

# WATKIN JONES

## HOME CONSTRUCTION

30 September 2025

**WJG.L**

29.9p

Market Cap: £76.6m

### SHARE PRICE (p)



12m high/low

39p/18p

Source: LSE Data (priced as at prior close)

### KEY DATA

|                     |                          |
|---------------------|--------------------------|
| Net (debt)/cash     | £73.4m (at 31/03/25)     |
| Enterprise value    | £3.2m                    |
| Index/market        | AIM                      |
| Next news           | FY update, mid-Oct (TBC) |
| Shares in issue (m) | 256.2                    |
| Chairman            | Alan Giddins             |
| CEO                 | Alex Pease               |
| CFO                 | Simon Jones              |

### COMPANY DESCRIPTION

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

[www.watkinjones.com](http://www.watkinjones.com)

WATKIN JONES IS A RESEARCH CLIENT OF  
PROGRESSIVE

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## FY guidance confirmed alongside new JV deal

Watkin Jones, the UK's leading rental developer and manager, has announced a new JV in a further demonstration of its innovation and diversification amid continued volatility in residential investment. The group's first transaction with Maslow Capital 'together with the continued strong operational delivery across the business through the second half, is expected to enable the group to meet its financial expectations for FY2025'.

- **Prime Glasgow PBSA site.** Watkin Jones has sold the Ard, a new c.784-bed purpose-built student accommodation (PBSA) scheme in Glasgow, into a newly created JV owned 95% by Maslow Capital and 5% by the group. It will supply high-quality accommodation in one of the UK's prime cities for students, in a location highly accessible to Glasgow's main universities.
- **Multiple income streams.** The deal, with a projected gross development value of c.£182m at completion, will generate secured revenues for the group of approximately £115m over its three-year construction period. In addition, there is the potential to generate revenue through the sale of the property once completed. Watkin Jones will be responsible for the delivery of the scheme through to completion, as well as ongoing management by Fresh, its accommodation management business. Completion is targeted for the 2028/29 academic year.
- **Initial injection of profit and cash.** The transaction will deliver an initial net cash receipt of c.£16m, as well as contributing to the group's revenue and profitability in FY25. Further income will be phased over the course of the construction process. The group will also benefit from additional revenue proportionate to any returns in excess of agreed hurdle rates delivered by a realisation sale, not expected to occur before Q4 2028.
- **Guidance confirmed.** Watkin Jones is expected to issue a year-end trading update in mid-October. We will fine tune our FY25E estimates, along with indications for FY26E, at that point. However, today's RNS confirms 'this transaction, together with the continued strong operational delivery across the business through the second half, is expected to enable the group to meet its financial expectations for FY2025'.
- **'Significant diversification'.** This represents another example of Watkin Jones's agile approach, following last year's [Stratford JV](#). The group says this deal 'represents a significant further step as we seek to diversify our business model and create innovative development funding structures. Maslow Capital is an excellent partner...'. (WJG at a glance, page 2).

| FYE SEP (£M)           | 2021  | 2022  | 2023  | 2024  | 2025E |
|------------------------|-------|-------|-------|-------|-------|
| Revenue                | 430.2 | 407.1 | 413.2 | 362.4 | 317.2 |
| Fully Adj PBT          | 51.1  | 48.8  | -2.9  | 9.2   | 5.3   |
| Fully Adj EPS, dil (p) | 16.3  | 14.8  | -0.6  | 3.5   | 1.5   |
| Dividend per share (p) | 8.2   | 7.4   | 1.4   | 0.0   | 0.0   |
| PER (x)                | 1.8x  | 2.0x  | N/A   | 8.6x  | 19.5x |
| Dividend yield (%)     | 27.4% | 24.7% | 4.7%  | N/A   | N/A   |
| EV/EBITDA (x)          | 0.0x  | 0.1x  | 0.5x  | 0.2x  | 0.2x  |

Source: Company Information and Progressive Equity Research estimates.

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

## WJG in brief: capital-light model in growth markets

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

### Key current themes: addressing growing rental markets

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

**Financial Summary: Watkin Jones**
**Year end: September (£m unless shown)**

| <b>PROFIT &amp; LOSS</b>             | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025E</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|--------------|
| Revenue                              | 430.2       | 407.1       | 413.2       | 362.4       | 317.2        |
| Adj EBITDA                           | 65.9        | 63.1        | 7.1         | 17.5        | 12.9         |
| Adj EBIT                             | 57.3        | 54.7        | 0.2         | 10.6        | 6.0          |
| Reported PBT                         | 51.1        | 18.4        | (42.5)      | (0.3)       | 4.2          |
| Fully Adj PBT                        | 51.1        | 48.8        | (2.9)       | 9.2         | 5.3          |
| NOPAT                                | 47.0        | 42.6        | 0.1         | 10.4        | 4.5          |
| Reported EPS (p)                     | 16.4        | 5.2         | (12.7)      | 0.7         | 1.2          |
| Fully Adj EPS (p)                    | 16.3        | 14.8        | (0.6)       | 3.5         | 1.5          |
| Dividend per share (p)               | 8.2         | 7.4         | 1.4         | 0.0         | 0.0          |
| <b>CASH FLOW &amp; BALANCE SHEET</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025E</b> |
| Operating cash flow                  | 76.3        | (19.6)      | (17.2)      | 27.5        | (7.1)        |
| Free Cash flow                       | 61.3        | (15.3)      | (16.5)      | 30.1        | (9.1)        |
| FCF per share (p)                    | 23.9        | (6.0)       | (6.4)       | 11.7        | (3.6)        |
| Acquisitions                         | 0.1         | 0.0         | 0.0         | 16.8        | 0.0          |
| Net cash flow                        | 1.8         | (25.5)      | (38.4)      | 24.5        | (9.1)        |
| Overdrafts / borrowings              | 141.2       | 77.4        | 73.7        | 54.4        |              |
| Cash & equivalents                   | 136.3       | 110.8       | 72.4        | 97.0        |              |
| Net (Debt)/Cash, pre-IFRS 16         | 124.3       | 82.6        | 43.9        | 83.4        | 70.9         |
| IFRS 16 Lease liabilities            | (129.3)     | (49.1)      | (45.2)      | (40.8)      | (37.4)       |
| Net (Debt)/Cash post-IFRS 16         | (4.9)       | 33.5        | (1.3)       | 42.6        | 33.5         |
| <b>NAV AND RETURNS</b>               | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025E</b> |
| Net asset value                      | 184.8       | 176.5       | 128.8       | 130.7       | 135.2        |
| NAV/share (p)                        | 72.1        | 68.8        | 50.2        | 51.0        | 52.2         |
| Net Tangible Asset Value             | 172.1       | 164.3       | 117.2       | 119.6       | 123.3        |
| NTAV/share (p)                       | 67.2        | 64.1        | 45.7        | 46.7        | 48.1         |
| Average equity                       | 176.3       | 180.9       | 153.5       | 131.3       | 132.6        |
| Post-tax ROE (%)                     | 23.8%       | 7.4%        | (21.2%)     | 1.4%        | 2.4%         |
| <b>METRICS</b>                       | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025E</b> |
| Revenue growth                       | 21.5%       | (5.4%)      | 1.5%        | (12.3%)     | (12.5%)      |
| Adj EBITDA growth                    | 7.9%        | (4.3%)      | (88.7%)     | 145.5%      | (26.3%)      |
| Adj EBIT growth                      | 10.8%       | (4.5%)      | (99.7%)     | 6115.9%     | (43.4%)      |
| Adj PBT growth                       | 11.7%       | (4.6%)      | (105.9%)    | (422.0%)    | (42.7%)      |
| Adj EPS growth                       | 11.2%       | (9.7%)      | (104.4%)    | (638.6%)    | (56.2%)      |
| Dividend growth                      | 11.6%       | (9.8%)      | (81.1%)     | (100.0%)    | N/A          |
| Adj EBIT margins                     | 13.3%       | 13.4%       | 0.0%        | 2.9%        | 1.9%         |
| <b>VALUATION</b>                     | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025E</b> |
| EV/Sales (x)                         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          |
| EV/EBITDA (x)                        | 0.0         | 0.1         | 0.5         | 0.2         | 0.2          |
| EV/NOPAT (x)                         | 0.1         | 0.1         | 32.4        | 0.3         | 0.7          |
| PER (x)                              | 1.8         | 2.0         | N/A         | 8.6         | 19.5         |
| Dividend yield (%)                   | 27.4%       | 24.7%       | 4.7%        | N/A         | N/A          |
| FCF yield                            | 80.0%       | (19.9%)     | (21.5%)     | 39.3%       | (11.9%)      |

Source: Company information and Progressive Equity Research estimates

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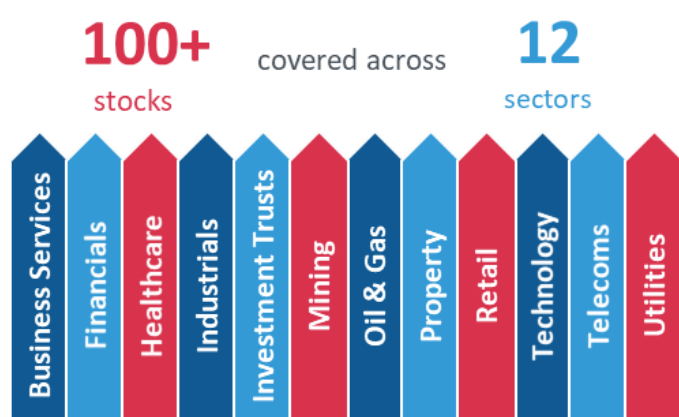
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