.

Liquidity

At 30 September 2024, the Group had a robust liquidity position, with cash and available headroom in its banking facilities totalling £143.2 million, as set out below.

	£m
Cash balances	97.0
RCF headroom	36.2
Overdraft facility	10.0
Total cash and available facilities	**143.2**

Strong liquidity has been maintained through the first quarter of the year ending 30 September 2025, providing the Group with a good level of cash and available banking facilities for the year ahead.

The Group's revolving credit facility (RCF) is committed and has recently been extended to November 2027, to give flexibility given the current market conditions. The RCF can be used for the acquisition of land and associated development works. All financial covenants under this facility were met at 30 September 2024 and are forecast to be met throughout the period to 31 January 2026.

Business model

Our business model is capital light. By forward selling or acting as development partners for the majority of our build to rent, purpose built student accommodation and Refresh developments, we receive payment before we incur any significant development cash outflows.

In FY24 our business model evolved to include a joint venture structure at Stratford, which is not capital intensive but does allow us to benefit from future market improvement on disposal of the asset.

By controlling our pipeline, we are able to ensure that we only commit expenditure to projects that are either development partnerships, are forward sold or on which we are undertaking a modest level of enabling works.

In certain circumstances we may decide to continue construction activities beyond the initial enabling phase, without a forward sale agreement in place, but we take this decision based on our available liquidity and can suspend the works should it prove necessary. This greatly limits our exposure to development expenditure which is not covered by cash income.

Risk management and principal risks continued

Going concern continued

Business model continued

Sites are normally secured on a subject to satisfactory planning basis, which gives us time to manage the cash requirements and to market them.

We also take a cautious approach to managing our land acquisition programme, to ensure that we have sufficient liquidity available to complete the acquisition of the sites without any new forward sales being secured.

The Fresh business receives a regular contractual monthly fee income from its multiple clients and the short to medium-term risk to its revenue stream is low.

Our Refresh business involves little initial investment or rolling working capital, with works completed typically certified and invoiced on a monthly basis.

For our Affordable-led Homes business, which is currently relatively small and only has a few sites in build, we manage our development expenditure so that, other than for infrastructure works, we only commit expenditure where it is supported by a forward sales position. In addition, a significant portion of our largest site has been forward sold such that we will receive payment for development works as they progress.

We also receive rental income from tenants in our leased PBSA assets. The PBSA assets are anticipated to be almost fully occupied for the 2024/25 academic year.

Our business model and approach to cash management therefore provide a high degree of resilience.

Counterparty risk

The Group's clients are predominantly blue-chip institutional funds and the risk of default is low. The funds for a forward sold development are normally specifically allocated by the client or backed by committed debt funding.

For forward sold developments, our cash income remains ahead of our development expenditure through the life of the development, such that if we were exposed to a client payment default, we could suspend the works, thereby limiting any cash exposure.

Fresh has many clients and these are mostly institutional funds with low default risk.

Base case cash forecast

We have prepared a base case cash forecast for the forecast period, based on our current business plan and trading assumptions for the year. This is well supported by our forward sold pipeline of two PBSA developments and five BTR developments for delivery during the period FY25 to FY27, as well as the reserved/exchanged and forward sales for our Affordable-led Homes business and the contracted income for Fresh and Refresh.

Our currently secured cash flow, derived from our forward sold developments and other contracted income, net of overheads and tax, results in a modest cash utilisation over the forecast period, with the result that our liquidity position is maintained.

In addition to the secured cash flow, the base case forecast assumes a number of new forward sales and further house sales, which if achieved will result in a further strengthening of our liquidity position.

This scenario includes allowances for remedial spend on building safety matters, including a contingency value.

Risk analysis

In addition to the base case forecast, we have considered the possibility of continued disruption to the forward sale market, given the market turbulence seen in the UK over recent years. This is our most significant risk as it would greatly limit our ability to achieve any disposals.

We have run a reasonable downside model scenario, such that forward sales and new site acquisitions are delayed by up to six months, to assess the possible impact of the above risks.

The cash forecast prepared under this scenario illustrates that adequate liquidity is maintained through the forecast period and the financial covenants under the RCF would still be met.

The minimum gross cash balance under this scenario was £82.2 million (excluding the £10.0 million accordion facility). We consider the likelihood of events occurring which would exhaust the total cash and available facilities balances remaining to be remote. However, should such events occur, management would be able to implement reductions in discretionary expenditure and consider the sale of the Group's land sites to ensure that the Group's liquidity was maintained.

Conclusion

Based on the thorough review and robust downside forecasting undertaken, and having not identified any material uncertainties that may cast any significant doubt, the Board is satisfied that the Group will be able to continue to trade for the period to 31 January 2026 and has therefore adopted the going concern basis in preparing the financial statements.

This strategic report, comprising pages 1 to 67, has been approved by the Board and signed on its behalf:

Alex Pease
Chief Executive Officer

23 January 2025

Sustainability

Our sustainability governance framework

Our approach to sustainability is underpinned by a robust governance framework, which ensures effective oversight of our strategy and its implementation, supported by policies and procedures embedded throughout the Group.

Audit Committee

Jointly with the Board, considers risks put forward by the Risk Committee at least annually.

Board of Directors

Endorses ESG strategy and receives updates from ESG Steering Group.

Has ultimate oversight of climate risks and opportunities through reports from the Risk Committee and ESG Steering Group.

Remuneration Committee

Considers and sets annual ESG objectives for the Executive Committee.

Risk Committee

Comprises all members of the Executive Committee

Meets regularly throughout the year to review any changes to the Company's risk profile, including climate-related risk.

ESG Steering Group

Comprises all members of the Executive Committee

Sets the ESG strategy and considers the associated costs, risks and opportunities.

Meets quarterly to assess progress against ESG targets and climate-related opportunities, and directs the work of the ESG Working Group.

ESG Working Group

Cross-functional group including Health & Safety, Procurement and Sustainability

Meets monthly to develop the Group's ESG approach, identify opportunities and ensure targets remain relevant and achievable. Recommends initiatives requiring investment to the ESG Steering Group.

Our Future People

Develops initiatives to recruit and retain the best talent, create a great place to work and keep our employees safe.

Our Future Places

Develops the design of our buildings, to create great places to live that enhance the communities around them.

Our Future Planet

Considers the design and use of materials for our developments, including environmental and social considerations.

Policies

Group policies can be found at **watkinjonesplc.com/investors/policies-procedures**

UN Sustainable Development Goals framework:

Potential for high positive impact

8 Decent work and economic growth
11 Sustainable cities and communities

See Our Future People and Our Future Places

Potential for positive impact

5 Gender equality
10 Reduced inequalities

See Our Future People

Responsibility to mitigate potential negative impact

6 Clean water and sanitation
12 Responsible consumption and production
13 Climate action
15 Life on land
16 Peace, justice and strong institutions

See Our Future People, Our Future Places and Our Future Planet

Sustainability continued

Our Future Foundations sustainability strategy

We have clear and measurable sustainability objectives aligned to our core business strategy, recognising that our long-term business success and sustainability are interdependent. We track these goals with performance indicators and regularly assess our progress.

Commitment

Our Future People

Create a great place to work, which celebrates diversity and inclusion, prioritises everyone's health and wellbeing and allows us to make a positive difference to the Group and society.

Key activities

- Continue work on equity, diversity and inclusion
- Expand our wellbeing curriculum
- Increase investment in learning
- Increase representation of minority groups

Commitment

Our Future Places

Enhance customer experience and client satisfaction, by delivering buildings and services that meet their needs and are of the highest quality.

Key activities

- Focus on the use and layout of shared amenity space to enhance residents' experience
- Reduce carbon emissions (see below)
- Maintain and improve strong net promoter scores

Commitment

Our Future Planet

Minimise our environmental footprint and reduce carbon emissions by focusing on our supply chain, making our workplaces and developments more energy and water efficient, reducing waste and being innovative.

Key activities

- Reduce Scope 1 and 2 emissions by:
  - Implementing company car policy
  - Reviewing energy procurement
- Reduce Scope 3 emissions by:
  - Installing solar panels where suitable
  - Strengthening partnerships with key suppliers
  - Running environmental campaigns to raise awareness among Fresh residents
  - Updating our building specifications to reflect our commitment to sustainable materials
- Improve waste and water performance by:
  - Increasing diversion of waste from landfill
  - Reducing water consumption on sites
  - Enhancing waste management plans and partnerships with key supply chain, to recycle specialist materials

FY24 performance and highlights

- Employee engagement score: 72% (FY23: 73%)
- Voluntary employee turnover: 24% (FY23: 32%)
- Group investment in learning: 7.9 days per employee (FY23: 9.3 days)
- Gender diversity: 46% female
- Achieved Disability Confident Employer status, recognising our ongoing commitment to being an inclusive employer
- Health and safety incident rate at 13.4% of the national construction industry average at 321/100,000 employees (FY23: 131/100,000 employees and 4.9% of the average)

FY25 targets (unless specified)

- Group employee engagement score: **75%**[1]
- Voluntary employee turnover: **below 20%**
- Group investment in learning: **4.5 days per employee**
- Increase in under-represented groups: **to better reflect national profile**
- Inclusivity approach: **supported by recognised accreditations**
- Health and safety incident rate: **less than 5% of the national construction industry average**

FY24 performance and highlights

- Fresh student net promoter score (NPS) of +36 (FY23: +35)
- Fresh client NPS of +62 (FY23: +37)
- 100% of schemes submitted for planning were designed to BREEAM Excellent standard for PBSA or HQM 4* for BTR
- Average Considerate Constructors Scheme (CCS) score across all sites was 42 (Excellent)

FY25 targets (unless specified)

- Fresh NPS (student): **to maintain current high levels**
- Fresh NPS (client): **to maintain current high levels**
- Design quality of student developments (BREEAM rating): **100% Excellent**
- Design quality of BTR developments (HQM): **4* by 2030**
- Wired score: **Silver**
- Considerate Constructors Scheme: **Very Good for all sites**

FY24 performance and highlights

- Scope 1 greenhouse gas emissions down by 28%
- 20% decrease in total Scope 1, 2 and 3 emissions on a market basis following the introduction of REGO backed electricity contracts across our construction sites and the Fresh estate, although a 9% increase on a location basis due to the completion or near completion of a number of large schemes
- Sustainable heating solutions incorporated into design briefs
- 99.15% waste diverted from landfill (FY23: 98.8%), with improved waste management plans delivering a reduction in waste produced by our construction sites year on year from 0.05 to 0.03 tonnes/m²
- Water consumption reduced year on year from 0.094 l/m² to 0.028 l/m²
- Car fleet is now fully electric or hybrid, ahead of 2026 target

FY25 targets (unless specified)

- Carbon reduction: **net zero Scope 1 and 2 carbon emissions by 2030**
- **Meaningful reduction of Scope 3 emissions by 2030**
- ISO 14001 accreditation in supply chain: **100% of main suppliers and subcontractors**[1]
- Car fleet: **full electric vehicle fleet by 2026**[1]
- Sustainable heating systems: **in all development designs by 2023**[1]
- Waste diversion from landfill (waste from construction sites diverted from landfill for reuse or recycling): **over 97.5%**[1]

1. Target updated during the year, to reflect early achievement of original target or where previous target no longer aligns to our approach.

Sustainability continued

Our Future People

2024 performance

7.9
learning days per employee achieved

Zero
non-compliance events

24%
voluntary employee turnover

31
promotions

4.5%
reduction in minor H&S incidents

46%
female employees

We continued to deliver against our priorities during the year, in order to enhance the way we manage and engage our people.

Engaging with our people

Our employee engagement survey covers six areas: Health & Wellbeing, Irresistible Workplace, Leadership & Inspiration, Meaningful Work, Motivating Managers and Realising Potential. We have seen a 10 percentage point increase in the response rate, up from 66% in 2023 to 76% in 2024, with an average score of 7.6 and a score above 7.0 being rated as positive. Our overall engagement score was 72%, an increase on 2023, and our employee net promoter score increased from +2 in 2023 to +8 in 2024.

As in previous years, we held sessions for each division and team, to go through their results and their engagement drivers, as well as areas for improvement. Managers could also see the results for their area, to help them improve their own management practice. These actions supported local ownership of results and drove our improvement priorities. Health and wellbeing, reward and recognition all received additional focus in FY24 following feedback.

Health and safety

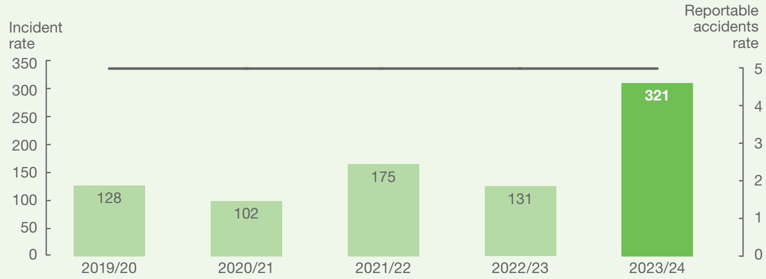
Health and safety is an absolute priority for us and our track record remains strong. We have a Group-wide health and safety policy, which provides a comprehensive description of responsibilities from Board level to the people working on sites. It also details the arrangements which form our robust health and safety management system.

Our annual incident rate was 321 per 100,000 employees (FY23: 131). While this was higher than the prior year it was still a very good performance, at 13.4% of the industry average. We reduced our minor (non-reportable) accident rate by 4.5% on the prior year and our overall combined accident rate (minor (non-reportable) and reportable) by 2.4%.

In addition to our comprehensive business-as-usual training, we introduced courses to cater for new standards and requirements on site. We look to continuously improve our performance and highlight monthly focus areas, where we have identified the need for people to remain diligent.

During the year, we had a number of continuing assessment audits for our ISO 45001 certification carried out by British Standards Institution. We received very positive feedback from the auditors on our processes, procedures and controls during these audits.

For information on our approach to fire safety and the Building Safety Act, see page 49.



Incident rate: This is an HSE standard reporting metric, being the number of recorded incidents multiplied by 100,000 divided by the average number of full-time employees.

Reportable accidents rate: This is the absolute number of accidents reported by the Group to HSE in accordance with the RIDDOR regulations.

Whilst we saw a rise in RIDDOR reportable accidents during this year (five this year compared to two last year), we have seen a 4.5% reduction in minor accident rates and a 2.4% reduction in all accident rates compared with last year.

Gender diversity

At the year end, our gender diversity was as shown in the table below:

	2024		2023	
	Men	Women	Men	Women
Board	4	2	3	3
Senior management	38	7	48	9
Other employees	283	266	354	310
Total	325	275	405	322

Learning and development

During FY24, we continued to achieve above-target training days, with 7.9 days of training per employee delivered, compared to a target of 4.5 days by FY25.

This reflects our continuous efforts in promoting apprenticeship programmes. While these have traditionally been seen as learning paths for young people, we have also taken the opportunity to upskill current employees. In FY24, the subjects being studied ranged from construction site management to accounting. Our apprenticeships also include leadership and management, building on our people's technical and professional skills by allowing them to learn about best practice and achieve a qualification.

Most of our vocational learners are engaged in construction-related qualifications but we have also enrolled colleagues in professional membership pathways, such as the Royal Institute of Chartered Surveyors and the Chartered Management Institute.

We continued to run a wide range of operational and specialist training across the Group. In FY24, we launched a Group Leadership & Management Diploma and training in business continuity planning, as well as new vocational learning programmes in Fresh. In relation to the Building Safety Act, we have introduced a new online learning tool to capture evidence of skills compliance.

Recruitment and retention

The market for talent remains competitive, reflecting continued skills shortages in construction and competition with hospitality businesses in Fresh. Nevertheless, we continue to attract the people we need and have used our in-house capabilities to further reduce our reliance on recruitment agencies in the last 12 months.

Voluntary turnover in the year was 24%, with 30% in Fresh and 17% in our development business. This compares with our FY25 target of below 20%. Listening to what our colleagues want and making the Group an enjoyable and satisfying place to work are key to further reducing turnover. We also look to retain talented people by promoting from within and we were pleased to promote 31 colleagues in the financial year.

Equity, diversity and inclusion (EDI)

Fostering a diverse and inclusive workplace requires us to have accurate data on our workforce. We have therefore begun to collect EDI-related statistics.

Improvements have been made in FY24 to our HR policies and recruitment processes as part of the second year of our diversity charter, with the aim for our workforce to become more representative of national demographics. Of the employees who have provided their data so far, just over 10% identify as BAME (Black, Asian and Minority Ethnic) (FY23: 11%).

We continued to promote diversity in FY24, for example by celebrating International Women's Day, Pride Month, World Mental Health Day and Dyslexia Awareness Week. Our education and support for understanding neurodiversity has been a particular success. We have partnered with Purple Tuesday, an organisation promoting disability awareness and understanding, which has enabled us to adapt many elements of our recruitment and onboarding processes, as well as our workplace environments. This access to information on neurodiversity has also helped many colleagues to support their family members.

The Group gender balance is 46% female and 54% male. The split reflects the number of women in Fresh, including in senior roles. We continue to work to improve the gender balance in Watkin Jones. At the year end, our gender diversity was as shown in the table above.

Reward and recognition

We have increased our focus on reward and recognition in FY24, following feedback in our engagement survey. From a pay perspective, we continue to benchmark our roles to ensure they remain competitive, and with the cost-of-living crisis still being felt by many, we have continued to give larger increases to those who are below the average for their pay band.

In FY24 we also improved our discount and savings platform 'Your Rewards', which enables colleagues to access a range of discounts and savings. Alongside the Sharesave scheme, which is now in its second year, we have introduced pension salary sacrifice to encourage our people to increase their saving for retirement.

Sustainability continued

Our Future People continued

Reward and recognition continued

To improve recognition, we launched a new monthly and quarterly recognition scheme. In its first six months we received over 250 nominations and gave awards to a wide range of employees, which can be redeemed through our discount platform. In FY24 we also hosted our second annual Star Awards, which recognise individuals and teams across the Group who have gone the extra mile.

Wellbeing and mental health

We have continued to promote wellbeing and mental health. Initiatives during the year included a new Health and Wellbeing Hub focusing on four main areas:

- workplace wellness, engagement and connectedness;
- physical wellbeing, and healthy bodies for a healthy business;
- community and social wellbeing, including building a strong community; and
- emotional and mental wellbeing, promoting a positive and supportive environment.

Each of these areas is supported by a busy calendar of events, covering topics such as physical, mental and financial health, and EDI. There were also many other informal events to help create a welcoming, friendly workplace, as well as 'lunch and learn' sessions, where our people could hear from external providers and experts on wellbeing and EDI subjects. We continued to offer on-site health checks, with ten site events taking place. Our provider has also introduced online health checks, to reach colleagues in regions where it has not been possible to arrange an on-site check.

All of these activities are building on the basic awareness and understanding of the importance of wellbeing we have established over recent years.

Our people policies

We have a wide range of people policies covering maternity, paternity and adoption leave, equality and diversity, employee privacy, dignity at work, equal opportunities, pensions and grievance procedures.

Our people can report policy compliance issues to their line manager or their HR business partner. If the issue remains unresolved, we have a formal grievance procedure and policy, as well as an external whistleblowing service, which allows our people to raise concerns anonymously and confidentially.

We did not identify any material non-compliance with our people policies during the year.

Human rights

We have several policies covering human rights in our business and supply chain. These include our policies on dignity at work, preventing sexual harassment in the workplace, equal opportunities, equality and diversity, and anti-slavery and human trafficking.

Our Compliance Officer has primary responsibility for overseeing the anti-slavery and human trafficking policy, monitoring its use and effectiveness, dealing with any queries, and auditing internal control systems and procedures to ensure they are effective. We ensure all new and existing employees have training to understand their rights and responsibilities under our human rights related policies. Anyone with concerns about slavery or human trafficking must raise them through their line manager, our Compliance Officer or through our whistleblowing procedures.

We are not aware of any material breaches of our human rights policies during the year.

Anti-bribery and corruption (ABC)

We have a detailed ABC policy, which is designed to give our people and third parties working for us sufficient knowledge to detect and prevent bribery and corruption, and guidance on where to seek advice. The policy is supported by practical examples of how to apply the rules.

Directors, managers and supervisors are personally responsible for monitoring compliance in respect of all business matters they manage or supervise and by everyone involved in those matters, including agents, joint ventures and contractors working for us.

Anyone with suspicions about an ABC policy violation must report it to their supervisor, manager or Director, the Compliance Officer or the whistleblowing hotline. The Audit Committee receives an update on all whistleblowing submissions. We are not aware of any breaches of the policy during the year.

Our Future Places


Loft Lines, Titanic Quarter, Belfast

2024 performance

+36
resident net promoter score

+62
client net promoter score

Award wins
Health & Wellbeing Award at the Student Accommodation Awards 2023 and Best Private Student Housing Provider, Global Student Living Index, based on feedback from Fresh residents

We aim to deliver and operate the highest-quality buildings, which meet residents' and clients' evolving needs while benefiting our communities.

The quality of our buildings and our customer service for residents are regularly recognised by industry awards. Achievements for Fresh during FY24 included:

Global Student Living – rated Platinum as an Operator for the second year running, as well as:

- 7 x Global Student Living Platinum Certified Properties;
- 19 x Global Student Living Gold Certified Properties; and
- 15 x Global Student Living Silver Certified Properties.

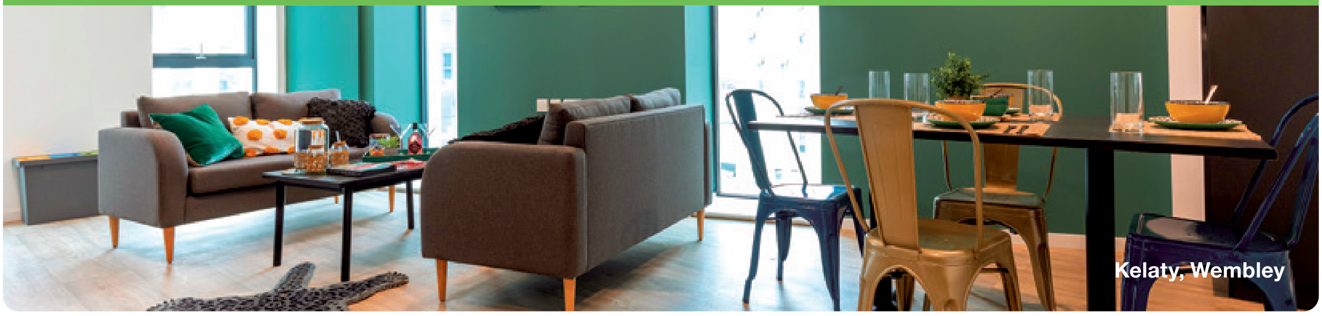
Global Student Living Awards – Shortlisted for Best Private Housing UK & Ireland, Best Individual Property UK & Ireland, for Highlight Thomas Street, Dublin and Best Learning Environment UK & Ireland, for Calico, Liverpool – Calico won its award.

Inspiring Women in Property Awards – Won the Mental Health and Wellbeing Initiative of the Year for Jane Crouch, COO, and our Be wellbeing programme.

Love to Rent Awards – Shortlisted for the Best BTR Marketing Campaign for Verse Cardiff.

Sustainability continued

Our Future Places continued



Kelaty, Wembley

Delivering a great resident experience

We look to deliver a consistently great experience for residents. For students, being away from home can be stressful, so supporting their mental health and wellbeing is a key focus. Our support includes our Be wellbeing and lifestyle programme, which helps residents to settle in, make new friends and enjoy their time with us. In Fresh's BTR properties, the Belong programme provides clubs, socials and other events attuned to residents' interests and lifestyles.

The success of these programmes has helped Fresh to achieve very high net promoter scores from residents and win further national awards for its service quality.

Excellent connectivity is important for residents' lifestyles, including working from home. We were pleased to achieve WiredScore Portfolio accreditation, which acknowledges our best-in-class delivery of digital infrastructure. Watkin Jones is one of only a few developers and landlords to receive this award.

Maintaining a strong reputation with our clients is vital. We therefore set high standards in our Facilities Management Agreement and engage with clients to tailor our service for their needs, including ways to make properties more efficient and environmentally friendly. In our client survey, we achieved an NPS of +62 (FY23: +37).

Designing for sustainable performance

Our clients are increasingly focused on the sustainability of properties, so they remain fit for purpose for the long term.

The Building Research Establishment's Environmental Assessment Method (BREEAM) and the Home Quality Mark (HQM) assess a building's environmental performance and how it contributes to residents' wellbeing. Our design improvements mean that all new developments will now achieve either BREEAM Excellent or HQM four-star ratings, which we had originally targeted for 2025 and 2030 respectively.

During the year, we reviewed our architectural engineering practices to assist in understanding our sustainability priorities.

Innovation and continuous improvement

We embrace innovative approaches and technologies that can enhance our sustainability efforts. Some of our initiatives include:

- Increasing our manufacturer-led partnerships to enhance our control of the quality of the product within our specification. This means we can be sure of the origin of our products and work with our subcontractors to reduce overall waste. We are also encouraging our partners to produce environmental product declarations where possible.
- Continuing to adopt modern methods of construction (MMC), including prefabricating some elements of our buildings.

  We have conducted a full review of MMC within our specification and have a roadmap of product development that goes beyond the historic use of prefabricated bathroom pods. The development of these items is expected to drive further reduction in Scope 3 emissions and reduce the volume of waste produced on our sites. In addition, this allows us to control the quality and origin of all products with our specification. This is quicker, safer and more efficient than traditional methods. We have used bathroom pods for several years and we are currently adapting them to enhance their sustainability. We also introduced and are actively trialling innovative MMC within our kitchens, utility areas and service areas.
- Trialling the use of hydrotreated vegetable oil (HVO) fuel on two of our sites with a view to using it more widely to replace diesel. HVO fuel is made from 100% renewable and traceable raw materials such as waste cooking oil, residues and oily wastewater. It can reduce carbon emissions by 90% against traditional diesel.
- Reviewing the composition of the concrete we use. Concrete is our most carbon-intensive material; its main component, cement, is estimated to be responsible for at least 8% of the world's CO_2 emissions. We are exploring the use of a blended concrete using waste products, which offers a greener alternative. However, we are also conscious that these products need to be fully vetted to ensure they adhere to our safety standards.

- Partnering with key window manufacturers to ensure our subcontractors use products that are extremely sustainable. For example, our aluminium windows use a minimum of 75% post-consumer scrap and we are currently trialling a product that goes well beyond that. This significantly reduces carbon emissions compared to traditional frames and feeds into the circular economy.
- Developing further our use of air source heat pumps and sustainable heating systems. When we devised our sustainability strategy, we targeted using air source heat pumps in all developments by FY24. The technology is moving quickly and we are adapting in response. For example, rather than using a central heat pump, we have adopted a decentralised approach which is quicker to install and more energy efficient. We may also use other forms of sustainable heating, such as a district heating system. As a result, we have amended our target to require sustainable heating in all developments. We have worked closely with our professional consultants to develop a tiered mechanical and electrical strategy, providing the most efficient solution that is tailored to our updated specification.

To ensure we continually improve and take advantage of opportunities and innovation, we have formed an ESG Working Group with representation from across the business. This group is reviewing all aspects of our products and services, as well as ensuring teams take a consistent approach and consider sustainability in everything we do. One current project involves improving the sustainability of the cabins we provide for our people on site, for example by adding photovoltaic panels, harvesting rainwater or providing electric vehicle charging.

More broadly, we are considering the principles of the circular economy, where materials are recovered, reused or recycled rather than being disposed of. This can take the form of reusing materials already present on our sites or assessing how the materials we purchase could be reused in future, so we can favour those with potential for circularity.

Benefiting our communities

We design our schemes to benefit the communities around our sites and minimise disruption. This includes ensuring that local products and labour are used where appropriate to provide economic and social benefit to the surrounding area. We work with local charities and educational institutions to create a tailored social value plan.

BTR developments provide high-quality new homes, which help to relieve pressure on local housing. PBSA developments are also a good way of making homes previously occupied by students available for families. In addition, when obtaining planning consent for our developments, we often undertake improvements in the local area. This can range from providing affordable homes to contributions towards new schools.

To minimise disruption, we register our sites with the Considerate Constructors Scheme, which rates sites on criteria such as respecting the community, protecting the environment and worker safety. Our sites averaged an Excellent rating in FY24, well ahead of our Very Good target.

In Fresh-managed properties, through our partnership with the British Heart Foundation, we donated 5,531 bags of furniture items worth in excess of £116,000 to the charity.

Ensuring building safety

The safety of the buildings we develop is paramount. Our developments comply with building and fire regulations, and we have rigorous fire safety management and maintenance regimes. We use consultants to conduct fire safety assessments and employ accredited subcontractors to undertake independent surveys of the work. We also have significant quality assurance teams to create an additional level of scrutiny and ensure consistency in our builds.

As regulations and guidance evolve, we proactively address issues. In 2023, we signed up to the government's Responsible Actors Scheme, which requires developers to address life-critical fire safety defects in these buildings. In 2024, we signed up to the Welsh Government's Developers Pact, which has the same aims.

The Learning & Development team has continued to work with our operational teams to ensure we are prepared for the Building Safety Act's requirements relating to competency and training. This includes developing our capability in setting out, monitoring and assessing professional competence, and introducing an application which contains a full competence framework and a platform for recording working objectives, performance reviews and learning and development plans.

We have updated our internal policies and procedures in order to ensure compliance with the Building Safety Act and further harness our supplier partnerships at early design stages.

Managing our supply chain

Our supply chain is crucial to delivering our schemes. This enables us to engage more effectively and develop long-term partnerships with subcontractors and manufacturers, allowing us to ensure quality of our product as well as sustainable procurement practices.

New contractors go through a rigorous prequalification process, including considering their quality, sustainability and financial performance. We then encourage continuous improvement by using a bespoke system to record and communicate defects directly to suppliers. This improves efficiency and ensures accountability.

We want our subcontractors and suppliers to join us on our sustainability journey. Our target is for our major supply chain partners to have ISO 14001 accredited environmental management systems by FY25. Where this is not feasible for smaller suppliers, we are signposting them to a consultancy so they can gain a better understanding of environmental management.

We are increasingly focused on transparency in our supply chain, to ensure that sustainable practices are upheld throughout. We regularly audit key suppliers and engage with them to understand where they are sourcing their products and review the supporting certifications. In addition, we have introduced a code of conduct for suppliers, to formalise the standards we expect from them.

Sustainability continued

Our Future Planet

Ty Nant, Swansea

2024 performance

20%
decrease in Scope 1, 2 and 3 emissions on a market basis

99.15%
waste diverted from landfill

Improving our environmental performance is important to our long-term success.

The environmental impacts of our corporate, development and management activities mainly occur through waste disposal, water and energy use, and carbon emissions. Our development activities can also impact local habitats.

Our institutional clients are increasingly focused on their environmental responsibilities and their assets' operational running costs and want energy efficient buildings that will remain fit for purpose for the long term. Their growing focus on sustainability helps to underpin demand for our products, as they replace older and less sustainable buildings.

We have leveraged our experience in building safety and design to offer a refurbishment solution for asset owners. Our Refresh initiative will create more energy efficient, better quality and safer buildings which meet residents' needs. See page 19 for more information on Refresh.

Improving performance through design

Where possible, we use options such as combined heating and power supplies, solar photovoltaic cells, air source heat pumps and other sustainable heating solutions to keep energy use as low as possible. Our 2024 specification update has implemented key additional elements of MMC regarding our kitchens and utility rooms, driving down our Scope 3 emissions and improving the efficiency of our build processes.

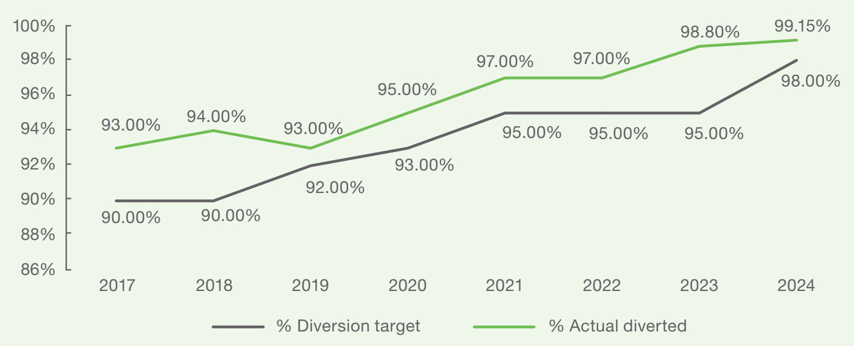
Waste

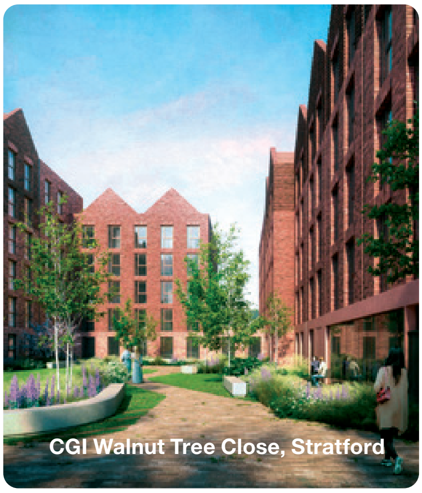
We monitor waste management on site and carry out checks on our own and our contractors' waste carriers and environmental permits. We recycle timber on site and segregate and divert timber waste for recycling away from landfill sites. We only use sustainable sources for our timber.

In addition, we focus on ways to reduce waste production in the first place. For example, increased use of off-site assembly and other MMC will help to reduce waste production on site.

Our target was to increase the amount of waste diverted from landfill to 95% by FY25. Having already exceeded this, we increased our FY25 target to 97.5%. In FY24, 99.15% of our waste was diverted from landfill – significantly ahead of target, with the waste produced by our sites in 2024 reduced by 40% year on year from 0.05 to 0.03 tonnes per m² of gross internal area. This has been driven by increased focus on waste management plans and agreements with key supply chain partners for specialist recycling of materials, including plasterboard.

Waste diversion from landfill




CGI Walnut Tree Close, Stratford

Water

We continually monitor our water use so we can address any increase. We use water-efficient components in our offices and temporary facilities on sites and use water recycling technology where possible.

Our buildings are designed in accordance with BREEAM Wat 01. Bathroom pods are fitted with dual flush toilet cisterns, aerated basin taps and eco showerheads which are all fully compliant with BREEAM water-saving design standards. We also install leak detection systems and surface water attenuation (a sustainable drainage system) on some of our projects.

Biodiversity

The majority of our developments are on brownfield sites, which reduces their potential impact on biodiversity. However, we still commission ecological appraisals of our development sites, to ensure we do not negatively affect existing habitats, and produce an environmental impact report for each project, detailing specific measures to be taken to protect the surrounding environment.

While our developments often have limited space around them for enhancing biodiversity, we look to design our buildings to maximise the biodiversity benefits, such as using roof spaces for planting.

Our environmental policies

Our environmental policy statement sets out our commitment to protecting the environment, preventing pollution, and monitoring and reducing the impact of our operations on the environment and local communities. The policy requires us to work with our clients to promote best-practice environmental management techniques and with our suppliers to ensure strong environmental supply chain management and to promote sustainable sourcing of products and materials.

We also have a separate policy covering our approach to waste management. This details our process for minimising waste production and requires us to use registered and approved contractors for waste management services.

We ensure compliance with our environmental policies by:

- implementing environmental management systems, in accordance with our ISO 14001 accreditation;
- developing objectives, supported by detailed targets, to manage potentially significant environmental aspects;
- developing meaningful key performance indicators to measure resource use, waste and emissions, and to promote environmental best practice; and
- providing training to staff and subcontractors.

As an ISO 14001 accredited company, our environmental policy and waste monitoring procedures are well established, and we are regularly audited by the British Standards Institution to ensure we comply.

Carbon emissions

To reduce carbon emissions we have:

- worked with our plant provision partner to specify more efficient tools and plant for our sites;
- trialled HVO fuel, reducing reliance on fossil fuels;
- installed EV charging for employees at our Chester and Bangor offices to support our car fleet, which is now exclusively EV or PHEV;
- connected earlier in build stage to the national grid to reduce fossil fuel usage;
- introduced REGO backed electricity contracts across our construction sites and the Fresh estate; and
- rolled out energy-saving initiatives across Fresh including LED lighting and heating control installations.

As a result, we have seen a 20% decrease in total Scope 1, 2 and 3 emissions on a market basis, although we have noted a 9% increase on a location basis due to the completion or near completion of a number of large schemes.

Sustainability continued

Our Future Planet continued

Streamlined Energy and Carbon Reporting

Energy consumption		2023/24	2022/23	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (kWh)	632,969	276,609	66%
	Direct transport company cars (kWh)	1,320,086	2,916,860	(55)%
	White diesel (kWh)	2,609,261	3,188,320	(18)%
	Red diesel (kWh)	0	0	0%
	HVO (kWh)	122,201	91,604	25%
	Total Scope 1 energy (kWh) excl. refrigerants	4,684,517	6,473,393	(28)%
Scope 2: Electricity purchased	Total electricity (kWh)	5,022,473	2,550,189	49%
Scope 3: Indirect transport	Employee-owned vehicles (kWh)	422,304	227,551	46%
Total Scope 1, 2 and energy consumption (kWh)		10,129,294	9,251,133	9%

Emissions assessment		2023/24	2022/23	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (tCO_2e)	116	51	56%
	Direct transport company cars (tCO_2e)	294	663	(55)%
	White diesel (tCO_2e)	624	762	(18)%
	Red diesel (tCO_2e)	0	0	0%
	HVO (tCO_2e)	0.4	0.3	25%
	Total Scope 1 – tCO_2e	1,034	1,477	(28)%
Scope 2: Electricity purchased, and heat and steam generated	Location based (LB) (tCO_2e)	1,040	528	49%
	Market based (MB) (tCO_2e)	101	1	99%
Scope 3: Indirect transport	Employee-owned vehicles (tCO_2e)	98	55	46%
Location based	Total Scope 1, 2 and 3 emissions (tCO_2e)	2,172	2,060	9%
Market based	Total Scope 1, 2 and 3 emissions (tCO_2e)	1,234	1,533	(20)%

Intensity metric assessment		2023/24	2022/23	Variance
Intensity ratio	Total Scope 1-3 (LB) (tCO_2e/turnover £m)	6.0	4.9	18%

Non-financial and sustainability information statement

The table below sets out the information required to be disclosed under sections 414CA and 414CB Companies Act 2006 and where it can be found in this annual report.

Reporting requirement	Policies and standards	Relevant information necessary to understand our business and its impact	Page

Environmental matters	• Environmental policy statement[1]
	• Waste management policy[1]
	• ISO 14001 accreditation
		• Sustainability report
		  • Carbon emissions
		  • Waste diversion from landfill
		• Section 172 statement
			Pages 41 to 52 and 62 to 67

Employees	• Health and safety policy[1] • Equity, diversity and inclusion policy • Whistleblowing policy[1] • Dignity at work policy • Family friendly policy • Agile working policy • Employee handbook	• Sustainability report • Section 172 statement	Pages 41 to 52 and 62 to 67
Social matters	• Corporate social responsibility policy • Health and safety policy[1]	• Sustainability report • Section 172 statement	Pages 41 to 52 and 62 to 67
Human rights	• Anti-slavery and human trafficking policy[1] • Code of conduct • Anti-bribery and corruption policy[1] • Equity, diversity and inclusion policy	• Sustainability report	Pages 41 to 52
Anti-corruption and anti-bribery matters	• Anti-bribery and corruption policy[1] • Gifts and hospitality policy	• Sustainability report	Pages 41 to 52
Principal risks and impact on business activity	N/A	• Principal risks and uncertainties	Pages 28 to 40
Description of business model	N/A	• Our business model	Pages 8 and 9
Non-financial key performance indicators	N/A	• Key performance indicators • Sustainability report • Section 172 statement	Pages 16 and 17, 41 to 52 and 66 and 67

1. Our latest policies are available at **watkinjonesplc.com/investors/policies-procedures**.

Non-financial and sustainability information statement continued

We recognise the global climate emergency and the risks and opportunities posed by climate change to the Group's business model and strategy.

In this report, we disclose how we manage our climate-related financial risks and opportunities and what impact these risks and opportunities could have on the Company. This follows the implementation of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (CFD). The CFD contains eight disclosure requirements related to governance, strategy, risk management, and metrics and targets.

The climate-related disclosures set out below are consistent with the disclosures required by the CFD, although we aim to refine our CFD report over time.

We recognise that climate change poses a growing challenge for our business. We take seriously our role in tackling climate change, noting that while our ultimate purpose of providing residential housing fulfils a social need, construction activities and energy inefficient buildings can have a significant impact on the environment.

We are currently reviewing our potential submission of our science-based targets to ensure they are aligned to our unique position in the market. We are using the baseline data achieved as our planned submission to deliver against our carbon reduction roadmap, in line with our wider targets.

01. Governance

Describe the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.

At an operational level, the ESG Working Group identifies climate-related opportunities to improve the Group's operations. The ESG Working Group is cross-functional and includes attendees from Group Procurement, Health & Safety, Building Specification and Design, Sustainability and Fresh. It generally meets monthly to review progress.

The ESG Working Group's activities are directed and overseen by the ESG Steering Group, which comprises all members of the Executive Committee. The ESG Steering Group meets quarterly.

The Risk Committee, which comprises all members of the Executive Committee, is responsible for identifying and considering climate-related risks.

The Risk Committee oversees the Company's risk management process and puts forward the Company's principal risks, including climate-related risks as appropriate, for review by the Audit Committee and subsequently for approval by the Board. The Risk Committee meets regularly throughout the year.

The Board has ultimate oversight of climate-related risks and opportunities through reports from both the Risk Committee and the ESG Steering Group. The Board receives a specific update on ESG matters at least every six months, which details the output from the ESG Steering Group. As stated above, it also considers and approves the climate-related risks put forward by the Risk Committee at least annually.

Our sustainability governance framework is set out on page 41.

02. Strategy

Describe:
i) the principal climate-related risks and opportunities arising in connection with the operations of the company and the time periods by reference to which those risks and opportunities are assessed; and

ii) the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company and analyse the resilience of the business model and strategy, taking into consideration different climate-related scenarios.

Our review of risks and opportunities

We reviewed our climate-related risks and opportunities during the year. As part of our review, we considered the transitional and physical risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies. Physical risks arise from the physical aspects of climate change. These can be acute, such as extreme weather events, or chronic, reflecting long-term shifts in climate patterns.

Transition risks are those which arise from the transition to a lower-carbon economy, such as policy changes or the costs of transitioning to lower-emission equipment. Opportunities relate to benefits arising from new policies or operational efficiencies, capitalising on the low-carbon market and technological drivers.

Time horizons

We considered climate-related risks and opportunities over the short, medium and long term, which we defined as follows:

- Short term: present day to 2027
- Medium term: from 2028 to 2033
- Long term: from 2034 to 2050

We selected these time horizons as they allow for slowly emerging climate-related risks to be captured. The timeframes for the short and medium terms were chosen to align with our project lifecycles, from site identification to end of construction, allowing for the prioritisation of risks and opportunities to be included within operational and financial planning.

The long-term timeframe allows for longer-term planning of key climate-related risks.

Climate scenario analysis

To further understand and explore how potential climate risks and opportunities could evolve and impact our business over the medium to longer term, we then undertook a climate scenario analysis, considering three scenarios. Climate scenarios provide a plausible forward-looking view of how different types of climate-related risks and opportunities may impact the Group under different levels of global warming and states of transition to a low-carbon world. Using climate-related scenarios developed by the Network for Greening the Financial System (NGFS), we considered the resilience of our business model and strategy by stress-testing key climate-related risks and opportunities.

Scenario	Description	Impact on business model and strategy	Assumptions
Net Zero 2050	Sudden shift towards a low-carbon economy that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.	Physical risks are relatively low, but transition risks are high.	Ambitious climate policies are introduced immediately. Net CO_2 emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century.
Delayed Transition (2°C)	Global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited.	Transition and physical risks are higher than the Net Zero 2050 scenario.	New climate policies are introduced in 2030. The availability of carbon dioxide removal technologies is low, pushing carbon prices higher than in the Net Zero 2050 scenario. Emissions decline after 2030 to ensure a 67% chance of limiting global warming to below 2°C.
Current Policies (3°C)	This tests our resilience in a world with high warming and physical change, as current measures are insufficient. The scenario assumes that only currently implemented policies are preserved.	High physical risks and low transitional risks.	We continue on our current path to a hothouse world, without any significant mitigation. Emissions grow until 2080, leading to about 3°C of warming and severe physical risks. This includes irreversible changes such as rising sea levels.

Non-financial and sustainability information statement continued

Climate-related risks

The most relevant climate-related risks identified are summarised below.

Risk type	Risk	Potential impact	Most impactful time horizon/climate scenario	Mitigation/response
Physical – chronic	Reduction in land availability for future development due to climate change impacts, e.g. rising sea levels and flooding.	• Higher land prices due to increased competition for land, in particular greenfield sites.	**Current Policies scenario** Land availability is likely to be reduced most in the medium to long term by more extreme flooding and competition for greenfield sites.	• Stringent review by Investment Committee of environmental risks and mitigations. • Our developments are generally in city centres rather than greenfield sites.
Physical – acute	Extreme weather events may disrupt our supply chain, meaning we are unable to source raw materials.	• Reduced revenue, increased costs and financial penalties as a result of project delays. • Increased cost of raw materials. • Reputational damage.	**Current Policies scenario** Without significant climate action, extreme weather events become increasingly frequent and severe in the medium to long term, which means supply chain disruption is more likely.	• We have assessed and rationalised our supplier base to reduce our exposure to single points of failure and ensure that we have appropriate coverage in all areas, with a view to building long-term partnerships with preferred suppliers. This should reduce the risk of disruption in our supply chain and enable us to achieve cost and efficiency savings. • Our supply chain is predominantly domestic, with limited reliance on non-UK manufacturing. We are also able to ringfence stock due to our partnership arrangements. • Our internal delivery model means we can flex programmes in response to certain delays, without penalty.
Physical – acute	Extreme weather events such as flooding or heatwaves may damage our sites, prevent site access, disrupt or delay construction, and/or disrupt energy and fuel supply.	• Reduced revenue, increased costs and financial penalties as a result of project delays. • Increased costs of keeping sites safe. • Site insurance premiums are increased. • Reduced availability of insurance on assets in higher-risk locations. • Reputational damage.	**Current Policies scenario** Without significant climate action, extreme weather events become increasingly frequent and severe in the medium to long term, which means increased disruption to our construction operations.	• Development is based solely in the UK. • Our developments have a level of contingency in place to cover (amongst other things) weather-related delays, most commonly for weather-sensitive works such as working at height.

Risk type	Risk	Potential impact	Most impactful time horizon/climate scenario	Mitigation/response
Transition – policy	Reduction in land availability for future development due to factors such as: • Governmental policies. • Environmental restrictions.	• Higher land prices due to increased competition for land, in particular greenfield sites. • Higher cost of complying with environmental and planning regulations.	**Net Zero 2050 scenario** Stringent government policy to protect greenfield sites reduces land available for construction in the long term.	• Development is generally on brownfield sites which are less likely to be subject to development restrictions. • Stringent review by Investment Committee of environmental, political and planning risks and mitigations. • Development of more efficient specification will help unlock developments that may otherwise be cost prohibitive.
Transition – policy	Introduction of stricter UK environmental laws, regulations and reporting standards.	• Increased costs of raw materials, as suppliers pass on costs of compliance. • Increased costs of resourcing, to ensure compliance with a range of new requirements. • Regulatory fines for non-compliance. • Reputational impact of non-compliance.	**Delayed Transition scenario** In the long term, this could see increased and urgent demand from government, regulators and investors to better understand the Company's risk exposure and mitigation plans.	• We closely monitor the implementation of relevant policies or regulations, to identify potential impacts. • Direct relationships with suppliers ensure we are able to discuss impacts early, including product substitutions where relevant. • Major material prices are often fixed for the duration of specific developments, due to the supply commitment with particular manufacturers and distributors.
Transition – policy	Increasing introduction of carbon pricing mechanisms.	• Increased costs of raw materials, as suppliers pass on costs. • Reduced margin if these costs cannot be passed on.	**Net Zero 2050 scenario** This assumes that carbon pricing mechanisms expand to further jurisdictions and become mandatory in the medium to long term.	• We constantly monitor the cost of raw materials and have a committee that meets quarterly to assess allowances for build cost inflation. We would expand this focus to carbon pricing where appropriate. • The rationalisation of our supplier base to shift to long-term partnerships with preferred suppliers should enable us to leverage our relationships to achieve cost efficiencies. Our direct relationships continue to outperform the market which will mitigate any cost uplift. This rationalisation also includes the products themselves.

Non-financial and sustainability information statement continued

Climate-related risks continued

Risk type	Risk	Potential impact	Most impactful time horizon/climate scenario	Mitigation/response
Transition – technology	Transition to lower-emission equipment and fuels leads to a supply/demand imbalance, with lower availability of equipment as the pace of research and development into lower-emission equipment and fuels does not match the high rate of adoption.	• Increased cost of hiring or purchasing equipment. • Project delays due to lack of available lower-emission equipment. • Failure to meet pledges or targets, as higher-emission kit has to be used to complete projects.	**Delayed Transition and Current Policies scenarios** The impact is moderate across all time horizons. In the short to medium term, upfront costs of transitioning to lower-carbon alternatives may be higher and a lack of investment in low-carbon technology hinders a reduction in green premiums.	• We outsourced the provision of plant and machinery in FY22, to ensure the use of newer, more environmentally friendly cranes, general plant and tools without capital investment. We also look to use electric tools where possible, which are quieter and more energy efficient. • We also removed traditional petrol and diesel-powered vehicles from our company car policy as far as possible, in favour of hybrid and electric vehicles. • We are trialling the use of hydrotreated vegetable oil fuel and will assess the suitability of its use across our pipeline. The provision of HVO is at a fixed cost for extended periods due to our relationships with supplier partners. • We have a direct relationship with our fuel supplier, to monitor availability and cost.
Transition	Continued reliance on fossil fuels/non-renewable energy could lead to energy price volatility and power outages.	• Increased costs due to global energy prices increasing. • Disruption of business operations due to power outages or lack of supply security.	**Current Policies scenario** Without government legislation to phase out fossil fuels or decarbonise the energy grid, global supply of gas, oil and coal will likely struggle to keep up with demand in the long term as availability decreases, pushing the cost of fossil fuels up.	• As outlined above, we have moved towards using newer, more environmentally friendly plant, machinery and tools where possible. This means the plant we use is much newer and more efficient. We regularly review with our supplier partners the appropriateness of tools that either harness solar power or run on electricity. • We also removed traditional petrol and diesel-powered vehicles from our company car policy as far as possible, in favour of hybrid and electric vehicles. • As stated above, we are trialling the use of hydrotreated vegetable oil fuel on one of our sites.

Resilience of our business model and strategy under these climate scenarios

The risk analysis shows that the risks identified are more likely to present themselves in the medium to long term. This indicates that our business model is resilient in the short term but less resilient in the medium to long term, unless we pursue mitigating actions such as those set out on the previous pages. While the need to decarbonise the economy under the Net Zero 2050 and Delayed Transition scenarios may expose us to a high risk of transition costs, increased energy and carbon pricing and additional compliance requirements, the Current Policies scenario could lead to longer-term risk around extreme weather events, disrupting the supply of raw materials as well as causing project delays and site damage. We will continue to monitor the potential impacts of climate change on our strategy and further develop mitigating actions where appropriate.

While we forward sell our developments rather than hold them as asset owners, our clients are extremely focused on the energy efficiency of those buildings. As such, our building specification includes items such as air source heat pumps, measures to save water, and solar PV panels where appropriate. Our sustainability report outlines the targets we set with regard to the environmental quality of our developments.

Climate-related opportunities

Opportunity type	Opportunity	Potential benefit	Time horizon/climate scenario	Response
Transition – policy	Invest in the use of recycled inputs.	• Reduces reliance on virgin raw materials. • Reduced energy consumption. • Increased competitive advantage. • Positive reputational impact.	The opportunity is greatest in the Net Zero 2050 scenario in the medium to long term, as government regulation increases the construction industry's demand for recycled raw materials, resulting in increased supply.	• As part of our aim to reduce Scope 3 emissions, we are working with our subcontractors to create a more sustainable concrete mix. This will include the utilisation of waste by-products. • Our new window specification uses at least 75% post-consumer scrap in its production and is 100% recyclable at demolition stage, creating a circular economy. • Our product development strategy has included a full MMC review, allowing us to specify all raw materials and reduce any waste.
Transition – policy	Enrolment in energy efficiency programmes.	• Cost reduction. • Improved efficiency of equipment and assets. • Positive reputational impact.	The opportunity is greatest in the Net Zero 2050 scenario in the medium to long term, as stringent government regulation will increase the construction industry's demand for recycled raw materials, resulting in increased supply.	• We have produced an end-of-life report, outlining materials that can be reused post demolition. • Our increased level of partnerships has allowed us to further control materials and specify those that can be easily recycled. • We have worked with our professional consultants to ensure our buildings are more efficient and use less energy in their operation. • Through our Refresh initiative, we are actively delivering initiatives to reduce the carbon footprint of buildings.

Non-financial and sustainability information statement continued

Climate-related opportunities continued

Opportunity type	Opportunity	Potential benefit	Time horizon/climate scenario	Response
Transition – technology	Working with suppliers with more efficient processes could decrease consumption within our operations, potentially achieving cost savings and efficiencies.	• Cost reduction. • Improved efficiency of equipment and assets. • Increased competitive advantage.	The opportunity is greatest in the Net Zero 2050 scenario in the medium to long term, as regulation and demand drive suppliers to identify efficiencies and opportunities that are passed on. The greater the drive for action across business and across society, the greater the opportunity for efficiencies to benefit Watkin Jones.	• Several initiatives are underway to decrease consumption and waste, including the use of modular kitchens in addition to bathrooms. • Our mechanical and electrical (M&E) specification uses no natural gas and relies on air source heat pumps. • We have an internal target of BREEAM Excellent on all developments, with gap analysis underway to ascertain the possibility of BREEAM Outstanding in the medium term. • We have increased our diversion to landfill target to 97.5% with work underway to ascertain how we can get to 100%. We are trialling building management technologies designed to help future operators ensure no unnecessary heating of buildings. Our M&E specification, when combined with solar photovoltaic and ancillary products, makes our developments inherently more efficient going forward. • Our Refresh programme is designed to help increase the efficiency of existing assets, whether built by Watkin Jones or third parties. This includes elements such as LED lighting, heating controls and water consumption. • Our transformation programme 'Delivering Excellence through Continuous Improvement' is actively finding efficiencies in process, technology usage and business analytics.

03. Risk management

Describe how the Company identifies, assesses and manages climate-related risks and opportunities

Climate-related risks are embedded within our integrated Group risk management framework and any risks identified are subject to the same process and managed in line with all other risks.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the Company

The Risk Committee conducts deep dives of each principal risk throughout the year. It conducts a formal assessment of the key risks annually. Climate-related risks are discussed as part of that process and informally through the ESG Steering Group.

The output of climate-related risk assessments is considered by the Board during its review of the Company's principal risks.

The Board approves a detailed corporate risk register, which identifies the principal risks, reviews assurance about the management of those risks, and assesses the Group's risk appetite for particular categories of risk, to assess whether the principal risks are being mitigated to an acceptable level.

The Group's strategic risk register is then reviewed at a joint meeting of the Board and Audit Committee for each of the Group's principal risks.

While elements of climate-related risks are present in our principal risks, climate change itself is not currently considered to be a principal risk.

Our risk management framework and processes are set out in more detail on pages 28 to 40.

04. Metrics and targets

Describe:

i) the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and

ii) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities.

Our current KPIs and targets are set out on pages 16 and 17. These relate to carbon reduction (measurement of Scope 1 and Scope 2 emissions), design quality of our developments and waste diversion from landfill. Our streamlined energy and carbon disclosures are set out on page 52.

Our stakeholders

We maintain constructive dialogue with our stakeholders, to help us build trust and allow us to make informed decisions.

Employees

Key stakeholder issues

- Health, safety and wellbeing
- Learning and development
- Diversity and inclusion
- Recognition and reward

Why we engaged

Having highly engaged and motivated employees is central to delivering a pipeline of high-quality developments safely and on time, and to providing the high standards of customer service our residents expect from Fresh. We need to understand what our people value about working for us, and where they think we can do better.

Institutional clients

Key stakeholder issues

- Health, safety and wellbeing
- Quality
- On-time delivery
- Track record
- Value for money
- Sustainability

Why we engaged

We need to understand the types of development and locations that are attractive to clients, so we can develop assets that meet their investment criteria. Engagement also helps us to create innovative transaction structures where necessary, so we can broaden the range of institutions able to acquire our schemes. Institutions are also clients for Fresh, so we need to keep them informed about how their buildings are performing and ensure we understand what they require from an accommodation manager, so we can retain their business and win new contracts.

Residents

Key stakeholder issues

- Customer service
- Value for money
- Wellbeing
- Sustainability

Why we engaged

Understanding our residents' needs helps us to provide great customer service. It also forms the basis of our design and innovation for future developments and helps to ensure high levels of occupancy for our institutional clients.

Key metrics
- Employee engagement: 72%

How we engaged during FY24
We ran our annual employee engagement survey, communicated the results to each division and team, and discussed feedback and proposed actions with the Board.

We also communicated and gathered feedback through our employee forum, as well as via meetings, appraisals, newsletters, our intranet and Yammer.

We engaged with employees on our financial performance via emails, following our trading updates, half-year and full-year results.

Outcomes of our engagement
Following feedback, we increased our focus on health and wellbeing, reward and recognition during FY24. See page 44 for more information.

Key metrics
- Forward funding transactions: £292 million of pipeline currently forward sold
- Client net promoter score: +62

How we engaged during FY24
We met with clients formally and informally at a variety of levels, including when marketing assets.

We regularly sent clients newsletters, agent updates and news on the industry or legislation.

Outcomes of our engagement
During FY24, our engagement with clients enabled us to add to our pipeline of potential development partnerships, create the innovative structure for the transaction with HGP, and launch the Refresh business, having identified client demand for these services.

Key metrics
- Student net promoter score: +36

How we engaged during FY24
Fresh's on-site teams engage directly with residents every day.

We continued to promote our Be wellbeing and lifestyle programme in our student schemes, which includes a wide range of events each week. We also continued to recruit student ambassadors throughout our schemes, to research what our residents want and bring forward ideas for improvement.

Our Belong residents' club supports engagement with residents in the BTR schemes. Fresh manages and helps to foster a community in each property, with a calendar of clubs, socials and other events.

Outcomes of our engagement
Fresh received extremely positive feedback from students, with an excellent net promoter score of +36 in the Global Student Living Index, against a benchmark of +14. Fresh also retained its Platinum rating and scored above the benchmark for overall satisfaction, as well as for disabled, neurodiverse and ethnic minority student satisfaction. Fresh continued to take action in response to feedback across all elements of the customer experience, to continually improve its offering.

Our stakeholders continued

Supply chain

Key stakeholder issues

- Health and safety
- Build cost inflation
- Prompt payment
- Partnership
- Environment

Why we engaged

Our subcontractors and suppliers provide the skilled people and materials to construct our developments. A sustainable supply chain is therefore crucial to delivering our schemes.

Through collaboration, partnership and careful management, we simplify our construction process, reduce risk, improve quality and generate cost, maintenance and environmental benefits.

Shareholders

Key stakeholder issues

- Financial performance
- Balance sheet strength and liquidity
- Return on investment – share price growth or dividends
- Sustainability

Why we engaged

Our shareholders rely on us to manage their investment responsibly and sustainably and expect to be kept well informed about our progress.

We want shareholders to understand our strategy and performance so they can accurately assess our value.

Communities

Key stakeholder issues

- Considerate construction
- Environment
- Health, safety and wellbeing
- Sustainable communities
- Charitable giving
- Availability of modern, fit for purpose housing

Why we engaged

Construction work can have a significant impact on our neighbours if not carried out respectfully. We want to be a good neighbour and deliver real value to our local communities through our developments. This can include providing benefits to local communities as a condition of receiving planning.

Our charitable fund supports a wide range of projects, in particular those that improve the physical environment and quality of life for local people.

Key metrics

- Quality assurance reports
- Prompt payment

How we engaged during FY24

We have a central procurement function, which is responsible for our day-to-day engagement with our supply chain. We pay close attention to supplier risk, including their financial performance and ensuring we have alternative sources of supply, where possible.

During FY24 we looked to create partnerships with some suppliers, which gives us increased buying power with them. We also held our second supplier conference, at the Samsung Innovation Centre in London, with more than 150 attendees. As part of this, we launched the Refresh business to our supply chain.

Outcomes of our engagement

Having significantly rationalised our supplier base in FY23, we have been able to develop stronger relationships with our supply chain in FY24. This helped us to continue to mitigate build cost inflation. Refresh received an enthusiastic response at our supplier conference, with suppliers identifying products that were new to us and would benefit Refresh projects.

Key metrics

- Share price
- Dividend payments

How we engaged during FY24

We held investor roadshows after the half-year, the full-year results and the trading update in August 2024. We also held a number of one-to-one calls and meetings and the annual general meeting.

The Board receives investor feedback from our meetings at least twice a year.

Outcomes of our engagement

Discussions with shareholders focused on our financial and share price performance, cash generation, alternative revenue streams, progress on building safety remediation and the recovery profile of the forward fund market and how we are positioning the business in that regard.

Key metrics

- Considerate Constructors Scheme (CCS) ratings

How we engaged during FY24

We register all our construction sites with the CCS, which means they are externally monitored against criteria such as respecting the community, protecting the environment and worker safety. Each site sends out a monthly newsletter to keep the local community informed about how the scheme is progressing and upcoming works.

Outcomes of our engagement

We achieved an average CCS rating of Excellent across our sites, ahead of our target of Very Good.

Section 172 statement

The Group's long-term success depends on our ability to create value for our stakeholders.

The engagement activities set out on pages 62 to 65 enable us to understand what matters most to our stakeholders and how key decisions will affect them. The Board receives an update from the Executive Directors at each Board meeting about any substantial engagement with shareholders and institutional clients.

The Chief Executive Officer also updates the Board at each meeting on key employee, health and safety, and ESG matters. The business case for each potential investment opportunity contains a Section 172(1) appraisal that explicitly addresses how the investment will impact stakeholders.

The Board considers the matters set out in Section 172(1) of the Companies Act 2006 when making decisions. The matters the Board is required to take into account under Section 172(1) are set out below and examples of key decisions made by the Board and details of its decision-making process are set out opposite.

Matter	Response
a) The likely consequence of any decision in the long term.	Our markets are driven by long-term demographic and social trends. We respond to these trends through a development process that often takes several years, from identifying a site through to handing over the finished building. The Board therefore understands that its decisions can have a far-reaching impact on the Group. The Board's decision to prioritise cash management during FY24 (see below) has helped to ensure the Group remains soundly financed in the near term, while positioning us to take advantage of attractive site acquisition opportunities as our market recovers, which will help us to rebuild our pipeline and underpin our growth prospects over several years. The Board also determined that the respective responsibilities of the Executive Committee and the Board needed to be reset, to support the effective implementation of the strategy, as well as day-to-day operations. See the Board evaluation section on page 73 for more information.
b) The interests of our employees.	The Board recognises that having the right culture is essential, making the Group an attractive place to work for our people and helping them to deliver great outcomes for our clients. During the year, the Board agreed the desired culture and tasked the Executive Committee with developing a programme to embed it, including key performance indicators. See page 45 for more information.
c) The need to foster business relationships with suppliers, customers and others.	The Group relies on delivering consistently for institutional clients and our supply chain plays a significant role in achieving this. The Board therefore takes a close interest in our relationships with these groups, through reports and presentations from the Executive Directors and other members of the leadership team. See stakeholder engagement on pages 62 to 65.
d) The impact of our operations on the community and environment.	The Group's ESG strategy, Future Foundations, provides a solid base from which to manage our environmental impact and community relations. See the sustainability report on pages 41 to 52. The Board has ultimate responsibility for endorsing our ESG strategy and receives updates from the ESG Steering Group.

Matter	Response
e) The desirability of maintaining a reputation for high standards of business conduct.	The Group relies heavily on its reputation and the Board therefore prioritises taking constructive action to resolve issues when they arise. The Group's actions on remediating cladding and fire safety issues continue to demonstrate this. The Group also has robust policies and controls in relation to protecting human rights and preventing bribery and corruption (see page 46).
f) The need to act fairly between our shareholders.	None of the Group's major shareholders are represented on the Board, ensuring that no shareholder or group of shareholders has undue influence on the Board's decisions. The Board's primary decision directly affecting shareholders in FY24 was to prioritise cash management, resulting in no interim or final dividends being paid for the financial year. All shareholders have been treated equally in this decision and the Board believes it is in shareholders' best interests in the medium to long term.

Key decisions during the year

Building safety provision

The Board is firmly of the view that individual leaseholders should not be burdened with the costs of fire safety remediation, and the Group's responsibilities in respect of such matters remained a key area of focus for the Board during the year.

The Group formally signed up to the Responsible Actors Scheme (RAS) in December 2023. This requires us to:

- take responsibility for all necessary work to address life-critical fire safety-defects arising from the design and construction of buildings 11 metres and over in height that we developed or refurbished in England over the 30 years to 4 April 2022;
- keep residents in those buildings informed about progress towards meeting this commitment; and
- reimburse the government for the cost of remedial works where leaseholders have accessed the government's Building Safety Fund to remediate their properties.

The Group holds a provision for costs associated with fire safety remediation works, and has spent £16.2 million during the year, with the remaining works expected to be completed over the next several years. An additional provision of £7.0 million has been made during the year to reflect three additional properties requiring remediation, as well as the net impact of scope changes to ongoing works.

To give us greater comfort as to the level of provision, we engaged an independent consultant to assess the scope and cost of our remedial works on relevant properties to ensure that our approach was appropriate.

Cash management

Given the lower level of forward sales and the continued challenging market during FY24, the Board continued to focus on cash management.

In managing the Company's cash position during the year, the Board:

- reviewed expenditure on enabling works for schemes that had not been forward sold, pausing works where appropriate until the viability of the schemes was clearer;
- reviewed the Company's bank facilities, which can be used to fund land acquisitions and development costs, and which have now been extended by two years to November 2027; and
- decided not to pay an interim or final dividend to shareholders.

As a result, at the year end, we had gross cash of £97.0 million, adjusted net cash of £83.4 million and total net cash and available facilities of £143.2 million. The Board is therefore satisfied that the Group remains soundly financed.

Change in Chief Financial Officer

In April 2024, we announced that Sarah Sergeant would be stepping down as Chief Financial Officer and from the Board as part of a managed succession process. Sarah Sergeant was replaced by Simon Jones on 21 May 2024.

The Board, on the Nomination Committee's recommendation, appointed Simon as a highly experienced Chief Financial Officer with a strong track record within the property sector, and with proven commercial and operational expertise and a focus on performance improvement and growth.

Governance

What's in this section?

Governance

Tai Afon, Central Quay, Cardiff

Chair's introduction

Alan Giddins
Chair

Board of Directors:

Alan Giddins
Chair

Alex Pease
Chief Executive Officer

Simon Jones
Chief Financial Officer

Rachel Addison
Independent Non-Executive Director

Liz Reilly
Independent Non-Executive Director

Francis Salway
Independent Non-Executive Director

Dear shareholder

I am pleased to introduce this corporate governance report which sets out our key areas of focus during the year.

Building safety

The Group's first priority will always be the safety of our buildings and the people who live in them. Following the introduction of the Building Safety Act in 2022, the Group has allocated significant resource to evaluating the specific properties impacted and the level of potential remedial costs. This work has been undertaken together with third-party commercial property and legal advisers.

Over the last 12 months, working with building owners and tenants, the Group has undertaken remedial work on a number of properties at a cost of c.£16.2 million. This process of remediation is likely to continue for a number of years, and the Group has a provision on its balance sheet to reflect the current estimated level of future remedial costs, which has been increased by £7.0 million during the year for additional works required.

Board changes

Sarah Sergeant stepped down as Chief Financial Officer and from the Board in June 2024, having joined the Group in October 2021. The Nomination Committee ran an extensive process, involving a third-party search firm, to identify an appropriate candidate for the role, resulting in a recommendation to the Board to appoint Simon Jones. In recommending Simon's appointment, the Committee took account of his strong track record within the property sector and his proven commercial and operational expertise. Further information on the Committee's search process can be found on pages 80 and 81.

Risk assessment

Our assessment of risk continued to be important given the ongoing challenges in the forward fund market, and in light of continuing general macroeconomic and geopolitical uncertainties.

The bow-tie methodology we use for our principal risks enables us to assess preventative measures and recovery barriers for specific scenarios. Further information can be found in the risk management and principal risks section on pages 28 to 40 and in the Audit Committee report on pages 76 to 79.

QCA Code

The corporate governance statement and committee reports on the following pages explain our approach to governance.

The Board follows the principles set out in the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). A summary of how we have complied with the principles is set out on page 75. There are no significant areas where our governance structures and practices differ from the QCA Code's expectations.

The Board notes the publication of the 2023 QCA Code which will apply to the Company for its FY25 annual report and will work towards complying with the updated principles in due course.

A complete index of the disclosures required by the 2018 QCA Code, including those on the Company's website, can be found at **watkinjonesplc.com/investors/corporate-governance**.

Alan Giddins
Chair

23 January 2025

Board of Directors

Alan Giddins

Chair

Appointed to the Board:
19 July 2021

Skills and experience

- Extensive investment expertise gained principally in private equity and investment banking environments and more recently in social impact investment.
- Substantial leadership and board experience, including as chair.
- Qualified chartered accountant with a degree in economics.

Other current appointments

Chair of Hill & Smith PLC, a FTSE 250 company, and non-executive director and investment committee member of Better Society Capital.

Past appointments

Managing Partner and Global Head of Private Equity at 3i Group plc. Member of its executive and investment committees which included board appointments to Audley Travel, Mayborn Group, Foster + Partners and Element Materials Technology.

Alex Pease

Chief Executive Officer

Appointed to the Board:
10 October 2022

Skills and experience

- Extensive knowledge of the property sector.
- Strong relationships with institutional investors.
- Joined Watkin Jones in 2010, appointed as Group Investment Director in 2013 and Chief Investment Officer in 2022.
- Spent six years in the Savills Residential Investment team specialising in brokerage, consultancy and valuation across all residential asset classes.
- Qualified chartered surveyor (MRICS).

Other current appointments

N/A

Past appointments

N/A

Simon Jones

Chief Financial Officer

Appointed to the Board:
21 May 2024

Skills and experience

- Considerable financial, commercial and operational experience in the property sector.
- Former CFO at the US majority owned Mapeley Group, the property outsourcing specialist.
- Previously held a number of senior finance roles within Bass PLC (now IHG Group PLC), Hilton and Whitbread PLC.
- Qualified chartered accountant.

Other current appointments

N/A

Past appointments

Mapeley Group.

Liz Reilly
Independent Non-Executive Director
Appointed to the Board:
21 January 2019

Skills and experience
- Over 20 years of executive experience in organisational design and development, talent management, reward and cultural transformation in large-scale UK businesses, including J Sainsbury plc, FCC Environment and latterly SEGRO plc.
- Developed knowledge of the real estate sector during 11 years as Group Human Resources Director of FTSE 100 listed SEGRO PLC which owns, manages and develops modern warehousing and light industrial property across the UK and Continental Europe.

Other current appointments
Wates Group Ltd.

Past appointments
Retail Human Resources Director for J Sainsbury plc.

Group Human Resources Director for FCC UK Environmental (previously the Waste Recycling Group).

Rachel Addison
Independent Non-Executive Director
Appointed to the Board:
1 April 2022

Skills and experience
- Nearly 30 years of finance experience.
- Has held a number of senior financial, operational and board-level roles across different sectors.
- Experience in mergers and acquisitions, integration, business transformation and risk management.
- Qualified chartered accountant.

Other current appointments
Non-Executive Director of Marlowe plc, Gamma Communications plc, Hollywood Bowl Group plc and Wates Group Ltd.

Past appointments
Chief Financial Officer at Future plc and TI Media Ltd.

Managing Director for Reach Regionals and both CFO and COO for Local World Ltd and Northcliffe Media Ltd.

Head of Risk Management at Boots the Chemist. Non-Executive Director at Hyve Group plc and Mango Publishing Group.

Francis Salway
Independent Non-Executive Director
Appointed to the Board:
10 October 2022

Skills and experience
- Brings a wealth of property expertise to the Board.
- Leadership experience in large UK-listed businesses.
- Knowledge of affordable housing having been Chair of Town and Country Housing Association.

Other current appointments
Non-Executive Director of Cadogan Group Limited which owns and manages the Cadogan Estate in Chelsea.

Past appointments
Chief Executive of Land Securities plc, then the country's largest listed commercial property company, between 2004 and 2012.

Non-Executive Director of NEXT plc.

Corporate governance

Board structure

The Board is responsible for the overall leadership of the Group and setting its values and standards. It comprises the Chair, two Executive Directors and three independent Non-Executive Directors. Their biographies can be found on pages 70 and 71.

The Chair and Chief Executive Officer have separate, clearly defined roles. The Chair is responsible for leading the Board, setting the agenda for Board meetings (with the Company Secretary) and for ensuring the Board operates effectively, by promoting a culture of openness and robust discussion.

The Chief Executive Officer is responsible for setting and implementing the Group's strategy, for leading and developing the executive team and for managing the Group's day-to-day operations, taking account of the objectives, policies and risk appetite set by the Board.

Board meetings

The Board meets regularly to consider strategy, performance, internal control matters and material investment decisions. To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings.

These papers include reports from the Chief Executive Officer and the Chief Financial Officer, as well as reports on the status of the Group's transaction pipeline and key delivery projects, health & safety, investor relations and corporate governance.

The Company Secretary produces minutes of each meeting, including actions to be taken. The Chair then follows up each action at the next meeting.

Only the Non-Executive Directors are members of the Board committees. Alex Pease and Simon Jones are invited to attend committee meetings as required to assist with the matters discussed.

Attendance at meetings

The table below sets out the number of formal Board and committee meetings attended by each Director during FY24. While the Executive Directors are not members of the Board committees, they are invited to attend meetings as required. Further details on management attendance are set out in the relevant committee reports.

	Board (13 meetings)	Audit Committee (9 meetings)	Remuneration Committee (6 meetings)	Nomination Committee (3 meetings)
Alan Giddins[1]	12/13	9	6	3
Alex Pease	13	—	—	—
Sarah Sergeant[2]	9/9	—	—	—
Simon Jones[3]	4/4	—	—	—
Rachel Addison	13	9	6	3
Liz Reilly	13	9	6	3
Francis Salway	13	9	6	3

1. Alan Giddins was unable to attend a Board meeting due to a close family bereavement.
2. Stepped down from the Board on 21 May 2024; actual attendance/maximum number of meetings Sarah Sergeant could attend.
3. Appointed to the Board on 21 May 2024; actual attendance/maximum number of meetings Simon Jones could attend.

Matters reserved for the Board

Matters reserved for the Board for its decision include:

- approving the Group's strategic objectives;
- reviewing performance against the Group's strategic objectives and business plans;
- overseeing the Group's operations;
- approving changes to the Group's capital, corporate or control structures;
- approving results announcements and the annual report and accounts;
- approving the dividend policy;
- declaring the interim dividend and recommending the final dividend;
- approving the treasury policy;
- approving the Group's risk appetite and principal risk statements;
- reviewing the effectiveness of the Group's risk and control processes;
- approving major capital projects and material contracts or arrangements;
- approving delegated levels of authority;
- approving changes to the Board and its committees; and
- approving all Board mandated policies.

Advice for Directors

All Directors have access to the advice and services of the Company Secretary, who ensures that the Board's procedures are followed and that applicable rules and regulations are complied with. In addition, the Company has procedures to enable the Directors to obtain independent professional advice at the Company's expense, if necessary to further the Directors' duties.

Re-election of Directors

The Board's policy is for all Directors to seek re-election each year and as a result, all of the Directors will be standing for re-election at the forthcoming AGM.

Directors' time commitments

All the Non-Executive Directors are required to devote sufficient time to Watkin Jones to enable the Board to discharge its duties effectively. This includes preparation for and attendance at scheduled Board and committee meetings, as well as ad hoc meetings or calls as required. The Board confirms that each of the Non-Executive Directors can commit the necessary time to fulfil their roles.

Directors' training

All the Directors look to keep their skills and experience up to date. They benefit from briefings, presentations and papers provided by our advisers and other professional services firms, covering topics such as new regulations, developments in corporate governance and emerging best practice. The Non-Executive Directors also benefit from the interaction with the other boards they sit on, providing us with a range of different perspectives we can apply to Watkin Jones.

Board effectiveness

During the year, the Board appointed Board Excellence to undertake a formal Board evaluation. As part of this process, Board Excellence interviewed all of the Board members, certain other senior executives within the Group, as well as other external stakeholders. They also attended Board and committee meetings and were provided with papers and minutes.
Their final report was presented at the July 2024 Board meeting.

Following the evaluation, the Board agreed upon an action plan over the next 12 months focused on the following areas:

Area	Action
Right people	Review the Board composition, development needs and succession planning.
Right attitude	Carry out an assessment of culture within the organisation and the benefits of increased visibility for Board members to a broader base of employees across the organisation.
Right issues	Seek to balance the Board agenda so that it considers issues across a range of strategic and operational topics.
Right information	Review the quality and composition of Board papers to balance between sufficiently detailed yet concise and focused.

Corporate governance continued

Board committees
The Board has established Audit, Nomination and Remuneration Committees, which operate under written terms of reference. The reports of these committees can be found on pages 76 to 88.

Terms of reference
The terms of reference for the Board and the committees can be found at **watkinjonesplc.com/investors/corporate-governance**.

Internal controls
The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the Group's size, complexity and risk profile.

The key features of the Group's internal control system include:

- the preparation of monthly management accounts and comparison to budget;
- clearly defined roles and responsibilities, with appropriate segregation of duties;
- clear authorisation and approval processes;
- regular preparation and review of cash forecasts;
- senior management review of material contracts and agreements; and
- approval by senior management of all land purchases and development sales agreements.

KPMG provides internal audit services to the Group. More information can be found in the Audit Committee report on page 77. The need for an internal audit function is kept under review and currently the Board considers that the Company is of sufficient size to merit the appointment of a third party to provide this service. As well as a robust and independent perspective, KPMG provides specialist expertise which assists management in developing its risk register and ensuring that controls are operating effectively.

Relations with shareholders
The Board recognises the importance of maintaining an open dialogue with shareholders and keeping them informed of the Group's strategy, progress and prospects. As part of this, the Board is committed to a high standard of corporate reporting.

During the year, the Executive Directors continued their programme of meetings with existing and potential shareholders. The Board was kept informed about shareholders' views after these meetings by feedback from the Company's corporate brokers. Alan Giddins also spoke with a number of the Group's major shareholders to gauge their views on the performance and management of the Company.

In addition to the above, the Group looks to keep investors informed through regulatory announcements of important newsflow, including forward sales of developments, planning permissions received and sites acquired.

Annual general meeting (AGM)
The Company's AGM will be held at 10.30am on 4 March 2025. The Notice of Meeting, setting out the resolutions proposed, is contained in a separate document and is available on the Group's website, **watkinjonesplc.com**.

Quoted Companies Alliance (QCA) Corporate Governance Code

The Company adopted the QCA Code on the basis that it is the corporate governance code most suited to the requirements and size of the business. Set out below is a summary of how we have complied with the ten principles of the QCA Code during the year and where to find further information.

Principle	Approach
01 – Establish a strategy and business model which promote long-term value for shareholders	• Our strategy is to deliver sustainable growth as a leading developer and manager of residential for rent assets in the UK. Our strategic objectives are based on growth, operational excellence and responsible operations. • Our business model principally uses a capital-light forward sale model to minimise risk and provide clear visibility on future revenues. • See pages 14 and 15 for details of our strategic progress during the year and pages 8 and 9 for details of our business model.
02 – Seek to understand and meet shareholder needs and expectations	• Our Executive Directors held calls and meetings with shareholders following our half-year results, full-year results and trading updates. As Chair, Alan Giddins spoke with certain major shareholders. We held an in-person AGM to which shareholders were invited.
03 – Take into account wider stakeholder and social responsibilities and their implications for long-term success to promote long-term value for shareholders	• Operating responsibly is a key strand of our strategy. Our strategic framework, Future Foundations, helps us manage our approach to ESG initiatives based around three themes – our people, our places and our planet. • Our Section 172(1) statement on pages 66 and 67 and our sustainability report on pages 41 to 52 set out more information on how we take into account wider stakeholders and social responsibilities.
04 – Embed effective risk management, considering both opportunities and threats, throughout the organisation	• Details of our risk management processes and our principal risks are set out on pages 28 to 40. • We have identified our principal risks and considered the level of risk the Board is willing to accept to achieve the Group's business objectives.
05 – Maintain the Board as a well-functioning, balanced team led by the Chair	• The Board comprises the Chair, two Executive Directors and three independent Non-Executive Directors. Biographies of the Directors can be found on pages 70 and 71. • The Non-Executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code. • The Chair and Chief Executive Officer have separate, clearly defined roles. The Chair is responsible for leading the Board and for ensuring the Board operates effectively. The Chief Executive Officer is responsible for setting and implementing the Group's strategy, for leading and developing the executive team and for managing the Group's day-to-day operations, taking account of the objectives, policies and risk appetite set by the Board.
06 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	• During FY24, we recruited one Executive Director to the Board. A detailed profile of the experience, skills and capabilities needed for the role was agreed by the Nomination Committee to ensure the Board was sufficiently balanced and had the appropriate expertise. • The Board received training on new legislation as well as market updates during the year.
07 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	• An external Board effectiveness review was carried out during the year. Details of the outcome of this review can be found on page 73.
08 – Promote a culture that is based on ethical values and behaviours	• Our corporate culture – what our values are and how we behave – is integral to the success of the Company. • A key theme of our Future Foundations framework is to create an engaged and motivated workforce that acts with the highest standards of ethics and integrity. We conducted our fourth annual employee engagement survey during the year, with themes around leadership and inspiration, realising potential, motivation and health and wellbeing. For more details, please see page 42 of our sustainability report.
09 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	• The Group has suitable and robust governance structures and policies in place. • Our Board is appropriately balanced between Executive Directors and independent Non-Executive Directors, excluding the Chair. The Board has a defined schedule of matters reserved to it. We have a delegated authorities matrix which sets out limits and authorities for approving a number of matters; this is reviewed annually by the Board to ensure it remains appropriate. • Only the Non-Executive Directors are members of the Board committees, although the CEO and CFO are invited to attend meetings where appropriate to assist with the matters discussed.
10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	• Our Executive Directors held calls and meetings with shareholders following our half-year results, full-year results and trading updates. • See pages 62 to 65 for details of how we engaged with our stakeholders during the year.

Audit Committee report

Rachel Addison
Chair of the Audit Committee

Committee members:

Rachel Addison (Chair)

Alan Giddins

Liz Reilly

Francis Salway

The Chair of the Company is a member of the Committee. The Board considers this appropriate as Alan Giddins possesses extensive business experience and knowledge of financial markets which enables him to play a full and valuable role on the Committee. The composition of the Committee will be kept under review during FY25.

The CEO, CFO, the external audit engagement partner, the internal auditor and other members of senior management are invited to attend Committee meetings as necessary. The Company Secretary is the Secretary to the Committee.

External auditor: Deloitte LLP (since 2022)

Internal auditor: KPMG (since 2018)

Committee responsibilities

- Overseeing the accounting principles, policies and practices adopted by the Company.
- Overseeing the external financial reporting and associated announcements.
- Overseeing the appointment, independence, effectiveness and remuneration of the Company's external auditor, including the supply of non-audit services.
- Reviewing and challenging the risk identification and mitigation processes.
- Monitoring the quality of the Company's internal controls.
- Ensuring the establishment and oversight of fraud prevention arrangements and reports under the whistleblowing policy.
- Liaising with and reviewing the work of the Group's internal and external auditors.
- Providing advice to the Board on whether the annual report and accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's performance, business model and strategy.

The Audit Committee's duties and responsibilities are set out in full in its terms of reference which are available on the Company's website at **watkinjonesplc.com/investors/corporate-governance**. The terms of reference were reviewed by the Committee during the year and no changes were proposed.

The Committee met nine times in FY24, with meetings generally timed to coincide with the financial and reporting cycles of the Company. Attendance at these meetings is set out in the table on page 72.

The Committee meets with the external auditor without management being present at least twice a year. The Chair of the Committee speaks individually with the internal and external auditors before every scheduled Audit Committee meeting to ensure that all appropriate matters are notified to the Committee and members. The Chair of the Committee also holds regular meetings with the CFO (who has responsibility and custody of the internal control framework).

The Chair reports to the Board on Committee proceedings after each meeting. Committee papers and minutes are made available to all members of the Board.

The Board is satisfied that the Chair of the Committee has the necessary recent and relevant financial experience to chair the Audit Committee.

Dear shareholder

On behalf of the Board, I am pleased to present the Audit Committee report for FY24. The Committee has an important role to play in providing independent oversight and safeguarding shareholders' interests. In fulfilling this role, we considered the following matters during the year.

Risk management

The Board has overall responsibility for determining the nature and extent of its principal and emerging risks and the extent of the Group's risk appetite, and for reviewing the effectiveness of the Group's system of risk management and internal control. The Committee ensures effective and sufficient coverage of financial reporting risks within the Company's risk management process.

The Group's principal risks are summarised on pages 28 to 40. The Board has identified the Group's risk appetite in relation to each of those risks and this position is reviewed annually at a joint meeting of the Board and Audit Committee.

Management continued to apply the 'bow-tie' methodology to manage the Group's principal risks. It used the methodology to analyse risk scenarios, identify process barriers to reduce the probability of the event crystallising, and identify ways to reduce the consequences should the event occur.

The Executive Committee conducted deep dives on each of the risks to consider those mechanisms and agree actions to improve them further. The output was then presented at a joint meeting of the Board and Audit Committee for discussion in November 2024. The Board approved the risk profile.

The internal control framework and its effectiveness are discussed on page 74.

Internal audit

The internal audit function was outsourced to KPMG in January 2018. KPMG's role as internal auditor is to provide independent and objective assurance to the Committee and senior management on matters set out in the internal audit plan.

The internal audit director attends all scheduled meetings of the Committee and further meetings with the Committee Chair without management present.

During the year, KPMG presented the internal audit plan and resourcing requirements.

The Committee received updates on progress against the plan, which included a summary of results of any completed audits and any changes to the plan. Internal audit reports were provided by KPMG in relation to our cost valuation report (CVR) process, risk assessment and control matrix preparation, and liquidity and cash flow management. Recommendations in relation to those areas were accepted.

The Committee closely monitors management's response to actions identified in the reports. It also monitors open actions to ensure management are supported to progress these in a timely manner. In addition, KPMG reviews the effectiveness of the implementation of recommended improved controls and reports to the Committee on their findings.

The effectiveness of KPMG was assessed during the year, taking into account the audit plan, the mechanisms in place for escalating issues to senior management or the Committee, their objectivity and independence, the quality and clarity of their reports, the credibility of their recommendations, the resources at their disposal and value for money.

Having considered those factors, the Committee confirmed that it was satisfied with the effectiveness of KPMG as internal auditor.

Significant accounting risks and judgements made in the annual financial statements

As a Committee, we reviewed the key accounting matters with reference to areas of higher risk, areas that would have the most significant potential impact on performance and areas involving significant judgement:

Area	Action
Revenue recognition The Company enters into long-term contracts to develop properties. Recognition of long-term contract revenue and profit is made on a percentage completion basis. Various assumptions are made within the development appraisals when determining the period in which revenue should be recognised. For forward sold developments, the amount recognised is dependent on the estimated costs to complete. There is a risk that the amount recognised is incorrect if the estimated costs to complete are inaccurate. In the year, the Company entered into a joint venture arrangement in relation to a new PBSA scheme. The accounting for such arrangements is complex, with a risk that amounts recognised in relation to the joint venture are inaccurate.	We considered the estimates and assumptions made by management and were satisfied that the processes and controls in place around technical accounting matters and the estimates of costs to complete were robust. External specialist accounting and tax advice was obtained regarding the new joint venture arrangement to ensure appropriate treatment. Deloitte confirmed that they had evaluated the design of key controls around the stage of completion for revenue recognition on ongoing developments. They summarised the work undertaken to challenge revenue, including substantive testing of key inputs and assumptions to the contract assessments and attendance at divisional performance review meetings, and noted no significant issues. They have also reviewed the technical accounting surrounding the new joint venture arrangement, and noted no significant issues.

Audit Committee report continued

Significant accounting risks and judgements made in the annual financial statements continued

Area	Action
Remediation costs in relation to legacy properties The Company holds a provision in relation to fire safety remediation costs with a net balance of £48.0 million at 30 September 2024 (£54.7 million at 30 September 2023). Following the conclusion of investigations undertaken, necessary remedial works were identified at further properties, and the scope of works at a number of properties already under remediation has been revised. An additional net provision of £7.0 million (30 September 2023: £35.0 million) has therefore been made during the year, for which further information is provided in note 4 to the financial statements. The Committee recognised the extensive work undertaken by the Company to address known remediation issues, conclude negotiations with regard to contributions to work undertaken or required, and estimate the scope and costs of future works required for properties within the provision. This is a highly complex area with judgements and estimates in respect of the cost of remedial works, the methodology to be used in agreeing remedial solutions, and the scope of applicable guidance and legislation, which continues to evolve.	The Committee accepted the recommendation from management to join the Responsible Actors Scheme (RAS) in December 2023. We challenged management's approach to the assessment of risk factors across the property portfolio and their assessment of the scope of buildings within the provision. We also challenged the assumptions applied to determine remediation costs, including cost estimates, potential recoveries from suppliers and insurers, as well as inflation and discounting assumptions. We also considered the clarity and completeness of the associated disclosures. We are satisfied with the approach of assessing and quantifying the provision and the accounting treatment and disclosures thereof.
Land and work in progress valuation The valuation of inventories requires significant judgement by management over anticipated revenues and forecast development costs. There is a risk that the carrying value of the land and work in progress balances reported within inventories are overstated.	The Committee reviewed the Company's clear accounting policies for these valuations, the reduction of risk in the sale price by using a forward sale model, the impairment made during the year, and the output from the audit activities of Deloitte, including their challenge of the valuation of the Group's development sites that had not been forward sold. The Committee was satisfied with the judgements made.
Impairment testing for leased investment properties This encompasses four legacy student accommodation assets that were sold and leased back. Assumptions relate to discount rates, investment yields and operating income (taking into account occupancy rates, income inflation and cost inflation). No impairment was proposed for FY24 by management.	The Committee reviewed the assumptions made by management, noting that: • occupancy rates remain high and the rates assumed by management are considered appropriate; • management considered it to be appropriate to maintain discount rates at the same level as last year; and • downside scenarios sensitising discount rates, occupancy rates and rental growth continued to show headroom. We are satisfied with the position, as reported by management, that no impairment is required.
Impairment testing for intangible assets relating to Fresh The Group holds intangible assets relating to Fresh of £1.2 million in customer relationships, £0.1 million in brand and £9.7 million in goodwill. No impairment was proposed for FY24 by management.	The Committee reviewed the assumptions made by management as part of the impairment assessment, noting that: • the forecasts, terminal value and discount rate assumptions adopted by management in assessing the recoverable value of goodwill appear reasonable, with sufficient headroom; and • sensitivities applied to this analysis over revenue and discount rate continue to show headroom. We are satisfied with the position, as reported by management, that no impairment is required.

External audit

Deloitte was appointed as the Company's auditor in FY22, and has been re-appointed for each subsequent year.

We reviewed Deloitte's findings from the FY23 audit and approved the plan for FY24, along with management's response to any points raised.

We reviewed the effectiveness of the FY24 external audit process and assessed Deloitte's continuing independence.

The Committee and the Board continue to be comfortable that Deloitte is independent and that the audit service provided is effective. We have recommended to the Board that Deloitte be re-appointed as external auditor and this resolution will be proposed to shareholders at the 2025 AGM.

The Committee approved Deloitte's audit fees.

Non-audit services

The Company's policy on non-audit services is reviewed annually in line with the FRC's Revised Ethical Standards. Whilst not specifically applicable to AIM-listed companies, the Audit Committee has decided that it wishes to follow the principle provided for in the European Audit Regulation and Directive, and has set a limit to the amount of fees which may be incurred in any one year for non-audit services. Fees for non-audit services may not exceed 70% of the average of the Group's statutory audit fees over the previous three years.

Deloitte did no chargeable work for the Company other than the audit.

Consideration of the final year-end audit report

The Committee reviewed the external auditor's plans for the full-year audit and then met with Deloitte and reviewed their report on the year-end results. Reporting materiality, which was set by the auditor at 0.7% of revenue, equated to £2.4 million, with audit differences over £0.12 million reported to the Committee.

Annual report and financial statements

The Committee reviewed the annual report and other financial statements during the year to ensure that they were fair, balanced and understandable. It then recommended those reports to the Board for approval.

Going concern statement

The Committee reviewed the going concern statement set out on pages 39 and 40 and confirmed its satisfaction with the methodology, including the appropriateness of sensitivity testing. The Committee debated possible downside scenarios and how the Board would react to various circumstances. The Committee recommended the Board accept the going concern statement.

Other matters considered by the Committee

Dividends

The Committee reviewed the capacity of the Company to pay such dividends from distributable reserves and its appropriateness, and recommended to the Board that no dividend is paid.

Whistleblowing

The Committee reviewed the Company's whistleblowing arrangements. Details of any calls received to the external whistleblowing hotline, as well as matters raised through other channels, are reported to the Committee. In order to satisfy itself as to the effectiveness of the whistleblowing arrangements and the culture of the Company, questions are included as part of the annual employee engagement survey as to whether employees know how to raise concerns and whether they feel safe to speak up if they have concerns. Both questions received strong positive scores.

Unit-based annual bonus

The Committee approved the payment of the unit-based annual bonus, applicable to those below senior management. The bonus scheme has historically been paid in December before the accounts are signed off. This is a legacy scheme, which is widely regarded as a Christmas bonus, and management believes that it is important to pay it in December rather than wait until January when the accounts are approved. The Committee approved the profit estimate for use in this bonus. The impact of any likely error in the profit forecast on the bonus is unlikely to be material, given the scaling and size of the bonus scheme. This scheme is not open to senior executives or Directors (whose bonus scheme is approved only after the accounts have been finalised).

Performance

The Committee's performance was reviewed as part of the external Board evaluation process carried out during the year. It was considered to be operating effectively.

Looking forward

As well as the regular cycle of matters that the Committee schedules for consideration each year, we plan over the next 12 months to:

- continue to monitor legislative and regulatory changes that may impact the work of the Committee; and
- continue to review the documented framework for key internal control procedures and policies.

Rachel Addison
Chair of the Audit Committee

23 January 2025

Nomination Committee report

Alan Giddins
Chair of the Nomination Committee

Committee members:

Alan Giddins (Chair)

Liz Reilly

Rachel Addison

Francis Salway

The Chief Executive Officer is invited to attend Committee meetings, as appropriate. The Secretary to the Committee is Adam McGhin, Company Secretary.

Ravensbourne Place, Lewisham

Committee responsibilities

The Committee is responsible for succession planning and appointments at Board level, oversight of appointments and succession planning at the Executive Committee and making recommendations to the Board on the composition of Board committees.

In FY24, the Committee met on three occasions. Attendance at these meetings is set out in the table on page 72.

Dear shareholder

The appointment and retention of talented individuals is key to the success of the Group. This report explains the work of the Committee during the financial year.

Appointment of Chief Financial Officer

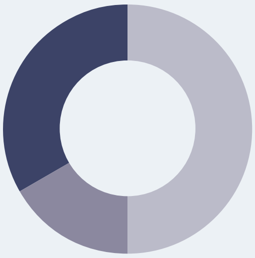
In April 2024, we announced that Sarah Sergeant would be stepping down as Chief Financial Officer and from the Board as part of a managed succession process.

In identifying a successor, the Committee agreed a detailed brief for the role and objective criteria against which candidates would be assessed. Teneo was engaged to conduct a search for suitable external candidates against these criteria.

A long list of external candidates was drawn up based on the agreed candidate profile. First round interviews were undertaken by a sub-committee, following which two candidates were subsequently taken through to a final interview with all Non-Executive Directors. Simon Jones was the unanimous choice based on his experience and knowledge of the property sector, depth and range of experience, and financing knowledge.

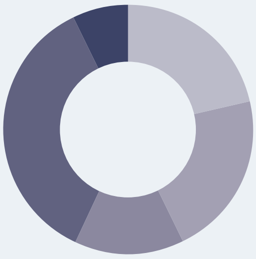
Accordingly, the Committee recommended to the Board that Simon Jones be appointed Chief Financial Officer. The Board approved this recommendation.

Tenure – as at January 2025



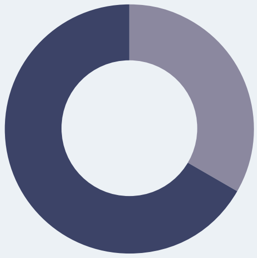
0-2 years	3
3-5 years	1
5+ years	2

Experience – as at January 2025



Property	3
Finance/Accounting	3
Retail	2
Strategy	5
HR	1

Gender – as at January 2025



Female	2
Male	4

Succession Planning at the Executive Committee

In light of Richard Harris, Managing Director of Group Delivery, retiring in January 2025, the Committee worked with management to consider an appropriate replacement for Richard. The decision was made to split his role, with Gwyn Pritchard being appointed Head of Construction, and Michael Bunyan, Head of Project Services. Both have joined the Executive Committee. Adam McGhin also joined the Executive Committee in October 2024 as Chief Legal Officer and Company Secretary, following an external search process.

Following these changes I believe we have a strong and balanced Executive team capable of delivering against the Group's strategic plan.

Board composition

The Committee considered the current composition of the Board and believes that the Board has the necessary skills, experience and knowledge to support the Group.

Considerations for FY25

The Committee will focus over the next 12 months on reviewing the personal development plans for each of the Executive Committee members, a number of whom are new in role. We will also be looking at longer term Board succession planning.

In previous years, the Committee considered it appropriate for the Company Chair to be a member of the Audit Committee given the small size of the Board. We will keep this under review in FY25, noting that we now have three independent Non-Executive Directors but acknowledging that the tenure of the Board as a whole is relatively short.

Diversity

The Committee recognises the ethical and business benefits of diversity and, as set out in our sustainability report, diversity is one of the central strands of our Future People proposition. The gender diversity of the Board has changed during the year, ending the year with two female (33.3%) and four male (66.6%) Board members. While we have good gender and ethnic diversity across the Group, women and BAME employees remain under-represented at senior levels.

We will continue to look for ways to enhance all aspects of diversity across the Group.

Alan Giddins
Chair of the Nomination Committee

23 January 2025

Directors' remuneration report

Liz Reilly
Chair of the Remuneration Committee

Committee members:

Liz Reilly (Chair)

Alan Giddins

Rachel Addison

Francis Salway

The CEO, the HR Director, the Company Secretary and the independent remuneration consultant are invited to attend Committee meetings as necessary.

Remuneration consultant:
FIT Remuneration Consultants LLP

The Waterways, Nottingham

Committee responsibilities

- Determines the Company's remuneration policies to support its strategy and promote its long-term sustainable success.
- Reviews the performance of the Executive Directors.
- Determines the terms and conditions of service for Executive Directors.
- Determines the remuneration of the Chair and the Executive Committee.

During FY24, the Committee met six times. Attendance at these meetings is set out in the table on page 72.

Activities during the year

- Agreed the leaver terms for Sarah Sergeant, former Chief Financial Officer, and the recruitment arrangements for Simon Jones, her successor.
- Reviewed the fees for the Chair and salary levels for the Executive Directors and Executive Committee.
- Reviewed the FY23 Directors' remuneration report prior to its approval by the Board and subsequent approval by shareholders at the AGM.
- Reviewed performance against the FY23 annual bonus plan targets and resulting awards and agreed the metrics and targets for the FY24 bonus plan.
- Reviewed LTIP award levels and performance metrics/targets for the 2024 LTIP award.
- Approved the 0% vesting of the 2021 LTIP award.

Annual statement

Dear shareholder

On behalf of the Board, I am pleased to present our Directors' remuneration report for FY24. It sets out the Group's remuneration policy for the Directors and explains how this policy was applied during the year. The principles underpinning our remuneration policy have not changed. Our policy is designed to:

- attract, retain and motivate executive management of the quality required to run the Company;
- incentivise and fairly reward our Executive Directors and the other members of the Executive Committee; and
- support the Company's strategy and promote its long-term sustainable success.

Pay and performance in FY24

The wider property sector in the UK continues to be a challenging market in which to operate. The ongoing geopolitical instability and economic uncertainty have contributed to the difficulties faced by the business. Our adjusted operating profit was £10.6 million (FY23: £0.2 million). Adjusted EPS was 3.5 pence (FY23: loss of 0.6 pence). A strong focus on cash management resulted in a year-end adjusted net cash position of £83.4 million (FY23: £43.9 million).

While the Committee considers that management has performed strongly and there has been an improvement of the financial performance on the prior year, the challenging market environment has affected the level of executive remuneration in respect of both long-term and short-term incentives.

Annual bonus for FY24

Following a review of performance against the annual bonus targets, bonuses of 25% of total opportunity for Alex Pease and Simon Jones (pro-rated) were awarded. While the threshold financial target was missed, the personal and ESG objectives (being 25% of the bonus opportunity) were met in full.

Long-term incentives

LTIP awards were granted to Executive Directors in January 2022 with vesting based on EPS (50% of awards), absolute TSR (25% of awards) and relative TSR (25% of awards). As a result of the threshold EPS and TSR targets not being met, the 2022 LTIP awards will lapse in full.

Board changes

As announced on 23 April 2024, Simon Jones joined Watkin Jones as Chief Financial Officer Designate and as a member of the Board on 21 May 2024 to succeed Sarah Sergeant as Chief Financial Officer. Details of the remuneration arrangements in respect of Sarah's departure and Simon's appointment are set out on page 87.

Wider employee and environmental considerations

The Committee reviews arrangements across the Group when considering remuneration decisions in respect of Executive Directors. The Committee also reviews a range of information on pay, bonuses, benefits, diversity, equality of pay and culture. During the year, the Committee:

- supported the intention of the Company to continue to pay a living wage to all employees;
- received proposals for base pay increases across the business, having regard to the prevailing macroeconomic context;
- considered salary increases for the Executive Directors; and
- reviewed, as part of the Board, the output of Your Voice, a Company-wide employee engagement survey, health and safety performance and progress on diversity and inclusion within the organisation.

Implementing the remuneration policy for FY25

In respect of the remuneration policy for FY25 for Executive Directors:

- base salary levels for the Chief Executive Officer and Chief Financial Officer were increased by 2% from 1 October 2024, below the average workforce level, to £433,500 and £357,000 respectively;
- pension will continue at a workforce aligned contribution of 7% of salary;
- the annual bonus will continue to be capped at 125% of salary, with 25% of any bonus deferred into shares for two years. Bonus objectives will continue to be based on financial, strategic and ESG metrics, and personal targets;
- the Committee is currently reviewing long-term incentive provision for 2025 and will consult major shareholders to the extent considered appropriate; and
- shareholding guidelines, set at 200% of salary, will continue to operate.

The Committee will continue to keep the remuneration policy and the way it is operated under review to ensure it aligns the objectives of the Executive Directors with stakeholders and delivers the desired outcomes.

Liz Reilly
Chair of the Remuneration Committee

23 January 2025

Directors' remuneration report continued

Remuneration policy

The Remuneration Committee considers the remuneration policy annually to ensure that it continues to underpin the Group's strategy. The main aim of the Group's policy for Executive Directors is to align their interests with the Group's growth strategy and long-term creation of sustainable shareholder value.

Summary of Directors' remuneration policy

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Normally reviewed annually after considering pay levels at comparably sized listed companies and sector peers; the performance, role, skills, experience and responsibility of each Director; the economic climate, market conditions and the Company's performance; and the level of pay across the Group as a whole.	n/a	n/a
Benefits	To provide a market-competitive benefits package.	Offered in line with market practice, and may include a car allowance, private medical, income protection and death in service insurance.	n/a	n/a
Pension	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Group's defined contribution personal pension plan and may elect to receive all or part of the pension contribution in cash, provided there is no difference in cost to the Company.	7% of salary	n/a
Annual bonus	To reward performance against annual targets which support the strategic direction of the Group.	Awards are based on annual performance with a minimum of 25% of any bonus deferred into shares for two years. Awards may be subject to malus/clawback provisions at the discretion of the Committee.	125% of salary	Financial, personal, strategic and/or ESG targets.
LTIP	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership for Executive Directors.	Conditional shares and/or nil cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over a period of three years. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/clawback provisions at the discretion of the Committee.	150% of salary	Financial, share price, strategic and/or ESG targets.
Shareholding guidelines	To promote share ownership for Executive Directors.	Executive Directors are expected to build a shareholding in the Group over time by retaining at least 50% of the net-of-tax LTIP awards which vest.	200% of salary	n/a
Non-Executive Directors	The Committee determines the Chair's fee and fees for the Non-Executive Directors are agreed by the Chair and Chief Executive Officer.	Fees are reviewed annually taking into account the level of responsibility and relevant experience. Fees may include a basic fee and additional fees for further responsibilities. Fees are paid in cash. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed.	n/a	n/a

Annual report on remuneration

Implementation of the remuneration policy for FY25

The table below sets out how the Committee intends to operate the remuneration policy in FY25.

Base salary	Base salary levels for the Chief Executive Officer and Chief Financial Officer were increased by 2% from 1 October 2024, below the average workforce level, to £433,500 and £357,000 respectively.
Benefits	There were no material changes to benefits provision during the year.
Pension	The Chief Executive Officer and Chief Financial Officer will continue to receive a workforce-aligned contribution of 7% of salary.
Annual bonus	The annual bonus will continue to be capped at 125% of salary, with 25% of any bonus deferred into shares for two years. Bonus objectives will continue to be based on financial, strategic and ESG metrics, and personal targets.
LTIP	The Committee is currently reviewing long-term incentive provision for 2025 and will consult major shareholders to the extent considered appropriate.
Shareholding guidelines	Shareholding guidelines set at 200% of salary will continue to apply.
Non-Executive Director fees	Non-Executive Director fees were not increased from 1 October 2024. As such, the current fee for Alan Giddins is £143,363. The current fees for Liz Reilly and Rachel Addison are £59,639 and the current fee for Francis Salway, who does not chair a Board committee, is £50,923.

Single total figure of remuneration for FY24

In the year to 30 September 2024, the Directors received the following emoluments:

	Salary/fees		Pension		Benefits		Annual bonus		LTIP[7]		Total	
	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23
Executive Directors												
Alex Pease[1]	**421,955**	319,647	**27,168**	20,837	**12,846**	18,094	**128,846**	90,672	**—**	—	**590,815**	449,250
Simon Jones[2]	**130,128**	—	**2,622**	—	**8,068**	—	**39,964**	—	**—**	—	**180,782**	—
Non-Executive Directors												
Alan Giddins	**143,363**	139,187	**—**	—	**—**	—	**—**	—	**—**	—	**143,363**	139,187
Liz Reilly	**59,639**	57,902	**—**	—	**—**	—	**—**	—	**—**	—	**59,639**	57,902
Rachel Addison[3]	**59,639**	57,902	**—**	—	**—**	—	**—**	—	**—**	—	**59,639**	57,902
Francis Salway[4]	**50,923**	48,362	**—**	—	**—**	—	**—**	—	**—**	—	**50,923**	48,362
Former Directors												
Sarah Sergeant[5]	**324,450**	315,000	**21,170**	20,211	**11,998**	8,601	**57,715**	79,790	**—**	—	**415,333**	423,602
Richard Simpson[6]	**333,797**	413,272	**58,664**	72,566	**14,038**	17,175	**—**	57,257	**—**	—	**406,499**	560,270

1. Appointed to the Board on 10 October 2022; appointed Interim Chief Executive Officer on 18 July 2023 and Chief Executive Officer on 15 November 2023.
2. Appointed to the Board on 21 May 2024.
3. Appointed to the Board on 1 April 2022.
4. Appointed to the Board on 10 October 2022.
5. Stepped down from the Board on 21 May 2024.
6. Stepped down from the Board on 18 July 2023.
7. The LTIP awards granted to Richard Simpson and Alex Pease in January 2021 lapsed in full in January 2024. The LTIP awards granted to Alex Pease, Richard Simpson and Sarah Sergeant in January 2022 will lapse in full in January 2025 as a result of the threshold EPS and TSR targets not being met.

Directors’ remuneration report continued

Annual report on remuneration continued

Annual bonus in respect of FY24

The annual bonus for the Executive Directors is comprised of:

- Financial targets (75% of maximum).
- Personal strategic objectives (15% of maximum).
- ESG objectives (10% of maximum).

The Committee made an assessment in respect of each element of the targets and determined:

- That the threshold of the PBIT financial target was not met and therefore the outturn in respect of this measure is 0%.
- That the personal and strategic targets for each of the Executive Directors (relating to building an effective management team, improving effectiveness and efficiency in respect of the development and finance functions, delivering on key revenue and income generation initiatives, and effective cash management) were met in full and therefore the outturn of this measure is 15%.
- That the ESG targets (relating to planning applications submitted to BREEAM excellent standards or HQM equivalent, employee engagement levels and the management of and reporting on legacy projects) were met and therefore the outturn of this measure is 10%.

Based on these assessments, the annual bonus awards for Alex Pease and Simon Jones are 25% of the maximum potential as set out below. In the case of Simon the bonus is pro-rated for the duration of his service during the year.

	Financial	Personal (15%)	ESG (10%)
Alex Pease	£nil	£77,308	£51,538
Simon Jones	£nil	£23,978	£15,986


Ravensbourne Place, Lewisham

LTIP award vesting

LTIP awards were granted to Executive Directors in January 2022 with vesting based on EPS (50% of awards), absolute TSR (25% of awards) and relative TSR (25% of awards). As a result of the threshold EPS and TSR targets not being met, these awards will lapse in full.

Share awards granted in FY24

The following LTIP awards were granted to the Executive Directors during the year ended 30 September 2024:

	Basis of award	Number of shares under award
Alex Pease	200% of salary	1,859,956
Simon Jones	200% of salary	1,531,728
Sarah Sergeant	125% of salary	887,445

The awards have an exercise price of one pence per share and vest subject to continued employment and three-year absolute total shareholder return (TSR) targets. Vesting of awards will be determined by reference to growth above the 'base share price', being the Watkin Jones average share price from 1 October 2023 to 29 January 2024 (i.e. the day before grant in respect of the awards made to Alex Pease and Sarah Sergeant). 0% of awards will vest if TSR is 0% p.a. or less, increasing pro-rata to 100% vesting for maximum performance if TSR is 43.5% compound growth p.a. or better, using the three-month average share price to the end of the performance period and adjusted for any dividends during that period (applying standard TSR methodology). In addition to assessing performance against the TSR targets, the Remuneration Committee retains discretion to reduce the vesting of awards to ensure that all relevant factors are taken into account, including the consideration of any windfall gains.

Board changes

Sarah Sergeant stepped down from the Board in May 2024. She continued to receive her salary and benefits for the remainder of her six-month notice period which ended on 23 October 2024 and remained eligible to receive an annual bonus for FY24 in line with her termination agreements. Her outstanding LTIP awards will continue to vest on the normal vesting dates, subject to performance conditions and time pro-rating. No termination payments were paid or are payable.

Simon Jones was appointed Chief Financial Officer and his package from appointment is as follows:

- base salary: £350,000;
- pension: 7% of salary (workforce aligned);
- annual bonus: maximum of 125% of salary (pro-rated for FY24) with 25% of any bonus award deferred into shares for two years; and
- LTIP: 200% of salary for FY24, reducing to 150% of salary p.a. from FY25 onwards.

Outstanding share awards

Outstanding LTIP share awards for the current Executive Directors at 30 September 2024 and as at the date of this report were as follows:

	Alex Pease			Simon Jones
	LTIP	LTIP	LTIP	LTIP
Exercise price	1p	1p	1p	1p
Date of grant	31 Jan 2022	3 Feb 2023	30 Jan 2024	30 Aug 2024
Date of vesting	31 Jan 2025	3 Feb 2026	30 Jan 2027	21 May 2027[1]
Interest at 1 Oct 2023	78,422	265,957	—	—
Granted in the year	—	—	1,859,956	1,531,728
Dividend equivalents	—	—	—	—
Lapsed	—	—	—	—
Exercised in the year	—	—	—	—
Interest at 30 Sep 2024	78,422	265,957	1,859,956	1,531,728
Performance period	EPS: 1 Oct 2021 to 30 Sep 2024 Absolute and relative TSR: 1 Oct 2021 to 30 Sep 2024	Relative TSR: three years from grant date	Absolute TSR: Three years from 30 Jan 2024	

1. Reflecting a delay to the grant of the LTIP awards, the vesting date was aligned to the date Simon Jones was appointed to the Board.

Directors' remuneration report continued

Annual report on remuneration continued

Directors' interests in the Company's shares

At 30 September 2024 and as at the date of this report, the Directors had the following interests in the Company's shares:

	Number of shares
Alex Pease	868,206
Simon Jones	8,000
Alan Giddins	880,000
Rachel Addison	49,693
Liz Reilly	50,000
Francis Salway	45,500
Total	**1,766,349**

Service contracts

Executive Directors

Alex Pease and Simon Jones were appointed under service agreements dated 10 October 2022 and 20 May 2024 respectively. Both service agreements contain six-month notice periods in respect of notice given by the Company or the Director.

Non-Executive Directors

Non-executive appointments run for an initial term of three years from the date of appointment and continue thereafter, subject to annual re-election at annual general meetings. Alan Giddins was appointed to the Board by a letter of appointment dated 17 July 2021. Rachel Addison and Francis Salway were appointed to the Board by letters of appointment dated 31 March 2022 and 7 October 2022 respectively. Liz Reilly was appointed to the Board by a letter of appointment dated 4 January 2019.

	Date of appointment to the Board	Notice period where given by the Company	Notice period where given by the Director
Alan Giddins	19 July 2021	3 months	3 months
Rachel Addison	1 April 2022	3 months	3 months
Liz Reilly	21 January 2019	3 months	3 months
Francis Salway	10 October 2022	3 months	3 months

Advisers to the Committee

FIT Remuneration Consultants LLP (FIT) provides advice to the Committee as and when required in respect of remuneration quantum and structure and developments in governance and best practice more generally. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at **remunerationconsultantsgroup.com**.

Performance and terms of reference

The Committee's performance was considered as part of the Board evaluation process described on page 73. Feedback showed that the Committee was felt to be operating well.

The Committee's terms of reference were reviewed during the year. A copy of the Committee's terms of reference is available on the Company's website at **watkinjonesplc.com/investors/corporate-governance**.

Liz Reilly
Chair of the Remuneration Committee

23 January 2025

Directors' report

The corporate governance disclosures on pages 72 to 74 form part of this report.

Principal activity

The Company is incorporated and registered in England and Wales, with registered number 9791105. Its shares are traded on the Alternative Investment Market of the London Stock Exchange.

The Company is the ultimate holding company of the Group. The Group's principal activities are described in the strategic report on pages 1 to 67.

Review of business

The strategic report on pages 1 to 67 provides a review of the business, the Group's trading for the year ended 30 September 2024, key performance indicators and an indication of future developments and risks.

Result and dividend

The Group's loss for the year was £0.3 million (FY23: loss of £32.5 million). More information about the Group's financial performance can be found in the financial review on pages 22 to 27 and in the financial statements on pages 91 to 144.

The Board does not recommend a final dividend for the year (FY23: 0 pence per share).

Directors

The Company's Directors during the year were:

- Alan Giddins
- Alex Pease
- Sarah Sergeant (resigned 21 May 2024)
- Simon Jones (appointed 21 May 2024)
- Liz Reilly
- Rachel Addison
- Francis Salway

The current Directors' biographies can be found on pages 70 and 71. Details of the Executive Directors' service contracts, the Non-Executive Directors' letters of appointment and the Directors' dates of appointment can be found in the Directors' remuneration report on page 88.

Substantial shareholdings

Based on the share register analysis as at 15 October 2024, unless otherwise notified, the following represents interests in excess of 3% of the Company's ordinary share capital. These holdings may subsequently have changed, but notification of any change is not required until the next notifiable threshold is crossed.

Holder	Percentage
FIL Investment International	9.93
Octopus Investments	9.53
Gresham House	6.52
Hargreaves Lansdown	6.47
Interactive Investor	5.39
M&G Investments	5.13
Mr Mark Watkin Jones	4.42
Polar Capital	3.63
Janus Henderson Investors	3.39

Directors' report continued

The Waterways, Nottingham

Directors' interests

The Directors' interests in the Company's shares are set out in the Directors' remuneration report on page 88.

Directors' indemnity provisions

The Company has purchased and maintained throughout the period Directors' and officers' liability insurance in respect of the Directors.

Share capital structure

At 30 September 2024, the Company's issued share capital was £2,566,530.97, divided into 256,653,097 ordinary shares of one pence each.

The holders of ordinary shares are entitled to one vote per share at the Company's general meetings.

Engagement with employees, suppliers, customers and other stakeholders

Information on the Group's engagement with its employees, clients, customers, supply chain, shareholders and communities can be found in the strategic report on pages 62 to 65. Information on other employee matters such as investing in the workforce, employee diversity and the provision of equal opportunities for disabled employees can be found in the strategic report on pages 44 to 46.

Political donations

The Company made no political donations during the year.

Financial instruments

Information on financial instruments is given in note 30 to the financial statements.

Auditor

Deloitte was appointed as external auditor during FY22. Deloitte has expressed its willingness to continue in office as auditor and a resolution to re-appoint Deloitte will be proposed at the 2025 annual general meeting.

Going concern

After making enquiries and as more fully explained in the going concern review on pages 39 and 40, the Directors have a reasonable expectation that the Group has adequate resources to continue to trade for the period to 31 January 2026. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Dividend policy

The Group maintains its policy of aiming to pay a dividend which is 2.0x covered by adjusted earnings when financial flexibility permits.

Approval

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This Directors' report was approved on behalf of the Board on 23 January 2025.

Simon Jones
Chief Financial Officer

23 January 2025

Directors' responsibilities

in relation to the annual report and financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibilities statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 23 January 2025 and is signed on its behalf by:

Alex Pease
Chief Executive Officer

23 January 2025

Independent auditor's report

to the members of Watkin Jones plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Watkin Jones plc (the 'parent company' or the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes to the consolidated financial statements 1 to 38;
- the company statement of financial position;
- the company statement of changes in equity; and
- the related notes to the company financial statements 39 to 45.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Revenue recognition; and • Completeness and valuation of provisions relating to the Building Safety Act. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £2.44 million which was determined on the basis of revenue. The basis of materiality is consistent with that applied in the prior year. Further details concerning the determination of materiality are provided in section 6.
Scoping	Full scope audit work was performed on two reporting components. Our full scope and specified audit procedures covered 98% of group revenue and 98% of group loss before tax.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the group's relevant controls over the going concern assessment;
- challenging the assumptions used in the Board-approved forecasts by reference to historical performance and other supporting evidence such as market data;

- assessing the amount of headroom in the forecasts and reasonable downside scenarios modelled by management (in liquidity terms and against the relevant covenant limits);
- assessing the sensitivity analysis performed by management, including actions that could be taken to mitigate the risk against any potential covenant breaches; and
- evaluating whether the disclosures in respect of going concern within the financial statements meet the requirements of IAS 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition

Key audit matter description	The group recognised revenue of £362.4 million (FY23: £413.2 million) which is primarily arising from contracts with customers in developing residential and commercial properties, as described in note 6. This is considered to be a critical judgement for the Group, as noted on page 105 and considered by the Audit Committee as a significant judgement as per page 77. In line with IFRS 15 'Revenue from contracts with customers', revenue and margin is recognised on a percentage completion basis, being costs incurred to date over total forecast cost. The determination of revenue in relation to open contracts contains various assumptions that require management judgement, as described in note 3.6. As such, we have identified a key audit matter in relation to the risk, either due to fraud or error, to the key judgements inherent within certain open development contracts, based on a number of risk factors, including forecast costs to complete within the Build To Rent ('BTR') and Student Accommodation segments as a key determinant for revenue recognised in the year.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to address this key audit matter: • performed testing of relevant controls over revenue, including controls that address forecasting accuracy, including the determination of the stage of completion; • reconciled revenue per management's internal cost valuation report ('CVR') to the management accounts and trial balance being audited; • validated the key inputs into the CVR process, including reconciling total expected revenue per development to signed contract agreements and variation agreements on a sample basis; • assessed the recoverability of contract amounts held within debtors, by agreement to post year end billing and cash receipt; • for a sample of costs incurred to date, we assessed the accuracy and validity by agreement to supporting evidence in order to assess the accuracy of management's calculation of the percentage completion; • performed a stand back review of all live contracts including assessing the accuracy of judgements taken by management in relation to risks and opportunities identified within their CVR process through corroboration to supporting evidence and review of performance in the post year-end trading period; • evaluated the percentage of procured subcontractor costs for all live contracts through agreement to external information, such as invoices and quotes from subcontractors; • with respect to management's assumptions over unprocured forecast costs, we assessed the validity of the inputs used in the CVRs, by comparing them with supporting evidence such as third party quotes and cost rates; and • held meetings with relevant commercial directors to understand status of open developments, which included assessing their assumptions in relation to costs to complete, and their judgements made about each development.
Key observations	Based on our procedures performed, we are satisfied that the revenue recognised during the year-ended 30 September 2024 is appropriate. We made recommendations to management with respect to improvements to internal controls in this area.

Independent auditor's report continued

to the members of Watkin Jones plc

5. Key audit matters continued

5.2. Completeness and valuation of provisions relating to the Building Safety Act

Key audit matter description	As described in notes 4 and 27, the group holds a gross provision of £55.6 million (FY23: £65.6million) in relation to the Building Safety Act, of which a reimbursement asset of £7.6 million (FY23: £10.9 million) from property owners has been recognised. This is also considered by the Audit Committee as a significant judgement as per page 78 and a key source of estimation uncertainty in the notes to the financial statements on page 106. The completeness and valuation of fire-safety provisions is complex and thus requires significant judgement by management over the value of the expected costs, including associated legal claims, and contingencies. As such, we have assessed completeness and valuation of the provision relating to the Building Safety Act as a key audit matter.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to address this key audit matter: • obtained an understanding of relevant controls relating to the Building Safety Act provision; • assessed how the value of the provision has been determined, whether a present obligation to rectify the properties existed at the balance sheet date and that the associated costs have been recorded in the appropriate accounting period; • for properties not included in the provision we evaluated management's judgement as to why there remained sufficient uncertainty that such properties should only be included as contingent liabilities, as disclosed in note 4. This included review of fire safety reports and legal correspondence; • for sites supported by external quotations assessed the cost estimates against underlying support such as quotations from external subcontractors, legal claims and correspondence with third parties, including external consultants used by the group in assessing the budgets and estimates used in deriving certain elements of the provision; • evaluated the competence, capabilities and objectivity of the external consultants used in supporting management's conclusions; • challenged assumptions made as to the nature and level of contingency held within the provision by reference to a number of factors including wider industry and legislative information, the macro-economic uncertainty with regards to inflation and cost risk, and the risk of scope increase on remedial works yet to commence; • assessed the completeness of the provision by inquiring of the of group internal and external legal counsel, challenging management's risk of assessment of the property database on a property by property basis through a check of a sample of properties to assess for any contradictory evidence that may suggest a fire safety risk exists, using publicly available information such as review of external facades, media searches and evidence of open-market sales and lettings; • reviewed legal correspondence and status of litigation matters, assessed the evolution of the regulatory and legal landscape; • challenged that the increase in estimated costs has been recorded in the appropriate accounting period by assessing that all information that could reasonably be expected to have been obtained by management was reflected in the provision recorded in the prior accounting period and that the charge for the year is a consequence of new information that became available during FY24; and • assessed the associated disclosures, including quantification of reimbursement assets associated with certain properties, the identification properties for which contingent liabilities have been disclosed, and the key sources of estimation uncertainty identified.
Key observations	Based on the procedures performed we concluded the provision recorded to be appropriate as at 30 September 2024, however we observed a high level of estimation uncertainty in the assumptions applied. Accordingly, we concur with the disclosure of this provision as a key source of estimation uncertainty within note 4 of the financial statements. We made recommendations to management with respect to improvements to internal controls in this area.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£2,440,000 (2023: £2,440,000)	£2,196,000 (2023: £2,196,000)
Basis for determining materiality	0.7% of revenue (2023: 0.6% of revenue).	Our basis for materiality was determined based upon 2% (FY22: 3%) of the parent company's net assets capped at 90% of group materiality (FY22: capped at 90% of group materiality).
Rationale for the benchmark applied	Revenue is considered to be the most stable benchmark for the basis of materiality and a key financial metric for the users of the financial statements.	The parent company does not generate external sales therefore we have determined net assets for the current year to be the appropriate basis.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	50% of group materiality (2023: 60%)	70% of parent company materiality (2023: same)
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • the control environment in place across the group; • the wider macro-economic environment and inherent uncertainty in the market impacting upon the performance of the group in FY24; and • the level of corrected and uncorrected misstatements identified in the prior year audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £122,000 (2023: £122,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The group operates solely in the United Kingdom and Ireland. Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group and component level. The audit was performed solely by the group audit team in the UK.

We have considered reporting components based on their contribution to group revenue and profit, as well as qualitative considerations.

Reporting components in scope, being the main trading component of the group and the parent company, was subject to an audit materiality level of £1.2 million and £2.2 million respectively (FY23 £1.4 million and £2.2 million). Our full scope and specified audit procedures covered 98% of Group revenue and 98% of Group operating profit.

7.2. Our consideration of the control environment

We obtained an understanding of the relevant internal controls over key audit matters as referenced above.

Independent auditor's report continued
to the members of Watkin Jones plc

7. An overview of the scope of our audit continued

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements.

As noted within the Sustainability Report starting on page 41 the group has assessed the risk and opportunities relevant to climate change and has not identified a principal risk in relation to climate change.

We performed our own risk assessment of the potential impact of climate change on the group's account balances and classes of transaction and did not identify any risks of material misstatement. Our procedures included reading disclosures in the strategic report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations, IT, and real estate specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, and the completeness and valuation of provisions relating to the Building Safety Act. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, Building Safety Regulations, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition and the completeness and valuation of provisions relating to the Building Safety Act as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and the group's internal and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report continued
to the members of Watkin Jones plc

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Bayne FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

23 January 2025

Consolidated statement of comprehensive income

for the year ended 30 September 2024

	Notes	Year ended 30 September 2024 Before exceptional items £'000	Year ended 30 September 2024 Exceptional items £'000	Year ended 30 September 2024 Total £'000	Year ended 30 September 2023 Before exceptional items £'000	Year ended 30 September 2023 Exceptional items £'000	Year ended 30 September 2023 Total £'000
Continuing operations							
Revenue	6	362,371	—	362,371	413,236	—	413,236
Cost of sales		(328,565)	—	(328,565)	(378,377)	—	(378,377)
Gross profit		33,806	—	33,806	34,859	—	34,859
Administrative expenses	8	(29,499)	(7,001)	(36,500)	(34,689)	(38,140)	(72,829)
Profit on disposal of subsidiary	19	6,260	—	6,260	—	—	—
Operating profit/(loss)		10,567	(7,001)	3,566	170	(38,140)	(37,970)
Share of loss in joint ventures	20	(8)	—	(8)	(13)	—	(13)
Finance income		1,008	—	1,008	496	—	496
Finance costs	12	(2,356)	(2,517)	(4,873)	(3,514)	(1,458)	(4,972)
Profit/(loss) before tax		9,211	(9,518)	(307)	(2,861)	(39,598)	(42,459)
Income tax (expense)/credit	13	(178)	2,380	2,202	1,196	8,716	9,912
Profit/(loss) for the year attributable to ordinary equity holders of the parent		9,033	(7,138)	1,895	(1,665)	(30,882)	(32,547)
Other comprehensive income							
That will not be reclassified to profit or loss in subsequent periods:							
Net loss on equity instruments designated at fair value through other comprehensive income, net of tax		(236)	—	(236)	(188)	—	(188)
Total comprehensive income/(loss) for the year attributable to ordinary equity holders of the parent		8,797	(7,138)	1,659	(1,853)	(30,882)	(32,735)

	Notes	Pence	Pence	Pence	Pence	Pence	Pence
Earnings per share for the year attributable to ordinary equity holders of the parent							
Basic earnings/(loss) per share	14	3.521	(2.782)	0.739	(0.649)	(12.043)	(12.692)
Diluted earnings/(loss) per share	14	3.497	(2.763)	0.734	(0.649)	(12.043)	(12.692)

The notes on pages 103 to 139 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 30 September 2024

	Notes	30 September 2024 £'000	30 September 2023 £'000
Non-current assets			
Intangible assets	16	**11,047**	11,606
Investment property (leased)	17	**20,751**	24,240
Right-of-use assets	17	**5,747**	5,276
Property, plant and equipment	18	**1,401**	1,796
Investment in joint ventures	20	**7,952**	1
Reimbursement assets	27	**6,147**	4,007
Deferred tax assets	28	**15,090**	12,096
Other financial assets	29	**866**	1,129
		69,001	60,151
Current assets			
Inventory and work in progress	21	**94,266**	123,516
Contract assets	22	**36,538**	66,368
Trade and other receivables	23	**31,191**	35,104
Reimbursement assets	27	**1,470**	6,858
Current tax receivable		**2,461**	7,088
Cash and cash equivalents	24	**96,962**	72,431
		262,888	311,365
Total assets		**331,889**	371,516
Current liabilities			
Trade and other payables	25	**(86,054)**	(100,723)
Contract liabilities	22	**(3,252)**	(1,469)
Interest-bearing loans and borrowings	26	**—**	—
Lease liabilities	17	**(7,750)**	(7,567)
Provisions	27	**(12,090)**	(24,457)
		(109,146)	(134,216)
Non-current liabilities			
Interest-bearing loans and borrowings	26	**(13,591)**	(28,530)
Lease liabilities	17	**(33,019)**	(37,628)
Provisions	27	**(43,543)**	(41,137)
		(90,153)	(107,295)
Total liabilities		**(199,299)**	(241,511)
Net assets		**132,590**	130,005
Equity			
Share capital	31	**2,567**	2,564
Share premium		**84,612**	84,612
Merger reserve		**(75,383)**	(75,383)
Fair value reserve of financial assets at FVOCI		**162**	425
Share-based payment reserve	32	**1,780**	1,407
Retained earnings		**118,852**	116,380
Total equity		**132,590**	130,005

The notes on pages 103 to 139 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 23 January 2025 and signed on its behalf by:

Alex Pease
Director

Consolidated statement of changes in equity

for the year ended 30 September 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Fair value reserve of financial assets at FVOCI £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2022	2,564	84,612	(75,383)	662	526	163,972	176,953
Loss for the year	—	—	—	—	—	(32,547)	(32,547)
Other comprehensive income	—	—	—	(237)	—	49	(188)
Total comprehensive income	—	—	—	(237)	—	(32,498)	(32,735)
Share-based payments (note 32)	—	—	—	—	1,067	—	1,067
Recycled reserve for fully vested share-based payment schemes	—	—	—	—	(186)	186	—
Deferred tax debited directly to equity (note 28)	—	—	—	—	—	(151)	(151)
Dividend paid (note 15)	—	—	—	—	—	(15,129)	(15,129)
Balance at 30 September 2023	2,564	84,612	(75,383)	425	1,407	116,380	130,005
Profit for the year	**—**	**—**	**—**	**—**	**—**	**1,895**	**1,895**
Other comprehensive income	**—**	**—**	**—**	**(263)**	**—**	**27**	**(236)**
Total comprehensive income	**—**	**—**	**—**	**(263)**	**—**	**1,922**	**1,659**
Share-based payments (note 32)	**—**	**—**	**—**	**—**	**901**	**—**	**901**
Recycled reserve for fully vested share-based payment schemes	**—**	**—**	**—**	**—**	**(528)**	**528**	**—**
Issue of new share capital	**3**	**—**	**—**	**—**	**—**	**—**	**3**
Deferred tax credited directly to equity (note 28)	**—**	**—**	**—**	**—**	**—**	**22**	**22**
Dividend paid (note 15)	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 30 September 2024	**2,567**	**84,612**	**(75,383)**	**162**	**1,780**	**118,852**	**132,590**

The notes on pages 103 to 139 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 30 September 2024

	Notes	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Cash flows from operating activities			
Cash inflow/(outflow) from operations	33	**27,521**	(17,215)
Interest received		**1,008**	496
Interest paid		**(2,177)**	(3,315)
Tax received/(paid)		**3,872**	(11,466)
Net cash inflow/(outflow) from operating activities		**30,224**	(31,500)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(120)**	(550)
Proceeds on disposal of property, plant and equipment		**12**	210
Proceeds on disposal of PRS assets		**—**	15,323
Proceeds on disposal of subsidiary		**6,260**	—
Repayment of related party loan following disposal of subsidiary		**18,540**	—
Investments in joint venture interests		**(7,951)**	—
Net cash inflow from investing activities		**16,741**	14,983
Cash flows from financing activities			
Dividends paid	15	**—**	(15,129)
Payment of principal portion of lease liabilities		**(7,370)**	(6,806)
Drawdown of RCF		**—**	27,579
Repayment of bank loans and RCF		**(15,064)**	(27,537)
Net cash outflow from financing activities		**(22,434)**	(21,893)
Net increase/(decrease) in cash		**24,531**	(38,410)
Cash and cash equivalents at 1 October 2023 and 1 October 2022		**72,431**	110,841
Cash and cash equivalents at 30 September 2024 and 30 September 2023		**96,962**	72,431

The notes on pages 103 to 139 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 September 2024

1. General information

Watkin Jones plc (the 'Company') is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 9791105) and its shares are listed on the Alternative Investment Market of the London Stock Exchange. The Company is domiciled in the United Kingdom and its registered address is 12 Soho Square, London, United Kingdom, W1D 3QF.

The principal activities of the Company and its subsidiaries (collectively the 'Group') are those of property development and the management of properties for multiple residential occupation.

The consolidated financial statements for the Group for the year ended 30 September 2024 comprise the Company and its subsidiaries. The basis of preparation of the consolidated financial statements is set out in note 3.1 below.

2. Basis of preparation

The financial statements of the Group have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with United Kingdom adopted International Accounting Standards.

The preparation of financial information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events may ultimately differ from those estimates.

The accounting policies set out in the notes have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis except as disclosed in these accounting policies.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

3. Accounting policies

This section sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a particular note to the financial statements, the policy is described in the note to which it relates.

3.1 Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary. Where a subsidiary being disposed constitutes a business, and control is transferred to a joint venture, the gain or loss on disposal is recognised in full under IFRS 10. The fair value of any investment retained in a former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 'Financial Instruments' when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

The terms of the acquisition of the shares in Watkin Jones Group Limited by the Company on its IPO in March 2016 in the year ended 30 September 2016 were such that the Group reconstruction should be accounted for as a continuation of the existing Group rather than as an acquisition, and as such merger accounting was applied. Accordingly, the difference between the cash consideration paid and the nominal value of the share capital acquired as part of the Group reconstruction was reflected against a merger reserve.

3.2 Going concern

The Directors have undertaken a thorough review of the Group's ability to continue to trade as a going concern for the period to 31 January 2026 (the 'forecast period'). This review has been undertaken taking into consideration the following matters.

Liquidity

At 30 September 2024, the Group had a robust liquidity position, with cash and available headroom in its banking facilities totalling £143.2 million, as set out below.

	£m
Cash balances	97.0
RCF headroom	36.2
Overdraft facility	10.0
Total cash and available facilities	**143.2**

Strong liquidity has been maintained through the first quarter of the year ending 30 September 2025, providing the Group with a good level of cash and available banking facilities for the year ahead.

The Group's revolving credit facility (RCF) is committed and has recently been extended to November 2027 to give flexibility given the current market conditions. The overdraft facility has been replaced with a £10.0 million accordion option within the RCF, which reduces associated facility charges for the Group. The RCF can be used for the acquisition of land and associated development works. All financial covenants under this facility were met at 30 September 2024 and are forecast to be met throughout the period to 31 January 2026.

Business model

Our business model is capital light. By forward selling or acting as development partners for the majority of our build to rent, purpose built student accommodation and Refresh developments, we receive payment before we incur any significant development cash outflows.

In FY24 our business model has evolved to include a joint venture structure at Stratford, which is not capital intensive but does allow us to benefit from future market improvement on disposal of the asset.

By controlling our pipeline we are able to ensure that we only commit expenditure to projects that are either development partnerships, are forward sold or on which we are undertaking a modest level of enabling works.

Notes to the consolidated financial statements continued
for the year ended 30 September 2024

3. Accounting policies continued
3.2 Going concern continued
In certain circumstances we may decide to continue construction activities beyond the initial enabling phase, without a forward sale agreement in place, but we take this decision based on our available liquidity and can suspend the works should it prove necessary. This greatly limits our exposure to development expenditure which is not covered by cash income.

Sites are normally secured on a subject to satisfactory planning basis, which gives us time to manage the cash requirements and to market them. We also take a cautious approach to managing our land acquisition programme to ensure that we have sufficient liquidity available to complete the acquisition of the sites without any new forward sales being secured.

The Fresh business receives a regular contractual monthly fee income from its multiple clients and the short to medium-term risk to its revenue stream is low.

Our Refresh business involves little initial investment or rolling working capital, with works completed generally certified and invoiced on a monthly basis.

For our Affordable Homes business, which is currently relatively small and only has a few sites in build, we manage our development expenditure so that, other than for infrastructure works, we only commit expenditure where it is supported by a forward sales position. In addition, a significant portion of our largest site has been forward sold such that we will receive payment for development works as they progress.

We also receive rental income from tenants on our leased PBSA assets. The PBSA assets are anticipated to be almost fully occupied for the 2024/25 academic year.

Our business model and approach to cash management therefore provides a high degree of resilience.

Counterparty risk
The Group's clients are predominantly blue-chip institutional funds, and the risk of default is low. The funds for a forward sold development are normally specifically allocated by the client or backed by committed debt funding.

For forward sold developments, our cash income remains ahead of our development expenditure through the life of the development, such that if we were exposed to a client payment default, we could suspend the works, thereby limiting any cash exposure.

Fresh has many clients and these are mostly institutional funds with low default risk.

Base case cash forecast
We have prepared a base case cash forecast for the forecast period, based on our current business plan and trading assumptions for the year. This is well supported by our forward sold pipeline of two PBSA developments and five BTR developments for delivery during the period FY25 to FY27, as well as the reserved/exchanged and forward sales for our Affordable Homes business and the contracted income for Fresh and Refresh. Our current secured cash flow, derived from our forward sold developments and other contracted income, net of overheads and tax, results in a modest cash utilisation over the forecast period, with the result that our liquidity position is maintained.

In addition to the secured cash flow, the base case forecast assumes a number of new forward sales and further house sales, which if achieved will result in a further strengthening of our liquidity position.

This scenario includes allowances for remedial spend on building safety matters, including a contingency value.

Risk analysis
In addition to the base case forecast, we have considered the possibility of continued disruption to the market given the market turbulence seen in the UK over recent years. This is our most significant risk as it would greatly limit our ability to achieve any further disposals.

We have run a reasonable downside model scenario, such that forward sales and new site acquisitions are delayed by up to six months, to assess the possible impact of the above risks. The cash forecast prepared under this scenario illustrates that adequate liquidity is maintained through the forecast period and the financial covenants under the RCF would still be met.

The minimum total cash and available facilities balance under this scenario was £82.2 million (excluding the £10.0 million accordion facility).

We consider the likelihood of events occurring which would exhaust the total cash and available facilities balances remaining to be remote. However, should such events occur, management would be able to implement reductions in discretionary expenditure and consider the sale of the Group's land sites to ensure that the Group's liquidity was maintained.

Conclusion
Based on the thorough review and robust downside forecasting undertaken, and having not identified any material uncertainties that may cast any significant doubt, the Board is satisfied that the Group will be able to continue to trade for the period to 31 January 2026 and has therefore adopted the going concern basis in preparing the financial statements.

3.3 Business combinations
Business combinations are accounted for using the acquisition method. The cost of any acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. There have been no non-controlling interests recognised in the business combinations to date. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised immediately in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is carried in the statement of financial position at deemed cost as at 1 October 2012, the date of transition to IFRS for the Group, less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained (note 16).

3.4 Impairment of non-financial assets

At each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with any impairment recognised immediately through the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

If indication exists that previously recognised impairment losses no longer exist or have decreased, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation reserve. No impairment loss in respect of goodwill is permitted to be reversed.

3.5 Foreign currency

The Group's presentational currency, which is pounds sterling, is also the functional currency of the parent and its subsidiaries. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of those transactions.

Monetary assets and liabilities denominated in foreign currencies at each reporting date are retranslated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

3.6 Revenue recognition

Revenue recognition is a critical judgement for the Group.

When the Group recognises revenue under a construction contract or development agreement, revenue is recognised using the percentage of completion method as construction progresses with the estimated total revenue and cost to complete forming key estimates in determining the amount of revenue recognised.

The estimates for total contract costs take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any changes in the scope of works and the expected cost of any rectification works during the defects liability period.

4. Key sources of estimation uncertainty

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of investment property (leased)

As described in note 17, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The Group treats each of its student accommodation leaseback arrangements as a separate cash-generating unit for impairment testing. Where there is evidence of impairment, the value in use for its student accommodation investment property (leased) assets is calculated using estimates of the future economic benefits that will be derived from the operations of each property, which is discounted using an estimated discount rate reflecting the market assessment of risk that would be applied to each asset. This estimate of value in use is then compared to the net book value of the investment property (leased) to determine whether an impairment provision is required. Further details are included in note 17.

Notes to the consolidated financial statements continued
for the year ended 30 September 2024

4. Key sources of estimation uncertainty continued

Building safety provision

The Group holds a provision for building safety remedial works, for which the legislative background was disclosed in the Group's annual report and financial statements for the year ended 30 September 2023.

During the year ended 30 September 2023, the Group was formally approached to sign up to the Responsible Actors Scheme (RAS) which came into force in England on 4 July 2023.

By signing up to the RAS the Group is required to sign the Developers' Remediation Contract (the 'Contract') which requires us to:

- take responsibility for all necessary work to address life-critical fire safety defects arising from the design and construction of buildings 11 metres and over in height that we developed or refurbished in England over the 30 years ending on 4 April 2022;
- keep residents in those buildings informed about progress towards meeting this commitment; and
- reimburse taxpayers for funding spent on remediating their buildings, i.e. where leaseholders have accessed the Building Safety Fund to remediate their properties.

The Group signed the Contract in December 2023. Under the obligations of the scheme we have written to building owners to understand their position regarding those buildings.

The Contract is intended to cover leasehold buildings rather than PBSA or BTR, and therefore the significant majority of buildings that the Group has developed over the last 30 years are outside the scope of the Contract. There are 13 leasehold buildings falling within the scope of the RAS, and five of these are included within the provision, with no further buildings being added during the year ended 30 September 2024. To date, no communications have been received from building owners for any of these remaining properties.

Based on our internal review procedures described above, the provision made in the year ended 30 September 2023 included an estimation of works required in relation to buildings identified as requiring remediation.

Provisions are recognised when three criteria are met: 1) the Group has a present obligation as a result of a past event; 2) it is probable that an outflow of resources will be required to settle the obligation; and 3) a reliable estimate can be made of the obligation.

This is a highly complex area with significant estimates in respect of the cost of remedial works, the quantum of any legal expenditure associated with the defence of the Group's position in this regard, and the extent of those properties within the scope of the applicable government guidance and legislation, which continue to evolve. For those properties not covered by the RAS, the Group is under no obligation to contact property owners.

In addition, the legislation underpinning the determination of liability for remediation of fire safety issues is complex, with case law evolving. All our buildings were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion.

The amount provided for these works has been estimated by reference to recent industry experience and external quotes for similar work identified. The investigation of the works required at many of the buildings is at an early stage and therefore it is possible that these estimates may change over time or if government legislation and regulation further evolves. If further buildings are identified this could also increase the required provision, but the potential quantity of this change cannot be readily determined in the absence of such identification through further claims or investigative work.

As a number of other housebuilders and developers have done since the introduction of the RAS, the provision made in the year ended 30 September 2023 included an amount for contingency to reflect further buildings being identified as within the scope of the RAS and for unforeseen remediation costs beyond management's current knowledge.

In 2023, the Welsh Government announced a new agreement with developers to tackle fire safety defects in medium high-rise residential buildings, known as the Developers' Pact, which the Group signed during the year ended 30 September 2024. The Group has been approached in respect of one property which we have provided for on the basis that minimal remedial works are required. In our view, based on the investigative procedures that we have carried out, there are no further remedial works required to any other Welsh properties.

The Housing (Cladding Remediation) (Scotland) Act was passed in June 2024, and contained provision for the Responsible Developers Scheme, a remediation agreement for which the specific details are still to be agreed with developers. It is the Group's expectation that the basis for this scheme will be consistent with the RAS, such that it is intended to cover leasehold buildings. The Group has constructed one leasehold property in Scotland, which remains under contract. In our view, based on the investigative procedures that we have carried out, there is no remedial work required on that property.

During the year ended 30 September 2024, the Group continued to work closely with residents and building owners within our legacy portfolio. Works were completed at three properties, with final legal settlement reached for a further three properties, all of which were included in the prior year's provision.

Following the conclusion of investigations undertaken, necessary remedial works were identified at further properties and appropriate costs provided. Contributions towards the remediation costs for a number of these properties have been agreed with building owners.

As remediation of the remaining properties in the Group's programme continues, the scope of works at a number of these properties has been revised. Whilst for certain properties the required level of remediation has reduced from original estimates, at others the anticipated scope and cost for remediation has increased.

An additional net provision of £7.0 million (30 September 2023: £35.0 million) for remedial works has therefore been made during the year, whilst broadly maintaining the level of contingency held from the prior year to reflect the continued levels of uncertainty of extent of remediation required. The net provision at 30 September 2024 was therefore £48.0 million (30 September 2023: £54.7 million).

We expect this cost to be incurred over the next six years, and the provision has been discounted to its present value accordingly. The timing of this expenditure will be dependent on the timely engagement by building owners, revisions to programme under the new BSA Gateways, and the availability of appropriately qualified subcontractors.

We continue to make progress with negotiating contributions from clients to mitigate our liability in relation to these remedial works and received £4.9 million of such contributions during the year. At the balance sheet date the Group has recognised reimbursement assets remaining of £7.6 million (30 September 2023: £10.9 million). These are expected to be recovered over the next five years.

At 30 September 2024, the Group remained in discussions with a number of property owners for eight properties whereby the legal responsibility or confirmation of fire safety remediation requirements remains uncertain and which therefore form part of the Group's contingent liabilities. As referred to above, the clarification of whether these liabilities crystallise is dependent on multiple factors which are expected to be concluded in the next 12 to 24 months.

At the same time, the Group continues to explore opportunities to recover the costs of remediation through the Group's insurance providers and supply chain. However, no benefit has been assumed within the provision unless contractual terms have been established.

Of the outstanding net provision, £9.1 million is fixed as a result of legal settlements agreed with building owners. However, for the remaining liabilities, should the costs associated with the remedial works increase by 10%, the provision required would increase by £3.5 million. Should the discount rate applied to the calculation reduce by 1%, the provision required would increase by £0.8 million. Further details of the provision are set out in note 27.

Should an additional property be identified which requires remedial works for which the Group is liable, it would be reasonable to estimate the additional cost at c.£0.9 million, based on the average expected cost of works for recently identified properties requiring remediation.

5. New standards and interpretations

Impact of accounting standards and interpretations in issue but not yet effective

At the reporting date there are a number of new standards and amendments to existing standards in issue but not yet effective.

The Group has not adopted the new or amended standards early in preparing these consolidated financial statements.

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board (IASB) became effective during the year:

Standard or interpretation	Effective for accounting periods beginning on or after
IFRS 17 – Insurance Contracts	1 January 2023
Definition of Account Estimates – Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

There is no impact from these standards.

The following standards and interpretations that are anticipated to be relevant to the Group have an effective date after the date of these financial statements. The Group has not early adopted them and plans to adopt them from the effective dates once endorsed for application in the UK. These standards are not expected to have a significant impact on the Group's consolidated financial statements.

Standard or interpretation	Effective for accounting periods beginning on or after
Lease Liability in a Sale and Leaseback – Amendment to IFRS 16	1 January 2024
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 1	1 January 2024
Lack of Exchangeability – Amendment to IAS 21	1 January 2025

Notes to the consolidated financial statements continued
for the year ended 30 September 2024

6. Disaggregated revenue information

Accounting policy

The Group's primary sources of revenue from contracts with customers are from developing residential and commercial properties. It also provides accommodation management services to third parties. When developing purpose built student accommodation (PBSA), build to rent (BTR) and commercial properties, the Group often acquires the land on which the development will be constructed before it is sold to a customer alongside a construction contract or development agreement for the delivery of the relevant scheme.

Sale of land or completed property

The Group derives a significant portion of its revenue from the sale of land, and the development and sale of completed residential and commercial properties. Most of the Group's land sale agreements relate to sites for PBSA and BTR developments where the Group has obtained planning permission and they are sold to customers in conjunction with a construction contract for the Group to deliver the property.

Contracts for the sale of land and completed residential and commercial developments are typically satisfied at a point in time. This is usually deemed to be the legal completion as this is the point at which the Group has an enforceable right to payment. Revenue from the sale of land, residential and commercial properties is measured at the transaction price agreed in the contract with the customer.

Construction contracts and development agreements

Construction contracts and development agreements mainly relate to the development of PBSA and BTR properties along with any commercial elements of these projects, our Refresh business and our affordable housing projects. The duration of the contracts vary but are typically 18 to 30 months in duration. Most contracts are considered to contain only one performance obligation for the purposes of recognising revenue, being the development of the scheme to the agreed specification.

While the scope of works may include a number of different components, in the context of construction service activities these are usually highly interrelated and produce a combined output for the customer.

Contracts are typically recognised over time as the development works are undertaken on land owned and therefore controlled by the customer, with the services being provided by the Group enhancing that land through the construction of a building and associated landscaping and enabling works. In addition, the construction contracts or development agreements provide an enforceable right to payment for the value of construction works performed. Progress is typically measured through valuation of the works undertaken by a professional quantity surveyor, including an assessment of any elements for which a price has not yet been agreed, such as changes in scope.

In order to recognise the profit over time it is necessary to estimate the total contract revenue and costs. Once the outcome of a performance obligation of a construction contract, affordable housing project or development agreement can be reasonably measured, margin is recognised in the income statement in line with the corresponding stage of completion.

Total contract revenue

Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured. Payments due to customers which relate to these same contractual obligations are treated as a reduction to revenue.

Total contract costs

The estimates for total contract costs take account of any uncertainties in the cost of work packages which have not yet been placed and materials which have not yet been procured, the expected cost of any changes in the scope of works and the expected cost of any rectification works during the defects liability period.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design; and technical assistance that is directly related to the contract.

Significant financing component

The Group often enters into construction contracts or development agreements which entail a final payment upon the practical completion of the property, typically linked to its timely completion.

These amounts are included in the estimates for total contract revenue for a scheme such that the period between the recognition of revenue by the Group and when the customer pays can be greater than one year. This difference arises for reasons other than the provision of finance to the customer as it is intended to provide protection to the customer that the Group fulfils its obligations under the contract. Accordingly, these contracts are not deemed to contain a significant financing component.

Accommodation management

Management fees relate to contracted charges for the provision of management services as an agent to landlords of PBSA and BTR properties. Management fees are recognised in line with the management contracts in the period to which they relate.

Rental income

Rents receivable are credited to the statement of comprehensive income on a straight-line basis.

Year ended 30 September 2024	Student Accommodation £'000	Build To Rent £'000	Affordable Homes £'000	Refresh £'000	Accommodation Management £'000	Corporate £'000	Total £'000
Type of goods or service							
Construction contracts or development agreements	**97,765**	**211,267**	**6,699**	**10,896**	**—**	**—**	**326,627**
Sale of land	**9,850**	**—**	**—**	**—**	**—**	**1,457**	**11,307**
Sale of completed property	**—**	**—**	**6,159**	**—**	**—**	**—**	**6,159**
Rental or other income	**9,989**	**—**	**21**	**—**	**—**	**204**	**10,214**
Accommodation management	**—**	**—**	**—**	**—**	**8,064**	**—**	**8,064**
Total revenue from contracts with customers	**117,604**	**211,267**	**12,879**	**10,896**	**8,064**	**1,661**	**362,371**
Timing of revenue recognition							
Goods transferred at a point in time	**9,850**	**—**	**6,453**	**—**	**—**	**1,457**	**17,760**
Services transferred over time	**107,754**	**211,267**	**6,426**	**10,896**	**8,064**	**204**	**344,611**
Total revenue from contracts with customers	**117,604**	**211,267**	**12,879**	**10,896**	**8,064**	**1,661**	**362,371**

Year ended 30 September 2023	Student Accommodation £'000	Build To Rent £'000	Affordable Homes £'000	Refresh £'000	Accommodation Management £'000	Corporate £'000	Total £'000
Type of goods or service							
Construction contracts or development agreements	145,067	196,199	8,908	—	—	—	350,174
Sale of land	21,700	10,450	—	—	—	—	32,150
Sale of completed property	—	—	10,699	—	—	—	10,699
Rental or other income	8,972	1,062	—	—	—	698	10,732
Accommodation management	—	—	—	—	9,481	—	9,481
Total revenue from contracts with customers	175,739	207,711	19,607	—	9,481	698	413,236
Timing of revenue recognition							
Goods transferred at a point in time	21,700	10,450	11,719	—	—	—	43,869
Services transferred over time	154,039	197,261	7,888	—	9,481	698	369,367
Total revenue from contracts with customers	175,739	207,711	19,607	—	9,481	698	413,236

Revenue from three customers (2023: four) in the year accounted for more than 10% of total revenue, representing revenue of £210,845,000 (2023: £315,465,000). Of this, £32,519,000 was reported under the Student Accommodation segment, £169,356,000 was reported under the Build To Rent segment, and £8,970,000 (2023: £nil) was reported under the Refresh segment.

7. Segmental reporting

Accounting policy

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group determines its reportable segments having regard to permitted aggregation criteria with the principal condition being that the operating segments should have similar economic characteristics. For the purposes of determining its operating segments, the chief operating decision-maker has been identified as the Executive Committee. This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

Notes to the consolidated financial statements continued
for the year ended 30 September 2024

7. Segmental reporting continued

The Group has identified six segments for which it reports under IFRS 8 'Operating Segments'. The following represents the segments that the Group operated in during FY24 and FY23:

a. Student Accommodation – the development of purpose built student accommodation;

b. Build To Rent – the development of build to rent accommodation;

c. Affordable Homes – the development of residential housing;

d. Refresh – the refurbishment, redevelopment and repurposing of existing accommodation;

e. Accommodation Management – the management of student accommodation and build to rent/private rental sector (PRS) property; and

f. Corporate – revenue from the development of commercial property forming part of mixed-use schemes and other revenue and costs not solely attributable to any one other operating segment.

All revenues arise in the UK.

Performance is measured by the Board based on gross profit as reported in the management accounts.

Apart from inventory and work in progress, no other assets or liabilities are analysed into the operating segments.

Year ended 30 September 2024	Student Accommodation £'000	Build To Rent £'000	Affordable Homes £'000	Refresh £'000	Accommodation Management £'000	Corporate £'000	Total £'000
Revenue	117,604	211,267	12,879	10,896	8,064	1,661	362,371
Segmental gross profit/(loss)	13,634	18,019	(232)	1,548	4,390	(2,784)	34,575
Impairment of land assets	—	—	—	—	—	(769)	(769)
Gross profit/(loss)	13,634	18,019	(232)	1,548	4,390	(3,553)	33,806
Administration expenses	—	—	—	—	(4,799)	(24,700)	(29,499)
Profit on disposal of subsidiary	6,260	—	—	—	—	—	6,260
Exceptional administrative expenses	—	—	—	—	—	(7,001)	(7,001)
Operating profit/(loss)	19,894	18,019	(232)	1,548	(409)	(35,254)	3,566
Share of loss in joint ventures	—	—	—	—	—	(8)	(8)
Finance income	—	—	—	—	—	1,008	1,008
Finance costs	—	—	—	—	—	(2,356)	(2,356)
Exceptional finance costs	—	—	—	—	—	(2,517)	(2,517)
Profit/(loss) before tax	19,894	18,019	(232)	1,548	(409)	(39,127)	(307)
Taxation	—	—	—	—	—	2,202	2,202
Continuing profit/(loss) for the year	19,894	18,019	(232)	1,548	(409)	(36,925)	1,895
Profit for the year attributable to ordinary equity shareholders of the parent							1,895
Inventory and work in progress (note 21)	42,701	25,958	23,511	508	—	1,588	94,266

Year ended 30 September 2023	Student Accommodation £'000	Build To Rent £'000	Affordable Homes £'000	Refresh £'000	Accommodation Management £'000	Corporate £'000	Total £'000
Revenue	175,739	207,711	19,607	—	9,481	698	413,236
Segmental gross profit	11,409	19,836	1,920	—	5,988	1,202	40,355
Impairment of land assets	—	—	—	—	—	(5,496)	(5,496)
Gross profit/(loss)	11,409	19,836	1,920	—	5,988	(4,294)	34,859
Administration expenses	—	—	—	—	(5,441)	(24,664)	(30,105)
Loss on disposal of PRS assets	—	—	—	—	—	(4,584)	(4,584)
Exceptional administrative expenses	—	—	—	—	—	(38,140)	(38,140)
Operating profit/(loss)	11,409	19,836	1,920	—	547	(71,682)	(37,970)
Share of loss in joint ventures	—	—	—	—	—	(13)	(13)
Finance income	—	—	—	—	—	496	496
Finance costs	—	—	—	—	—	(3,514)	(3,514)
Exceptional finance costs	—	—	—	—	—	(1,458)	(1,458)
Profit/(loss) before tax	11,409	19,836	1,920	—	547	(76,171)	(42,459)
Taxation	—	—	—	—	—	9,912	9,912
Continuing profit/(loss) for the year	11,409	19,836	1,920	—	547	(66,259)	(32,547)
Profit for the year attributable to ordinary equity shareholders of the parent							(32,547)
Inventory and work in progress (note 21)	83,430	10,970	27,314	—	—	1,802	123,516

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for the year ended 30 September 2024

8. Exceptional costs

Accounting policy

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that are material to the Group in aggregate and have arisen from one-off or unusual circumstances that could not reasonably have been expected to arise from normal trading.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Recognised in administrative expenses		
Building Safety provision	7,001	35,000
Restructuring costs	—	3,140
Total exceptional items recognised in administrative expenses	7,001	38,140
Recognised in finance costs		
Unwind of discount rate on Building Safety provision	2,517	1,458
Total exceptional items recognised in finance costs	2,517	1,458
Total exceptional costs	9,518	39,598

There has been an additional charge of £7,001,000 (2023: charge of £35,000,000) taken in relation to provisions made for Building Safety related costs. The provision made in the prior year has been unwound to its present value, resulting in £2,517,000 (2023: £1,458,000) of finance costs. Further information on these charges is included in note 4 and note 27.

All of the exceptional costs in the year were treated as allowable deductions for corporation tax purposes.

9. Total operating profit

This is stated after charging/(crediting):

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Audit services to the parent company	100	100
Audit services to the subsidiaries	425	275
Amortisation of intangible assets	559	559
Impairment of land assets (see note 21)	769	5,496
Depreciation:		
Property, plant and equipment	411	697
Investment property (leased)	4,432	4,217
Right-of-use assets	1,503	1,474
Loss on disposal of PRS assets	—	4,584
Loss/(profit) on disposal of property, plant and equipment	91	(294)

10. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 30 September 2024	Year ended 30 September 2023
Construction	**189**	217
Accommodation management	**308**	371
Management and administration	**118**	123
	615	711

The aggregate payroll costs of these persons were as follows:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Wages and salaries	**28,585**	28,976
Employee incentive – long-term incentive plans (note 32)	**901**	1,067
Social security costs	**3,603**	3,911
Defined contribution pension costs	**1,056**	1,081
	34,145	35,035

Pensions

The Group operates a defined contribution Group personal pension plan scheme for the benefit of the employees and certain Directors. The assets of the scheme are administered in a fund independent from those of the Group. Contributions during the year amounted to £1,056,000 (2023: £1,081,000). There were £130,915 unpaid contributions at the end of the year (2023: £138,088).

The Group also operates a small defined contribution scheme for the benefit of certain former employees. This scheme is closed to new entrants. The assets of the scheme are administered by trustees in a fund independent from those of the Group. Contributions during the year amounted to £nil (2023: £nil).

Key management personnel

The Group considers that its Directors and other senior managers who are either members of the Executive Committee or Directors of Watkin Jones & Son Limited are key management personnel for the purposes of IAS 24 'Related Parties'.

The aggregate payroll costs of key management personnel were as follows:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Wages and salaries	**3,435**	2,810
Compensation for loss of office	**169**	—
Employee incentive – long-term incentive plans (note 32)	**901**	822
Social security costs	**491**	391
Pension costs	**183**	181
	5,179	4,204

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for the year ended 30 September 2024

11. Directors' emoluments

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Wages and salaries	1,867	1,461
Long-term employee incentives exercised in period	—	—
Social security costs	264	210
Pension costs	110	114
	2,241	1,785
Highest paid Director:		
Emoluments	525	430
Long-term employee incentives exercised in period	—	—
Pension costs	27	73

During the year ended 30 September 2024, no share options were exercised (2023: nil).

12. Finance costs

Accounting policy

All borrowing costs are recognised in the Group's profit for the year on an effective interest rate (EIR) basis except for interest costs that are directly attributable to the construction of qualifying assets, being the Group's inventory. These are capitalised and included within the cost of the asset. Capitalisation commences when both expenditure on the asset and borrowing costs are being incurred, and necessary activities to prepare the asset for use are in progress. In the case of new developments, this is generally once planning permission has been obtained. Capitalisation ceases when the asset is ready for use or sale. Interest capitalised relates to borrowings specific to a development.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Finance charges	637	1,735
Interest on lease liabilities (note 17)	1,719	1,779
Unwind of discount on Building Safety provision (note 8)	2,517	1,458
	4,873	4,972

During the year the Group has capitalised interest payable on bank loans of £1,900,000 (2023: £1,908,000) in development land and work in progress. The capitalised interest related to borrowings for specific developments funded using the Group's revolving credit facility, at the rates described in note 26.

13. Income taxes

Accounting policy

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income (OCI) or those recognised directly in equity, in which case it is recognised in accordance with the underlying item.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Current income tax		
UK corporation tax on profits for the year	—	—
Adjustments in respect of prior periods	745	318
Foreign taxes	—	27
Total current tax	745	345
Deferred tax		
Origination and reversal of temporary differences	(1,272)	(9,229)
Adjustments in respect of prior year	(1,675)	216
Remeasurement of deferred tax for changes in tax rates	—	(1,244)
Total deferred tax	(2,947)	(10,257)
Total tax credit	(2,202)	(9,912)

Reconciliation of total tax credit:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Loss before tax	(307)	(42,459)
Loss multiplied by standard rate of corporation tax in the UK of 25% (2023: 22%)	(77)	(9,341)
Fixed asset differences	—	40
Expenses not deductible	369	86
Income not taxable	(1,565)	(36)
Remeasurement of deferred tax for changes in tax rates	—	(1,244)
Other differences	25	178
Differences to foreign tax rates	—	(20)
Adjustments in respect of prior periods	745	318
Prior year adjustment to deferred tax	(1,699)	107
At the effective rate of tax of 717.3% (2023: 23.3%)	(2,202)	(9,912)
Income tax credit reported in the statement of profit or loss	(2,202)	(9,912)

As a result of the Finance Act 2021, the rate of UK corporation tax increased to 25% from 6 April 2023. The deferred tax assets and liabilities held by the Group at the start of the current year have been revalued to reflect this increase. The deferred tax asset arising from losses in the period is expected to be fully utilised in the medium term.

14. Earnings per share

Accounting policy

Basic

Basic earnings per share (EPS) amounts are calculated by dividing the net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of shares in issue during the year.

Diluted

Diluted EPS is calculated by adjusting the weighted average number of shares in issue by the dilutive effect of ordinary shares that the parent may potentially issue relating to its contingent share awards under the Group's share incentive schemes, based upon the number of shares that would be issued if the year-end date was the end of the contingency period. Where there is a loss from operations in the financial year, such shares are not considered dilutive.

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14. Earnings per share continued

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Profit/(loss) for the year attributable to ordinary equity holders of the parent	1,895	(32,547)
Add back exceptional costs for the year (note 8)	9,518	39,598
Less corporation tax benefit from exceptional costs for the year	(2,380)	(8,716)
Adjusted profit/(loss) for the year attributable to ordinary equity holders of the parent (excluding exceptional items after tax)	9,033	(1,665)

	Year ended 30 September 2024 Number of shares	Year ended 30 September 2023 Number of shares
Weighted average number of ordinary shares for basic earnings per share	256,564,829	256,434,903
Adjustment for the effects of dilutive potential ordinary shares	1,736,691	—
Weighted average number for diluted earnings per share	258,301,520	256,434,903

	Year ended 30 September 2024 Pence	Year ended 30 September 2023 Pence
Basic earnings per share		
Basic profit/(loss) for the year attributable to ordinary equity holders of the parent	0.739	(12.692)
Adjusted basic earnings per share (excluding exceptional items after tax)		
Adjusted profit/(loss) for the year attributable to ordinary equity holders of the parent	3.521	(0.649)
Diluted earnings per share		
Basic profit/(loss) for the year attributable to diluted equity holders of the parent	0.734	(12.692)
Adjusted diluted earnings per share (excluding exceptional items after tax)		
Adjusted profit/(loss) for the year attributable to diluted equity holders of the parent	3.497	(0.649)

15. Dividends

Accounting policy

Dividends are recognised through equity when approved by the parent's shareholders or on payment, whichever is earlier.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Final dividend paid in February 2023 of 4.50 pence per share	—	11,539
Interim dividend paid in June 2023 of 1.40 pence per share	—	3,590
	—	15,129

No final dividend is proposed for the year ended 30 September 2024 (2023: nil pence per ordinary share). As such, no liability (2023: liability of £nil) has been recognised at that date. At 30 September 2024, the Company had distributable reserves available of £41,643,000 (30 September 2023: £41,115,000).

16. Intangible assets

Accounting policy

The cost of intangibles acquired as part of a business combination is the fair value at the date of acquisition.

Intangible assets other than goodwill are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the consolidated statement of comprehensive income within administrative expenses on a straight-line basis over the estimated useful lives of the intangible assets as follows:

- customer relationships: 11 years; and
- brand: ten years.

	Customer relationships £'000	Brand £'000	Goodwill £'000	Total £'000
Cost				
At 1 October 2022, 30 September 2023 and 30 September 2024	**5,604**	**499**	**9,744**	**15,847**
Amortisation				
At 30 September 2022	3,354	328	—	3,682
Amortisation for the year	510	49	—	559
At 30 September 2023	3,864	377	—	4,241
Amortisation for the year	**509**	**50**	**—**	**559**
At 30 September 2024	**4,373**	**427**	**—**	**4,800**
Net book value				
At 30 September 2024	**1,231**	**72**	**9,744**	**11,047**
At 30 September 2023	1,740	122	9,744	11,606

Intangible assets relate to the acquisition of Fresh Property Group Ltd (formerly Fresh Student Living Limited), which was acquired by the Group in the year ended 30 September 2016.

The Directors have assessed whether there are indicators of impairment against each of the customer relationship and brand assets in line with IAS 36 as at 30 September 2024. No indicators of impairment have been identified, and therefore no impairment test has been performed.

The Directors have reviewed the carrying value of the goodwill in Fresh Property Group Ltd, which is a single CGU, at 30 September 2024 compared to its recoverable amount and are satisfied that no impairment is required. The recoverable amount has been based on value in use, by reference to the budgets and projected cash flows for the CGU over a five-year period, with future pre-tax cash flows discounted at a rate of 11.90% (2023: 12.25%) to reflect the time value of money. Cash flows beyond the five-year period are extrapolated using a 3.0% growth rate, which is seen as the long-term average growth rate for the business.

The following are the key base case assumptions used in projecting the cash flows as at 30 September 2024:

- contracted management agreements in place are renewed in line with past experience;
- new management agreements are secured to deliver the budgeted units under management for the CGU for the five-year period ending 30 September 2029. Units under management are forecast to be approximately 22,000 in FY25, 24,000 in FY26, 27,000 in FY27, 29,000 in FY28 and 31,000 in FY29. This reflects the CGU's past success in securing new management agreements in the student accommodation sector along with assumed growth in apartments under management in the build to rent market;
- management fees charged will increase in line with inflation;
- the achieved gross margin is maintained in line with past experience; and
- indirect costs are incurred in line with the budgets and five-year plan for the CGU up to the period ending 30 September 2029 and thereafter increase at 3.0% per annum.

Impairment calculations are sensitive to changes in the assumptions around trading performance and discount rate. Reasonable sensitivities have been applied to these assumptions as two separate scenarios, being a) a reasonable downside scenario with revenue reducing compared to the base case by £1.3 million in the first year and c.£10 million across the five-year plan, offset by targeted cost mitigation; b) a shortfall in revenue of 5% per annum against the base case with no cost mitigation applied; and c) an increase in the discount rate of 1 percentage point. In each of these scenarios there remained significant headroom against the carrying value of the goodwill held.

Notes to the consolidated financial statements continued

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17. Leases

Accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease.

Group as a lessee

Investment property (leased)

The Group has entered into a number of student accommodation sale and leaseback arrangements for which the associated right-of-use assets are classified as investment property (leased). Investment property (leased) is measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of the investment property (leased) includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Investment property (leased) is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

- investment property (leased): 15 to 17 years.

Investment property (leased) is also subject to impairment in accordance with accounting policy 3.4.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- office properties: two to 25 years; and
- motor vehicles: three years.

The right-of-use assets are also subject to impairment in accordance with accounting policy 3.4.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses a company-specific incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments resulting from a change in an index or rate used to determine such lease payments, or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment for a term of 12 months or less. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value, being those with a value on acquisition of less than £10,000.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Investment property (leased) £'000	Offices £'000	Motor vehicles £'000	Total £'000
Cost				
At 30 September 2022	83,591	10,251	1,556	95,398
Additions/adjustment	1,126	843	1,509	3,478
Disposals	—	(1,370)	(485)	(1,855)
At 30 September 2023	84,717	9,724	2,580	97,021
Additions/adjustment	**943**	**1,723**	**1,138**	**3,804**
Disposals	**—**	**(3,612)**	**(794)**	**(4,406)**
At 30 September 2024	**85,660**	**7,835**	**2,924**	**96,419**
Depreciation				
At 30 September 2022	50,562	6,476	593	57,631
Charge for the year	4,217	829	645	5,691
Disposals	—	(1,300)	(215)	(1,515)
At 30 September 2023	54,779	6,005	1,023	61,807
Charge for the year	**4,432**	**638**	**865**	**5,935**
Disposals	**—**	**(3,250)**	**(269)**	**(3,519)**
At 30 September 2024	**59,211**	**3,393**	**1,619**	**64,223**
Impairment				
At 30 September 2022	5,698	—	—	5,698
Charge for the year	—	—	—	—
At 30 September 2023	5,698	—	—	5,698
Charge for the year	**—**	**—**	**—**	**—**
At 30 September 2024	**5,698**	**—**	**—**	**5,698**
Net book value				
At 30 September 2024	**20,751**	**4,442**	**1,305**	**26,498**
At 30 September 2023	24,240	3,719	1,557	29,516
At 30 September 2022	27,331	3,775	963	32,069

Investment property (leased) assets relate to the Group's four (2023: four) student leaseback arrangements. Each of the four leaseback arrangements are considered to be a separate CGU. The Directors have reviewed the carrying value of these leases where there is an indication of impairment and compared them to their respective recoverable amounts. No impairment charge (2023: no impairment charge) has been recognised during the year.

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17. Leases continued

The recoverable amount for each CGU has been calculated as its value in use. The valuation technique used is a discounted cash flow. Due to the bespoke nature of these arrangements, these valuations are also considered to represent the fair value of each of the investment property (leased) assets. The key inputs into the valuation are gross rental income, operating costs, lease term and an estimated discount rate reflecting the market assessment of risk that would be applied to each asset. The estimated discount rates for each property, together with their value in use, are included in the following table.

	Impairment charge/(reversal) £'000				Value in use £'000	
	Year ended 30 September 2024	Year ended 30 September 2023	Discount rate	Lease termination date	**Year ended 30 September 2024**	Year ended 30 September 2023
Collegelands, Glasgow	**—**	—	5.5%	6 September 2026	**7,277**	8,170
Europa, Liverpool	**—**	—	6.5%	18 March 2030	**8,352**	9,598
Optima, Loughborough	**—**	—	5.0%	18 March 2030	**1,616**	1,615
Glassyard Building, London	**—**	—	6.0%	10 September 2034	**8,884**	9,283
Total	**—**	—			**26,129**	28,666

These impairment calculations are sensitive to changes in the assumptions around discount rate and revenue growth. Reasonable sensitivities have been applied to these assumptions, including an increase in the discount rate applied of 1 percentage point and assuming no revenue growth from 2026 onwards. In these scenarios there remained headroom against the carrying value of the assets held.

Set out below are the carrying amounts of lease liabilities and movements during the period:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
At the start of the period	**45,195**	49,099
Additions	**3,850**	3,262
Disposals	**(906)**	(360)
Accretion of interest	**1,719**	1,779
Payments	**(9,089)**	(8,585)
At the end of the period	**40,769**	45,195
Current	**7,750**	7,567
Non-current	**33,019**	37,628

Group as lessor – operating lease rentals receivable

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Non-cancellable operating lease rentals are receivable as follows:		
Within one year	**8,604**	8,316
Later than one year and less than five years	**20**	135
After five years	**—**	43
	8,624	8,494

The Group acts as lessor in respect of certain commercial property and for the student accommodation properties operated under the sale and leaseback arrangements detailed above.

18. Property, plant and equipment

Accounting policy

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset.

Depreciation is charged so as to write off the cost of assets less their residual values over their estimated useful lives, on the following basis:

Plant and machinery:	20% reducing balance
Motor vehicles:	25% reducing balance

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At 30 September 2022	3,297	155	3,452
Additions	550	—	550
Disposals	(416)	(155)	(571)
At 30 September 2023	3,431	—	3,431
Additions	**120**	**—**	**120**
Disposals	**(652)**	**—**	**(652)**
At 30 September 2024	**2,899**	**—**	**2,899**
Depreciation			
At 30 September 2022	1,288	155	1,443
Charge for the year	697	—	697
Disposals	(350)	(155)	(505)
At 30 September 2023	1,635	—	1,635
Charge for the year	**411**	**—**	**411**
Disposals	**(548)**	**—**	**(548)**
At 30 September 2024	**1,498**	**—**	**1,498**
Net book value			
At 30 September 2024	**1,401**	**—**	**1,401**
At 30 September 2023	1,796	—	1,796
At 30 September 2022	2,009	—	2,009

Notes to the consolidated financial statements continued
for the year ended 30 September 2024

19. Subsidiaries

The Group holds 100% of the share capital of the following, unless otherwise stated:

Name	Class of shares	Nature of business
Anderson Wharf (Student) Limited[5]	Ordinary	Property developer
Battersea Park Road London Limited[5]	Ordinary	Property developer
Bridge Road Bath Limited[5]	Ordinary	Property developer
Bridle Path Watford Limited[5]	Ordinary	Property developer
Crown Place Woking Limited[5]	Ordinary	Property developer
Customhouse Student Limited[5]	Ordinary	Property developer
Duncan House Developments Limited[5]	Ordinary	Property developer
Ellen Street Hove Limited[5]	Ordinary	Property developer
Elliot Road Selly Oak Limited[5]	Ordinary	Property developer
Gas Lane Bristol Limited[5]	Ordinary	Property developer
Goldcharm Residential Limited[5]	Ordinary	Property developer
Gorse Stacks Development Limited[6]	Ordinary	Property developer
Headrow House Leeds Limited[5]	Ordinary	Property developer
Heol Santes Helen Limited[5]	Ordinary	Property developer
India Street Glasgow Limited[5]	Ordinary	Property developer
Malago Road Bristol Limited[5]	Ordinary	Property developer
New Mart Road Limited[5]	Ordinary	Property developer
Northop Road Flint Limited[5]	Ordinary	Property developer
Onega Centre Bath Limited[5]	Ordinary	Property developer
Pirrie Belfast Limited[5]	Ordinary	Property developer
Randalls Road Leatherhead Limited[5]	Ordinary	Property developer
Sherlock Street Birmingham Limited[5]	Ordinary	Property developer
Stylegood Limited[5]	Ordinary	Property developer
Superscheme Limited[5]	Ordinary	Property developer
Walnut Tree Close Guildford Limited[5]	Ordinary	Property developer
Watkin Jones & Son Limited[4]	Ordinary	Property developer
Wilmslow Road Manchester Limited[5]	Ordinary	Property developer
WJ AS1 Bristol Limited[5]	Ordinary	Property developer
WJ GQ London Limited[5]	Ordinary	Property developer
WJ HR Wembley Limited[1,5]	Ordinary	Property developer
WJ TQ PBSA Belfast Limited[1,5]	Ordinary	Property developer
Fresh Property Group Ltd[9]	Ordinary	Accommodation management
Fresh Property Group Ireland Limited[10]	Ordinary	Accommodation management
DR (Student) Limited[5]	Ordinary	Holding company
Fresh Property Group Holdings Ltd[5]	Ordinary	Holding company
Watkin Jones Group Limited[2]	Ordinary	Holding company
Watkin Jones Holdings Limited[3]	Ordinary	Holding company
Newmark Developments Limited[5]	Ordinary	Holding company and property development services
Watkin Jones AM Limited[5]	Ordinary	Property fund asset manager
Dunaskin Student Limited[5]	Ordinary	Property letting
Finefashion Limited[5]	Ordinary	Property letting
New Bridewell Limited[5]	Ordinary	Property letting
New Bridewell 1 Limited[8]	Ordinary	Property letting
Nicelook Limited[5]	Ordinary	Property letting
Polarpeak Limited[5]	Ordinary	Property letting
Qualityoffer Limited[5]	Ordinary	Property letting
Scarlet P Limited[5]	Ordinary	Property letting
Spiritbond Stockwell Green Limited[5]	Ordinary	Property letting
Swiftmatch Limited[5]	Ordinary	Property letting

Name	Class of shares	Nature of business
Bailey Lane Student Limited[5]	Ordinary	Dormant
Blackhorse Lane Student Limited[5]	Ordinary	Dormant
Bridge Street Student Limited[5]	Ordinary	Dormant
Christchurch Road Bournemouth Limited[5]	Ordinary	Dormant
Conington Road Lewisham Limited[5]	Ordinary	Dormant
Dalby Avenue Bedminster Limited[5]	Ordinary	Dormant
Darley Student Accommodation Limited[7]	Ordinary	Dormant
Extralap Limited[6]	Ordinary	Dormant
Extraneat Limited[5]	Ordinary	Dormant
Fairleague Limited[5]	Ordinary	Dormant
Five Nine Living Limited[9]	Ordinary	Dormant
Forest Road Student Limited[5]	Ordinary	Dormant
Fresh Student Living Limited[10]	Ordinary	Dormant
Gladstone Road Exeter Limited[5]	Ordinary	Dormant
Goldcharm Student Lettings Limited[5]	Ordinary	Dormant
Gorgie Road Edinburgh Limited[5]	Ordinary	Dormant
High Street Swansea Limited[5]	Ordinary	Dormant
Holdenhurst Road Bournemouth Limited[5]	Ordinary	Dormant
Hunter Street Chester Limited[5]	Ordinary	Dormant
Iona Street Edinburgh Limited[5]	Ordinary	Dormant
Kelaty House Wembley Limited[5]	Ordinary	Dormant
Liverpool Road Chester Limited[5]	Ordinary	Dormant
Lower Bristol Road Bath Limited[5]	Ordinary	Dormant
LPS Nottingham Limited[5]	Ordinary	Dormant
Lucas Student Lettings Limited[5]	Ordinary	Dormant
Military Road Canterbury Limited[5]	Ordinary	Dormant
New Bridewell 2 Limited[8]	Ordinary	Dormant
Oxford House Bournemouth Limited[5]	Ordinary	Dormant
Q Street Student Properties Limited[10]	Ordinary	Dormant
Quarter House Studios Limited[5]	Ordinary	Dormant
Rockingham Street Student Limited[5]	Ordinary	Dormant
Saxonhenge Limited[5]	Ordinary	Dormant
Sutton Court Road Limited[5]	Ordinary	Dormant
TG Southall Limited[5]	Ordinary	Dormant
The Hale Tottenham Limited[5]	Ordinary	Dormant
This Is Fresh Limited[10]	Ordinary	Dormant
Trafford Street Chester Limited[5]	Ordinary	Dormant
Victoria Park Bath Limited[5]	Ordinary	Dormant
Watmor Limited[5]	Ordinary	Dormant
Westfield Avenue Edinburgh Limited[5]	Ordinary	Dormant
Wisedeed Limited[5]	Ordinary	Dormant
WJ Developments (Residential) Limited[5]	Ordinary	Dormant

1. Incorporated during the year.
2. Wholly owned by Watkin Jones plc.
3. Wholly owned by Watkin Jones Group Limited.
4. Wholly owned by Watkin Jones Holdings Limited.
5. Wholly owned by Watkin Jones & Son Limited.
6. Wholly owned by Newmark Developments Limited.
7. Wholly owned by DR (Student) Limited.
8. Wholly owned by New Bridewell Limited.
9. Wholly owned by Fresh Property Group Holdings Ltd.
10. Wholly owned by Fresh Property Group Ltd.

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for the year ended 30 September 2024

19. Subsidiaries continued

All of the Group's subsidiaries have the same registered office address of 3 Llys y Bont, Parc Menai, Bangor, LL57 4BN, with the exception of Fresh Property Group Holdings Ltd, Fresh Property Group Ltd, Five Nine Living Limited, This Is Fresh Limited and Fresh Student Living Limited whose registered office address is 12 Soho Square, London, United Kingdom, W1D 3QF, and Fresh Property Group Ireland Limited, whose registered office is One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

During the year ended 30 September 2024, the Group sold its former subsidiary Grove Crescent Stratford Limited to a related party, the joint venture entity Watkin Jones (Grove Crescent) Holdings Limited (see note 20). On disposal the subsidiary had net assets of £nil, with disposal proceeds received of £6,260,000. As part of the transaction, a related party loan of £18,540,000 was settled between the two parties.

20. Joint ventures

Accounting policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and OCI of the joint venture.

When necessary, adjustments are made to bring the accounting policies of joint ventures in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in joint ventures is impaired. If there is such evidence, the Group undertakes an impairment test and calculates the amount of any impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'share of profit of joint ventures' in the statement of comprehensive income.

Upon loss of joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

During the year the Group entered into a joint venture arrangement to develop a new PBSA property in Stratford. The Group holds 25% of the allotted share capital in Watkin Jones (Grove Crescent) Holdings Limited, but maintains joint control through the terms of the shareholder and investment agreements.

At 30 September 2024, the Group had the following joint ventures, whose principal place of business is the UK:

Name	Class of shares	Percentage share capital held	Financial year end	Activity
Deiniol Developments Limited[1]	Ordinary	50%	30 September	Property development
Watkin Jones (Grove Crescent) Holdings Limited[1]	Ordinary	25%	30 September	Property development
Spiritbond Finsbury Park Limited[1]	Ordinary	50%	30 September	Dormant
Spiritbond Elephant & Castle Limited[1]	Ordinary	50%	30 September	Dormant
Freshers PBSH Chester (General Partner) Limited[1]	Ordinary	50%	30 September	Property fund general partner

1. Held by Watkin Jones & Son Limited.

Summarised financial information of the joint ventures and reconciliation with the carrying amount of the investment in the consolidated statement of financial position is set out below:

Year ended 30 September 2024	Stratford PBSA joint venture £'000	All other joint ventures £'000	Total £'000
Revenue	—	—	—
Operating loss	(31)	—	(31)
Finance income/(expense)	—	—	—
Loss before tax	(31)	—	(31)
Income tax gain	—	—	—
Loss for the year	(31)	—	(31)
Total comprehensive loss for the year	(31)	—	(31)
Group share of loss for the year	(8)	—	(8)
Current assets, including cash and cash equivalents	42,058	9	42,067
Non-current assets	6,260	40	6,300
Current liabilities, including financial liabilities	(4,243)	(4)	(4,247)
Non-current liabilities, including financial liabilities	(11,754)	(47)	(11,801)
Net assets/(liabilities)	32,321	(2)	32,319
Equity			
At 1 October 2023	—	(2)	(2)
Loss for the year	(31)	—	(31)
Dividend distribution	—	—	—
Capital contribution	32,352	—	32,352
At 30 September 2024	32,321	(2)	32,319
Remove joint venture partners' share of net assets	(24,241)	1	(24,240)
Remove unrealised profit on related party transactions	(127)	—	(127)
Group's carrying amount of the investment	7,953	(1)	7,952

Year ended 30 September 2023	All joint ventures £'000	Total £'000
Revenue	—	—
Operating loss	(26)	(26)
Finance income/(expense)	—	—
Loss before tax	—	—
Income tax gain	—	—
Loss for the year	(26)	(26)
Total comprehensive loss for the year	(26)	(26)
Group share of loss for the year	(13)	(13)
Current assets, including cash and cash equivalents	9	9
Non-current assets	40	40
Current liabilities, including financial liabilities	(4)	(4)
Non-current liabilities, including financial liabilities	(47)	(47)
Net assets	(2)	(2)
Equity		
At 1 October 2022	3	3
Loss for the year	(17)	(17)
Dividend distribution	—	—
Capital contribution	12	12
At 30 September 2023	(2)	(2)
Remove joint venture partners' share of net assets	1	1
Group's carrying amount of the investment	(1)	(1)

Notes to the consolidated financial statements continued

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21. Inventory and work in progress

Accounting policy

Inventory is stated at the lower of cost and net realisable value. Cost comprises all costs directly attributable to the purchasing of land and buildings and the development of property, including legal costs, attributable overheads, attributable finance costs and the cost of bringing developments to their present condition at the balance sheet date. Net realisable value is based on estimated selling price less the estimated cost of disposal. Provision is made for any obsolete or slow-moving inventory where appropriate.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Development land	**67,748**	98,353
Stock and work in progress	**26,518**	25,163
Total inventories at the lower of cost and net realisable value	**94,266**	123,516

A number of legacy land bank assets were impaired and early-stage opportunities were strategically aborted in response to volatile market conditions, resulting in an impairment charge of £769,000 (2023: £5,496,000) within gross margin.

22. Contract assets and liabilities

(a) Current contract assets

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
At 1 October	**66,368**	50,821
Transferred to receivables	**(46,209)**	(50,821)
Balance remaining in relation to contract assets at the start of the year	**20,159**	—
Increase relating to services provided in the year	**16,379**	66,368
At 30 September	**36,538**	66,368

The contract assets primarily relate to the Group's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. Most of the Group's contracts for student accommodation and build to rent developments are structured such that there is a significant final payment which only becomes due upon the practical completion of the relevant property. Most of the Group's developments span at least two financial years, which results in the recognition of a contract asset up until the practical completion of the property, at which point it is transferred to trade receivables. The material reduction in contract assets reflects the collection of such final payments at the completion of a number of schemes during the year, which had been accruing over the previous financial years.

None of the contract assets at the end of the year are past due, and taking into account the historical default experience, an assessment of credit risk and the future prospects in the industry, the Directors consider that no contract assets are impaired.

(b) Current contract liabilities

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
At 1 October	**1,469**	5,052
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	**(1,469)**	(5,052)
Balance remaining in relation to contract liabilities at the start of the year	**—**	—
Increase due to costs associated with performance obligations which have not yet been fully satisfied	**3,252**	1,469
At 30 September	**3,252**	1,469

The contract liabilities relate to costs associated with performance obligations which have not yet been fully satisfied.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially satisfied at the reporting date in relation to the development of student accommodation, build to rent, affordable homes and commercial projects:

30 September 2024	Year ended 30 September 2025 £'000	Year ended 30 September 2026 £'000	Year ended 30 September 2027 £'000	Total £'000
Construction contracts	**187,600**	**95,679**	**8,243**	**291,522**

30 September 2023	Year ended 30 September 2024 £'000	Year ended 30 September 2025 £'000	Year ended 30 September 2026 £'000	Total £'000
Construction contracts	318,558	151,468	66,016	536,042

23. Trade and other receivables

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment in trade receivables is established when there is an expectation of cash shortfalls over the expected life of the amounts due. The movement in the provision is recognised in the statement of comprehensive income.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Trade receivables	**24,714**	29,212
Less: provision for impairment of receivables	**(137)**	(137)
Trade receivables – net	**24,577**	29,075
Prepayments and other receivables	**4,234**	3,365
Equity instruments designated at fair value through OCI	**—**	130
Refundable land deposits paid	**2,380**	2,534
Total trade and other receivables	**31,191**	35,104

The fair value of the Group's equity interest in shared ownership schemes, included within equity instruments designated at fair value through OCI, is materially equal to historic cost.

The ageing analysis of trade receivables is as follows:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Neither past due nor impaired	**24,131**	29,062
Past due but not impaired:		
Not more than three months	**39**	—
Greater than three months	**407**	13
	24,577	29,075

The Group estimates expected credit losses on trade receivables by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As at 30 September 2024 and 2023, trade receivables that were neither past due nor impaired related to a number of debtors for whom there is no recent history of default and the future credit risk is considered to be low. The other classes of trade and other receivables do not contain impaired assets.

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24. Cash and cash equivalents

Accounting policy

Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

Cash at bank and in hand as at 30 September 2024 includes £53,000 of cash deposited by the Group in an escrow account in connection with a development in progress, access to which is contingent upon the completion of certain development works (30 September 2023: £53,000). For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. The Group had not drawn on any overdraft facilities at the year end.

25. Trade and other payables: current

Accounting policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Trade payables	**59,505**	80,932
Deferred rental income	**1,823**	1,561
Taxes and social security costs	**2,059**	1,177
Accruals and other payables	**22,667**	17,053
Total trade and other payables	**86,054**	100,723

26. Interest-bearing loans and borrowings

Accounting policy

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Current		
HSBC Bank plc RCF arrangement fees	**—**	—
Other interest-bearing loans	**—**	—
	—	—

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Non-current		
HSBC Bank plc RCF	**13,791**	28,855
HSBC Bank plc RCF arrangement fees	**(200)**	(325)
Other interest-bearing loans	**—**	—
	13,591	28,530

There is no material difference between the fair value of the Group's borrowings and their book values.

The Group holds a five-year revolving credit facility (RCF) with HSBC to a value of £50.0 million (2023: £50.0 million) with a maturity date of 15 November 2025. At 30 September 2024, the Group had undrawn borrowing facilities of £46.2 million (2023: £31.1 million) with HSBC Bank plc, comprising its RCF and a £10.0 million on-demand and undrawn overdraft facility. As is the case in most loan agreements, the RCF includes a material adverse event clause but management believe the risk of this clause being exercised is very remote. Following the year end, the Group has amended and extended this facility, which now runs to 15 November 2027. The overdraft facility has been replaced with a £10.0 million accordion facility which can be drawn to fund land development.

The RCF is secured by a debenture over Watkin Jones Group Limited, Watkin Jones Holdings Limited, Watkin Jones & Son Limited, Walnut Tree Close Guildford Limited and India Street Glasgow Limited. The applicable benchmark rate is SONIA, with a margin of 2.65%.

27. Provisions

Accounting policy

Provisions are recognised when three criteria are met: 1) the Group has a present obligation as a result of a past event; 2) it is probable that an outflow of resources will be required to settle the obligation; and 3) a reliable estimate can be made of the obligation.

Building Safety provision

	Provision £'000	Reimbursement asset £'000	Total £'000
At 1 October 2022	33,448	—	33,448
Arising during year	45,865	(10,865)	35,000
Utilised	(15,177)	—	(15,177)
Unwind of discount rate	1,458	—	1,458
At 1 October 2023	65,594	(10,865)	54,729
Arising during year	**8,147**	**(1,146)**	**7,001**
Utilised	**(21,125)**	**4,894**	**(16,231)**
Unwind of discount rate	**3,017**	**(500)**	**2,517**
At 30 September 2024	**55,633**	**(7,617)**	**48,016**

The balance can be classified as follows:

Year ended 30 September 2024	**Provision £'000**	**Reimbursement asset £'000**	**Total £'000**
Current	**12,090**	**(1,470)**	**10,620**
Non-current	**43,543**	**(6,147)**	**37,396**
Total	**55,633**	**(7,617)**	**48,016**

Year ended 30 September 2023	Provision £'000	Reimbursement asset £'000	Total £'000
Current	24,457	(6,858)	17,599
Non-current	41,137	(4,007)	37,130
Total	65,594	(10,865)	54,729

A provision of £65,594,000 was held at 30 September 2023 for the Group's anticipated contribution towards the cost of building safety remedial works.

A further net increase in provision of £7,001,000 has been made during the year ended 30 September 2024 for building safety remediation costs. The judgements and estimates surrounding this provision and corresponding reimbursement assets are set out in note 4.

The net provision at 30 September 2024 amounts to £48,016,000, of which £10,620,000 is expected to be incurred in the year ending 30 September 2025 and £37,396,000 is expected to be incurred between 1 October 2025 and 30 September 2030. The provision has been discounted to its present value accordingly, at a risk-free rate of 4.54% based on UK five-year gilt yields (2023: 4.60%).

Notes to the consolidated financial statements continued

for the year ended 30 September 2024

28. Deferred tax

Accounting policy

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The movement on the deferred tax account is shown below:

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
At the start of the period	**12,096**	1,941
Included directly in equity	**22**	(151)
Statement of comprehensive income credit	**2,972**	10,306
At the end of the period	**15,090**	12,096
Comprising:		
Deferred tax asset	**15,443**	12,906
Deferred tax liability	**(353)**	(810)
At the end of the period	**15,090**	12,096

The movements in deferred tax assets and liabilities are shown below:

	Short-term timing differences £'000	Accelerated capital allowances £'000	Total £'000
At 1 October 2023	12,906	(810)	12,096
Statement of comprehensive income credit	**2,515**	**457**	**2,972**
Included directly in equity	**22**	**—**	**22**
At 30 September 2024	**15,443**	**(353)**	**15,090**

	Short-term timing differences £'000	Accelerated capital allowances £'000	Total £'000
At 1 October 2022	2,677	(736)	1,941
Statement of comprehensive income credit/(debit)	10,380	(74)	10,306
Included directly in equity	(151)	—	(151)
At 30 September 2023	12,906	(810)	12,096

In the year ended 30 September 2024, deferred tax debited directly to equity of £22,000 (2023: credited £151,000) related to the Group's share-based Long Term Incentive Plan, the comprehensive income charges for which are recognised as a movement in the share-based payment reserve. The short-term timing differences predominantly relate to carried forward losses, which are expected to be utilised in the medium term.

29. Other financial assets and liabilities

Other financial assets

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Financial instruments at fair value		
Equity instruments designated at fair value through other comprehensive income	**866**	1,129
Other financial assets	**866**	1,129

Equity instruments designated at fair value through other comprehensive income comprise the value of units held by Watkin Jones & Son Limited in the Curlew Student Trust (CST), together with the value of the carried interest held by Fresh Property Group Ltd in CST and Curlew Student Trust 2 (CST2). CST and CST2 are Guernsey-registered unitised funds established to invest in student accommodation. Watkin Jones & Son Limited originally made an investment in CST, as part of an agreement to develop three student accommodation properties for the fund, and Fresh Property Group Ltd made a carried interest investment aligned to its role as preferred property manager for the fund.

Fresh Property Group Ltd subsequently made a carried interest investment of £350,000 in CST2 on its establishment, aligned to its role as preferred property manager for CST2.

The Group received £15,000 distributions against the carrying value of its investments in CST and CST2 in the year ended 30 September 2024 (2023: £nil).

The Group's investment in CST and CST2 comprises the following:

30 September 2024	**Units**	**Price £**	**Value £'000**
Curlew Student Trust			
Units held by Watkin Jones & Son Limited	**1,689,991**	**0.302711**	**512**
Carried interest investment held by Fresh Property Group Ltd			**44**
Curlew Student Trust 2			
Carried interest investment held by Fresh Property Group Ltd			**310**
Group's carrying amount of the investment			**866**

30 September 2023	Units	Price £	Value £'000
Curlew Student Trust			
Units held by Watkin Jones & Son Limited	1,689,991	0.426316	720
Carried interest investment held by Fresh Property Group Ltd			62
Curlew Student Trust 2			
Carried interest investment held by Fresh Property Group Ltd			347
Group's carrying amount of the investment			1,129

The fair value of the units held by Watkin Jones & Son Limited in the Curlew Student Trust, included within equity instruments designated at fair value through other comprehensive income, is based on a quoted fund unit price (Level 2 in the fair value hierarchy). This is an investment and is not related to any individual property. The carried interest investments held by Fresh Property Group Ltd are stated at fair value (Level 2 in the fair value hierarchy).

Notes to the consolidated financial statements continued
for the year ended 30 September 2024

30. Financial risk management

Accounting policy

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand.

Financial assets
Financial assets are classified, at initial recognition, depending on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus transaction costs and subsequently measures it at amortised cost or fair value through other comprehensive income (OCI). Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method with an appropriate allowance for estimated irrecoverable amounts recognised in the income statement when there is objective evidence that the asset is impaired.

The Group's investments in unit trusts and equity interests held under shared ownership schemes are classified as equity instruments designated at fair value through OCI. Gains and losses on these assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right to payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of financial assets
The Group recognises lifetime expected credit losses for trade receivables, contract assets and loans to joint ventures. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current as well as forecast direction of economic conditions at the reporting date, including the time value of money where appropriate.

Financial liabilities
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables. They are initially recognised at fair value net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings, including bank overdrafts. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group is exposed to a variety of risks, such as market risk, credit risk and liquidity risk. The Group's principal financial instruments are:

- loans and borrowings; and
- trade and other receivables, trade and other payables, and cash arising directly from operations.

This note provides further detail on financial risk management and includes quantitative information on the specific risks.

The Group recognises that movements in certain risk variables might affect the value of its loans and also the amounts recorded in its equity and its profit and loss for the period. Therefore, the Group has assessed the following risks:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk; currency risk; and other prices risk, such as equity price risk.

The Group's exposure is primarily to the financial risks of changes in interest rates in relation to loans and borrowings.

Interest rate risk

Due to the levels of interest-bearing loans and borrowings at 30 September 2024, the Group had no material exposure to interest rate movements. The Group holds an RCF with HSBC with an amount available under this facility of £50 million, which means that the Group could potentially be exposed to increased interest rate risk in the future. The Group has a treasury and hedging policy under which it determines the value at risk that it is willing to accept from a foreseeable movement in interest rates. Interest rate hedging contracts will only be used to keep its interest rate risk exposure within these parameters and there were no hedging contracts utilised during the year ended 30 September 2024 (2023: none).

A 0.5% movement in the interest rate applied to the interest-bearing loans and borrowings held at year end would have an impact on the Group's profit before taxation as below:

	Effect on profit before tax	
0.5% change in interest rate	**Year ended 30 September 2024 £'000**	Year ended 30 September 2023 £'000
Impact on profit before tax	**69**	143

Foreign currency risk

Capital items that are non-sterling priced are monitored to review the requirement for appropriate hedging. The Group has minimal exposure to foreign currency risk as it rarely carries out transactions in foreign currencies.

Liquidity risk

Cash flow is regularly monitored and the relevant subsidiaries are aware of their working capital commitments. The Group reviews its long-term funding requirements in parallel with its long-term strategy, with an objective of aligning both in a timely manner.

The table below summarises the maturity profile of the Group's gross, undiscounted financial liabilities at 30 September 2024 and 30 September 2023:

Liquidity risk – 30 September 2024	**On demand £'000**	**Less than one year £'000**	**Between one and five years £'000**	**More than five years £'000**	**Total £'000**
Interest-bearing loans and borrowings	**—**	**—**	**13,591**	**—**	**13,591**
Trade and other payables	**—**	**86,054**	**—**	**—**	**86,054**
	—	**86,054**	**13,591**	**—**	**99,645**

Liquidity risk – 30 September 2023	On demand £'000	Less than one year £'000	Between one and five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	—	—	28,530	—	28,530
Trade and other payables	—	100,723	—	—	100,723
	—	100,723	28,530	—	129,253

Notes to the consolidated financial statements continued

for the year ended 30 September 2024

30. Financial risk management continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group is exposed to credit risk from its cash and cash equivalents and trade receivables.

Credit risk from balances with banks and financial institutions is managed by depositing with reputable financial institutions, from which management believes the risk of loss to be remote. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts of cash at bank and in hand.

Our customers are predominantly blue-chip institutional funds and the risk of non-payment of the trade receivables they owe the Group is low. In many cases, the funds for a forward sold development are ring-fenced, placed in escrow, or backed by committed debt funding which reduces the risk of non-payment. Credit evaluations are performed for all customers. Management has policies and procedures in place to monitor the Group's exposure to credit risk and the payment performance of the Group's customers.

At the year end there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Capital management policy

The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. The Board periodically reviews its capital structure to ensure it meets changing business needs. The Group defines its capital as equity plus loans and borrowings. The Directors consider the management of debt to be an important element in controlling the capital structure of the Group. The Group may carry moderate levels of long-term borrowings to fund operations and working capital requirements. The net cash of the Group is analysed in note 34.

31. Share capital and other reserves

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Allotted, called up and fully paid		
Ordinary shares of one pence each	**2,567**	2,564

The number of ordinary shares in issue at 30 September 2024 was 256,653,097 (30 September 2023: 256,441,253).

In addition to share capital and premium, the Group holds a merger reserve, which was created in prior periods in accordance with merger accounting principles as a result of Group restructuring.

32. Employee benefits – long-term incentive plans

Accounting policy

The Group operates a long-term incentive plan for certain members of the senior management team under which those employees receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of the equity-settled transactions is determined by the fair value at the date the grant is made using an appropriate valuation model, further details of which are given in the note below.

That cost is recognised in staff costs, together with a corresponding increase in equity over the period to which the service and performance conditions are fulfilled (the 'vesting period'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments which will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expenses recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments which will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Where awards are linked to non-market performance conditions, no expense is recognised if the performance conditions are not met and/or service conditions are not met. Where awards include a market condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The Watkin Jones plc Long Term Incentive Plan (the 'Plan') was approved by shareholders at the AGM held on 13 February 2018. Details of the Plan, the vesting requirements and the performance targets applicable to the awards are set out in the Directors' remuneration report on pages 82 to 88.

The Group issues two sets of awards under the Plan: an annual LTIP award (LTIP) and a Restricted Stock Award (RSA).

LTIP

LTIP awards can be subject to various performance conditions. The fair value of the share awards granted subject to earnings per share (EPS) performance conditions is the market price of an ordinary share of the Company at the date the award is granted, less the exercise price. The fair value of the share awards granted subject to absolute and relative total shareholder return (TSR) performance conditions have been estimated at the grant date using a Monte Carlo valuation model.

RSA

RSAs are subject only to a service condition, such that employees must remain in service until the vesting date to receive any award.

The fair value of the share awards granted subject to this condition is the market price of an ordinary share of the Company at the date the award is granted, less the exercise price.

The aggregate total awards granted under the Plan are as follows:

Share awards granted under the Plan	Year ended 30 September 2024 Number	Year ended 30 September 2023 Number
At 1 October	**3,596,898**	2,902,491
Granted in the year	**6,825,223**	2,272,953
Exercised in the year	**—**	—
Lapsed in the year	**(2,472,166)**	(1,578,546)
At 30 September	**7,949,955**	3,596,898

There were no awards exercised during the year (2023: nil). The weighted average exercise price for all awards is one pence per share. The weighted average remaining contractual life for the awards outstanding at 30 September 2024 was 1.9 years (2023: 1.5 years).

Notes to the consolidated financial statements continued

for the year ended 30 September 2024

32. Employee benefits – long-term incentive plans continued

Save As You Earn scheme

The Group operates a Save As You Earn (SAYE) scheme. Participating employees may elect to save funds by means of deductions from post-tax salary up to a maximum contribution per employee per scheme of £3,000 per year. At the end of the three-year vesting period such funds can then be used to acquire shares at a discounted price to the market price on the date of grant (the 'exercise price').

These awards are subject only to a service condition, such that employees must remain in service until the vesting date to receive the discounted exercise price. The fair value of the share awards granted subject to this condition is the market price of an ordinary share of the Company at the date the award is granted, less the exercise price.

The aggregate total awards granted under the SAYE scheme are as follows:

Share awards granted under the SAYE scheme	Year ended 30 September 2024 Number	Year ended 30 September 2023 Number
At 1 October	**1,964,513**	—
Granted in the year	**582,534**	2,077,512
Exercised in the year	**(5,622)**	—
Lapsed in the year	**(800,016)**	(112,999)
At 30 September	**1,741,409**	1,964,513

There were 5,622 awards exercised during the year. The weighted average exercise price for all awards is 48.77 pence per share (2023: 53.36 pence per share). The weighted average remaining contractual life for the awards outstanding at 30 September 2024 was 2.1 years (2023: 2.3 years).

The following table lists the inputs to the model used for the share awards granted in 2024 and 2023:

	2024 SAYE	2024 LTIP	2023 SAYE	2023 RSA	2023 LTIP
Share price at grant (p)	**45.00**	**46.20**	76.50	112.00	112.00
Exercise price (p)	**39.07**	**1.00**	53.36	1.00	1.00
Expected term (years)	**3.3**	**3.0**	3.3	3.0	3.0
Expected volatility (%)	**38.90**	**38.29**	42.88	40.95	40.98
Risk-free interest rate (%)	**4.41**	**3.95**	4.84	2.85	2.85
Are dividend equivalents receivable for the award holder?	**No**	**Yes**	No	Yes	Yes

The fair value of the share awards granted under the Plan is charged to the statement of comprehensive income over the vesting period of the awards, provided that the service conditions attaching to the awards continue to be met. The cumulative charge to the statement of comprehensive income is recognised in the statement of financial position as a 'share-based payment reserve'. For the year ended 30 September 2024, the amount charged to the statement of comprehensive income and credited to the share-based payment reserve was £901,000 (2023: £1,067,000).

Historic charges of £528,000 (2023: £186,000) related to share awards which have now vested and been fully exercised or lapsed have been recycled from the share-based payment reserve to the profit and loss reserve during the year.

33. Reconciliation of profit before tax to net cash flows from operating activities

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Loss before tax	(307)	(42,459)
Depreciation of leased investment properties and right-of-use assets	5,935	5,691
Depreciation of plant and equipment	411	697
Amortisation of intangible assets	559	559
Profit on disposal of subsidiary	(6,260)	—
Loss/(profit) on disposal of property, plant and equipment	91	(294)
Loss on disposal of operational PRS assets	—	4,584
Finance income	(1,008)	(496)
Finance costs	4,873	4,972
Share of loss in joint ventures	8	13
Decrease in inventory and work in progress	10,711	4,634
Decrease/(increase) in contract assets	29,830	(15,547)
Decrease/(increase) in trade and other receivables	3,913	(6,476)
Increase/(decrease) in contract liabilities	1,783	(3,583)
Decrease/(increase) in reimbursement assets	3,748	(10,865)
(Decrease)/increase in trade and other payables	(14,689)	9,600
(Decrease)/increase in provisions	(12,978)	30,688
Increase in share-based payment reserve	901	1,067
Net cash inflow/(outflow) from operating activities	27,521	(17,215)

Major non-cash transactions

There were no major non-cash transactions during the period.

Notes to the consolidated financial statements continued

for the year ended 30 September 2024

34. Analysis of net cash/(debt)

30 September 2024	At beginning of year £'000	Cash flow £'000	Other movements £'000	At end of year £'000
Cash at bank and in hand	72,431	24,531	—	96,962
Bank loans	(28,530)	15,064	(125)	(13,591)
Net cash before deducting lease liabilities	**43,901**	**39,595**	**(125)**	**83,371**
Lease liabilities (note 17)	(45,195)	9,089	(4,663)	(40,769)
Net cash/(debt)	**(1,294)**	**48,684**	**(4,788)**	**42,602**

30 September 2023	At beginning of year £'000	Cash flow £'000	Other movements £'000	At end of year £'000
Cash at bank and in hand	110,841	(38,410)	—	72,431
Bank loans	(28,288)	(42)	(200)	(28,530)
Net cash before deducting lease liabilities	82,553	(38,452)	(200)	43,901
Lease liabilities (note 17)	(49,099)	6,806	(2,902)	(45,195)
Net cash/(debt)	33,454	(31,646)	(3,102)	(1,294)

Cash at bank and in hand as at 30 September 2024 includes £53,000 of cash deposited by the Group in an escrow account in connection with a development in progress, access to which is contingent upon the completion of certain development works (30 September 2023: £53,000). Non-cash movements relate to the amortisation of bank loan arrangement fees and changes to the value of lease liabilities as a result of leases entered into or terminated in the period or due to movements in the rent inflation rates assumed.

35. Capital and other financial commitments

There were no material capital commitments at 30 September 2024 (2023: £nil).

36. Contingent liabilities

The Group has contingent liabilities of £15,867,000 (2023: £39,103,000) in respect of performance bonds entered into with a number of surety providers.

Watkin Jones Group Limited, Watkin Jones Holdings Limited, Watkin Jones & Son Limited and certain subsidiaries thereof have given debentures containing fixed and floating charges and have entered into a corporate guarantee of the Group's bank borrowings from HSBC Bank plc, which at the balance sheet date amounted to £13,791,000 (2023: £28,855,000).

No material liabilities are expected to arise as a result of the above arrangements.

As described in more detail in notes 4 and 27, the Group holds a provision, and corresponding reimbursement asset, for building safety remediation projects. This is a highly complex area with significant estimates in respect of the cost of remedial works, the quantum of any legal expenditure associated with the defence of the Group's position in this regard, and the extent of those properties within the scope of the applicable government guidance and legislation, which continue to evolve. As such, these estimates may be updated to reflect such changes.

37. Related party transactions

As referred to in note 20, Watkin Jones & Son Limited holds an investment in units in the Curlew Student Trust (CST), and Fresh Property Group Ltd has a carried interest investment in CST and in Curlew Student Trust 2 (CST2). Fresh Property Group Ltd is the preferred property manager for both CST and CST2. The Group received distributions against the carrying value of its investments in CST and CST2 of £15,000 in 2024 (2023: £nil). The fair value of the units held in CST by Watkin Jones & Son Limited at 30 September 2024 amounted to £512,000 (2023: £720,000) and the fair values of the carried interest investments in CST and CST2 held by Fresh Property Group Ltd amounted to £44,000 (2023: £62,000) and £310,000 (2023: £347,000) respectively.

Under a joint venture agreement, the Group was owed £1,787 at 30 September 2024 from Deiniol Developments Limited (2023: £1,787). During the year the Group received no payments from Deiniol Developments Limited and made no capital contributions to Deiniol Developments Limited. The Group owns 50% of the share capital in Deiniol Developments Limited.

Under a joint venture agreement, at 30 September 2024 the Group was owed £8,088,000 from Watkin Jones (Grove Crescent) Holdings Limited (2023: £nil) held within investment in joint ventures, and £250,000 from Grove Crescent Stratford Limited (2023: £nil) held within trade and other receivables. The Group owns 25% of the share capital in Watkin Jones (Grove Crescent) Holdings Limited, which in turn owns 100% of the share capital in Grove Crescent Stratford Limited.

All transactions with related parties have been carried out on an arm's length basis.

38. Subsequent events

Following the balance sheet date, the Group has amended and extended its bank facilities with HSBC. Further details of this amendment and extension are included in note 26.

There were no other such events requiring recognition or disclosure in the financial statements.

Company statement of financial position

as at 30 September 2024

	Notes	30 September 2024 £'000	30 September 2023 £'000
Fixed assets			
Investments	42	**260,776**	259,875
Current liabilities			
Trade and other payables	43	**(130,174)**	(130,177)
Total liabilities		**(130,174)**	(130,177)
Net assets		**130,602**	129,698
Equity			
Share capital	44	**2,567**	2,564
Share premium		**84,612**	84,612
Share-based payment reserve		**1,780**	1,407
Retained earnings		**41,643**	41,115
Total equity		**130,602**	129,698

The notes on pages 142 to 144 are an integral part of these Company financial statements.

No income statement has been presented as permitted by Section 408 of the Companies Act 2006. The Company's profit for the year after taxation was £nil (2023: £nil).

Approved by the Board of Directors on 23 January 2025 and signed on its behalf by:

Alex Pease
Director

Company statement of changes in equity

for the year ended 30 September 2024

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2022	2,564	84,612	526	56,058	143,760
Dividend paid (note 41)	—	—	—	(15,129)	(15,129)
Share-based payments	—	—	1,067	—	1,067
Recycled reserve for fully vested share-based payment schemes	—	—	(186)	186	—
Balance at 30 September 2023	2,564	84,612	1,407	41,115	129,698
Issue of shares	**3**	**—**	**—**	**—**	**3**
Share-based payments	**—**	**—**	**901**	**—**	**901**
Recycled reserve for fully vested share-based payment schemes	**—**	**—**	**(528)**	**528**	**—**
Balance at 30 September 2024	**2,567**	**84,612**	**1,780**	**41,643**	**130,602**

Notes to the Company financial statements

for the year ended 30 September 2024

39. Accounting policies

General information

Watkin Jones plc (the 'Company') is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 9791105) and its shares are listed on the Alternative Investment Market of the London Stock Exchange. The Company is domiciled in the United Kingdom and its registered address is 12 Soho Square, London, United Kingdom, W1D 3QF.

Basis of preparation

The Company's financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of United Kingdom adopted International Accounting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

No income statement has been presented as permitted by Section 408 of the Companies Act 2006. The Company's profit for the year after taxation was £nil (2023: £nil).

The Company has provided parent company guarantees to the following of its subsidiaries at 30 September 2024 under Section 479C of the Companies Act 2006 (the 'Act'). These entities are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of Section 479A of the Act.

Company name	Company number
Anderson Wharf (Student) Limited	06126636
Battersea Park Road London Limited	13168454
Bridge Road Bath Limited	12445011
Bridle Path Watford Limited	14175079
Crown Place Woking Limited	11826151
Customhouse Student Limited	09767068
Dunaskin Student Limited	08748667
Duncan House Developments Limited	09694863
Ellen Street Hove Limited	12044774
Elliott Road Selly Oak Limited	11165995
Finefashion Limited	06686047
Gas Lane Bristol Limited	12482112
Goldcharm Residential Limited	09568372
Gorse Stacks Development Limited	04351332
Headrow House Leeds Limited	13899071
Heol Santes Helen Limited	06256807
India Street Glasgow Limited	12789502
Liverpool Road Chester Limited	10597515
Malago Road Bristol Limited	14044675
High Street Swansea Limited	13113187
Holdenhurst Road Bournemouth Limited	09162309
India Street Glasgow Limited	12789502
Iona Street Edinburgh Limited	10872784
Liverpool Road Chester Limited	10597515
LPS Nottingham Limited	13206896
Malago Road Bristol Limited	14044675

Company name	Company number
New Bridewell Limited	09027661
New Bridewell 1 Limited	09132046
Nicelook Limited	07145637
New Mart Road Limited	12738337
Newmark Developments Limited	05614426
Northop Road Flint Limited	13920741
Onega Centre Bath Limited	09685453
Pirrie Belfast Limited	13009889
Polarpeak Limited	06686090
Qualityoffer Limited	06710999
Randalls Road Leatherhead Limited	13371252
Scarlet P Limited	07268296
Sherlock Street Birmingham Limited	12054262
Spiritbond Stockwell Green Limited	07262463
Stylegood Limited	06092932
Swiftmatch Limited	07145665
TG Southall Limited	13500432
Walnut Tree Close Guildford Limited	12251752
Watkin Jones AM Limited	07321534
Westfield Avenue Edinburgh Limited	12706956
Wilmslow Road Manchester Limited	12456538
Wisedeed Limited	06825836
WJ AS1 Bristol Limited	15110160
WJ GQ London Limited	14972231
WJ HR Wembley Limited	15221095
WJ TQ PBSA Belfast Limited	15331557

40. Employee costs

The only employees of Watkin Jones plc are the Executive and Non-Executive Directors. Details of the employee costs associated with the Directors are included in the Directors' remuneration report and summarised below. All employee costs related to these Directors are borne by Watkin Jones & Son Limited, the Company's principal trading subsidiary.

	2024 £'000	2023 £'000
Wages and salaries	**1,867**	1,461
Employee incentive – long-term incentive plans	**—**	—
Social security costs	**264**	210
Pension costs	**110**	114
	2,241	1,785

41. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend paid in February 2023 of 4.50 pence per share	**—**	11,539
Interim dividend paid in June 2023 of 1.40 pence per share	**—**	3,590
	—	15,129

No final dividend is proposed for the year ended 30 September 2024 (2023: nil pence per ordinary share). As such, no liability (2023: liability of £nil) has been recognised at that date. At 30 September 2024, the Company had distributable reserves available of £41,643,000 (30 September 2023: £41,115,000).

42. Investments in subsidiaries

Accounting policy

The Company's investments in subsidiaries are accounted for at cost less accumulated impairment losses.

	Subsidiary undertakings £'000
Cost	
At 30 September 2022	258,808
Capital contribution relating to share-based payments	1,067
At 30 September 2023	259,875
Capital contribution relating to share-based payments	**901**
At 30 September 2024	**260,776**

The Company owns 100% of the issued shares in Watkin Jones Group Limited, a company incorporated in England and Wales. The principal activity of Watkin Jones Group Limited and its subsidiary companies is that of property development.

Notes to the Company financial statements continued
for the year ended 30 September 2024

43. Trade and other payables: current

	2024 £'000	2023 £'000
Financial liabilities		
Amounts owed to Group undertakings	**130,174**	130,177

Amounts owed to Group undertakings are repayable on demand.

44. Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid		
Ordinary shares of one pence each	**2,567**	2,564

The number of ordinary shares in issue at 30 September 2024 was 256,653,097 (30 September 2023: 256,441,253).

45. Share-based payments

Accounting policy

Details of share awards granted by the Company to Executive Directors and to employees of its subsidiaries, and that remain outstanding at the year end over the Company's shares, are set out in note 32 to the Group financial statements. The Company did not recognise any expense related to equity-settled share-based payment transactions in the current or preceding year.

The cost of the equity-settled transactions is determined by the fair value at the date the grant is made using an appropriate valuation model, further details of which are given in note 32 to the Group financial statements.

That cost is recognised in staff costs, together with a corresponding increase in equity over the period to which the service and performance conditions are fulfilled (the 'vesting period'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments which will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expenses recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments which will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Where awards are linked to non-market performance conditions, no expense is recognised if the performance conditions are not met and/or service conditions are not met. Where awards include a market condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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Joint broker
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Solicitors to the Company
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Company registrars
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29 Wellington Street
Leeds LS1 4DL

Financial PR
MHP Group
4th Floor
60 Great Portland Street
London W1W 7RT

Shareholder information

Country of incorporation and main country of operation
Watkin Jones plc is incorporated in England and Wales. The Company operates in the UK.

Number of securities in issue
As at 30 September 2024, the Company's issued share capital consists of 256,653,097 ordinary shares with a nominal value of one pence each. The Company has no treasury shares.

Details of other exchanges or trading platforms
The Company's shares will only be traded on the London Stock Exchange's AIM market at present.

Company registration
Registered office: 12 Soho Square, London W1D 3QF.

Registered in England and Wales (company number 9791105).

Glossary

AGM	Annual general meeting
AIM	Alternative Investment Market
APM	alternative performance measure
BSA	Building Safety Act 2022
BTR	build to rent
CGU	cash-generating unit
CST	Curlew Student Trust
CST2	Curlew Student Trust 2
EBITDA	earnings before interest, tax, depreciation and amortisation
EIR	effective interest rate
EPS	earnings per share
Fresh or FPG	Fresh Property Group
FVOCI	fair value through other comprehensive income
GDPR	General Data Protection Regulation
HSE	health, safety and environment
IFRS	International Financial Reporting Standards
IPO	initial public offering
OCI	other comprehensive income
PBSA	purpose built student accommodation
PRS	private rental sector
RCF	revolving credit facility
SDGs	UN's Sustainable Development Goals
TSR	total shareholder return

Financial calendar

Annual general meeting (AGM)

The Company's AGM will be held at 10.30am on 4 March 2025 at the offices of MHP Group, 60 Great Portland Street, London W1W 7RT. The Notice of Meeting is available on the Group's website **watkinjonesplc.com**.

Notes

Notes continued

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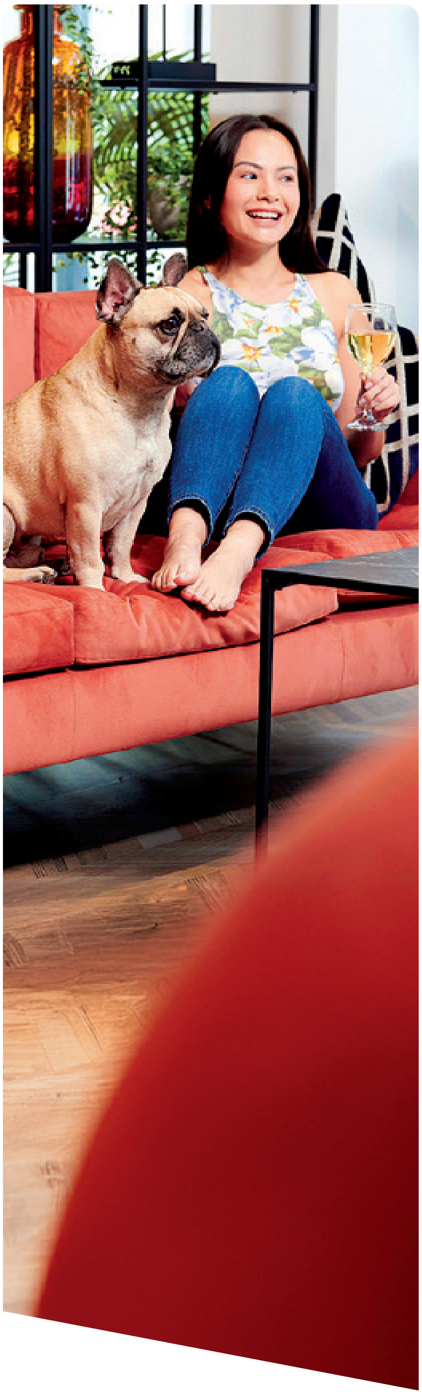

Creating the
future of living

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