

Building Momentum



Creating the future of living



The UK's residential-for-rent market leader

Develop homes across Resi for Rent sector

- Build to rent, purpose built student accommodation and affordable-led housing

Capital light forward sold business models

- Unrivalled reputation with leading institutions
- Our model generates highest ROCE of our listed peers

A large and growing pipeline

- Embedded value at HY2022: £2 billion (HY2021: £1.6 billion)

Successful Fresh property management business

Well-established Homes division

Our investment case

- Pipeline provides visibility of future earnings
- Favourable market dynamics
- Growth ambitions supported by good liquidity
- Exceptional operational resilience
- Fresh and Homes provide opportunities for incremental growth
- ESG credentials

HY22 Overview

HY22 Highlights

- Strong delivery across in-build schemes and pipeline development
- HY22 performance:
 - Good revenue growth to £193.0 million; boosted by strengthening institutional investor demand
 - Underlying operating profit at £15.0 million, down as expected on last year, reflecting:
 - Higher proportion of lower margin land sales in the period; and
 - The timing impact of the planned portfolio sale of three PBSA schemes which has now closed
 - Good liquidity position; £27.0 million net cash after investment in H1 to deliver forward sales in H2
 - Interim dividend of 2.9p per share, up 11.5%
 - 22,155 beds under Fresh management, up 10% and bookings well advanced for the next academic year
 - Affordable-led Homes business is gaining traction with the pipeline building from site acquisitions
- Exceptional charge of £28 million taken for estimated remediation costs under the new Building Safety Act. We expect these costs to be incurred over a period of up to seven years
- Announced today the sale to EQT of a PBSA portfolio which comprises three prime student developments along with two operational properties. This has an FY22 profit contribution of c. £20 million. All properties are to be managed by Fresh.

Outlook – on track

- Full year profit performance expected to be in line with expectations
- Potential opportunities to deepen secured development pipeline over the next period
- Operational resilience of the business:
 - Work on 15 current developments on track
 - Proactive management of build costs and asset values, ensuring margins are maintained
- Significant growth in secured development pipeline to £2 billion; of which £0.6 billion forward sold
 - 4,311 BTR apartments; 7,938 PBSA beds
 - Another significant forward sale is under offer (PBSA in Bristol; 819 units)
 - Two acquisitions in major provincial city (BTR: 230 units) and Hove (BTR: 80 units)
 - Two planning consents in Belfast (BTR: 800 units) and Stratford (PBSA: 400 units)

Financial Review

HY22 Financials Highlights – P&L

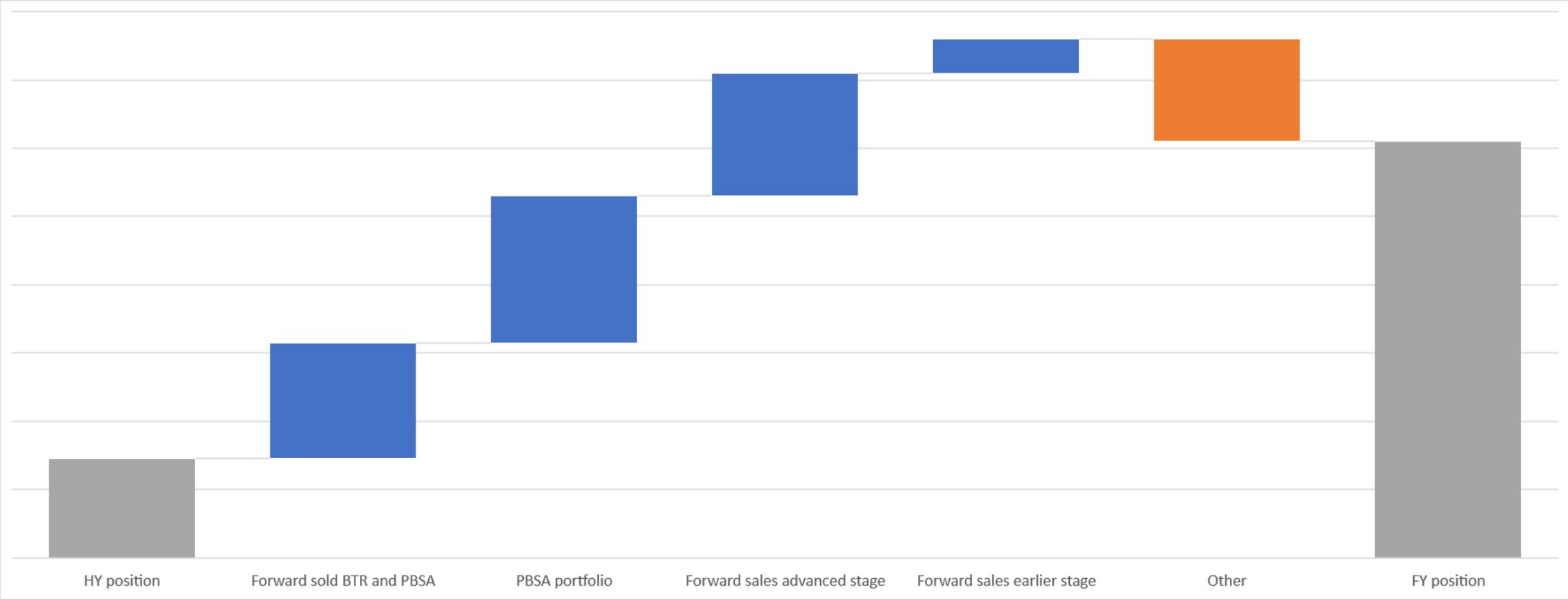
- Revenue growth of **8.2%** reflecting four forward sales as well as development works across our portfolio
- Healthy gross margin of **15.5%** (HY21: 23.2%); impact of 3 land sales compared to nil in the prior year (excluding land sales GM% was **17.5%**)
- Operating profit at £14.6m, impacted by proportion of revenue from land sales and timing of forward sales

	HY22	HY21	Movement %
£million			
Revenue	193.0	178.4	8.2%
Gross profit	29.9	41.3	(27.6)%
Underlying operating profit	14.6	29.1	(49.8)%
Underlying Profit before tax	11.4	25.8	(55.8)%
Underlying EPS	3.65 pence	8.11 pence	(55.0)%

Notes

- These results are on an underlying basis and exclude the exceptional charge of £28 million taken in HY22 for costs relating to the new Building Safety Act

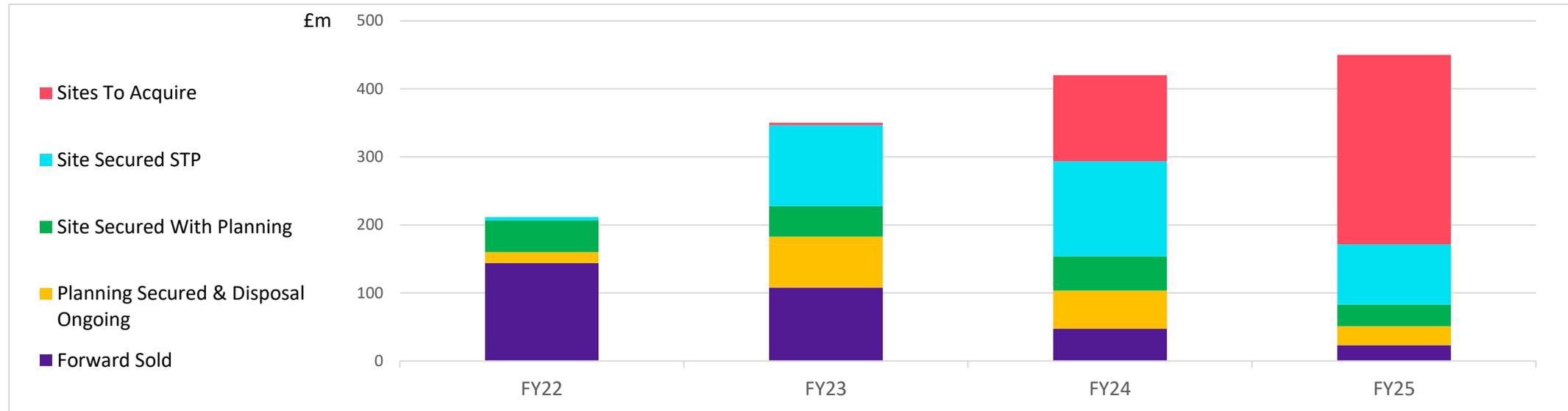
Bridge to FY22 profit delivery



- Confidence in delivery of full year profit position
- Significant contribution from PBSA portfolio which has recently closed
- Two other schemes to forward sell at an advanced stage

Development Pipeline

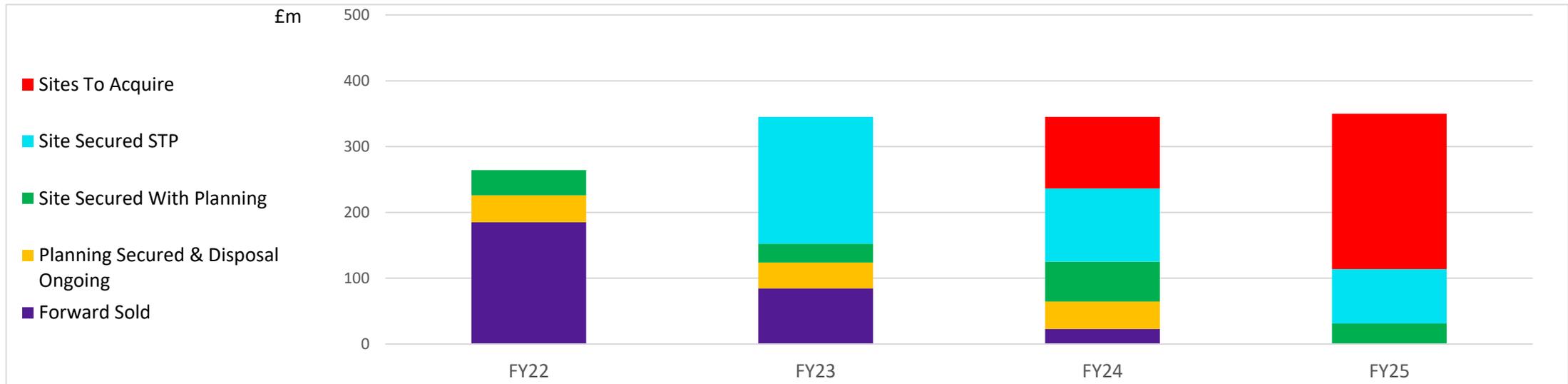
Development Revenue Pipeline: BTR



	FY22	FY23	FY24	FY25
Forward sold	68%	31%	11%	5%
Planning secured	76%	52%	25%	11%
Sites secured	100%	100%	70%	38%

- Illustrative revenue growth by year
- 4,311 BTR apartments in secured pipeline
- Future revenue value c.£1.0 billion
- Forward sales model delivers revenue and earnings over multiple years
- Revenue growth to over £300 million in FY23 supported by secured pipeline; 31% revenue for FY23 now forward sold
- BTR target margin of 15% (land sale c.10% and development phase c.16%)

Development Revenue Pipeline: PBSA



	FY22	FY23	FY24	FY25
Forward sold	70%	25%	7%	0%
Planning secured	86%	36%	19%	0%
Sites secured	100%	100%	69%	33%

- Illustrative revenue growth by year
- 7,398 units in secured pipeline
- Future revenue value c.£0.9 billion
- Forward sales model delivers revenue and earnings over multiple years
- Revenue growth to over £300 million in FY23 supported by secured pipeline; 25% of revenue for FY23 now forward sold
- PBSA target margin of 20% (land sale c.10% and development phase c.22.5%)

Development market UK

Land availability

- Urban brownfield land continues to be slightly discounted from pre-pandemic levels
- Competition has eased for out of town residential development sites
- WJ expects to be active in the land market where it sees attractive acquisition opportunities

Build costs

- Current wave of projects procuring at 7-8%
- Business continues to proactively manage inflationary price rises experienced in the period for both asset values and construction costs which has enabled margins to be maintained
- This has involved a number of 'open book' discussions with purchasers during the sales process

Investor appetite very strong off-setting cost inflation and maintaining target margins

- Significant number of offers being received well ahead of underwrites

Current progress with planning permissions across the UK proceeding in line with plan

- Planning is a barrier to entry and restricts supply, supporting margins
- Positive support from Local Authorities with WJ track record of building out positively received

WJ track record and balance sheet ensuring Resi-for-rent development opportunities often coming to us first

Sector Review

UK residential-for-rent: rerating for investors – crucial for residents

UK rental market supply/demand imbalance greater than sales⁴

- 227,000 new rental homes needed per year² v current total BTR homes under construction at c.46,000⁵
- Supply likely to drop further with small BTL landlords exiting²
- 50% of renters expect to continue renting for the next 15 years³
- UK student numbers rising and demand for quality increasing⁶
- Market demonstrating consistent resilience in volatile macro environment

Investor Momentum carried over from record 2021¹

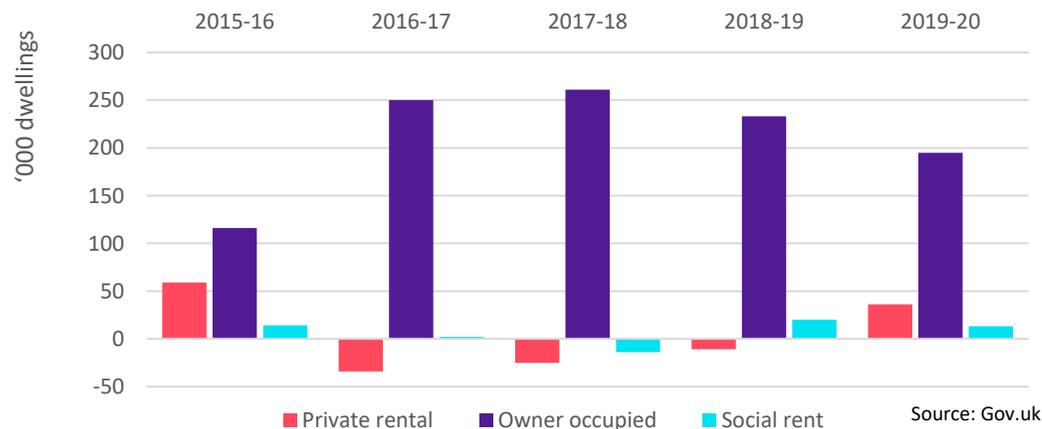
- £3.5bn invested in living sectors in Q1 2022¹
- Continued targeting of operational assets as hedge against inflation

Projected annualised returns (2022 to 2026 inclusive)



Source: Savills, UK cross sector

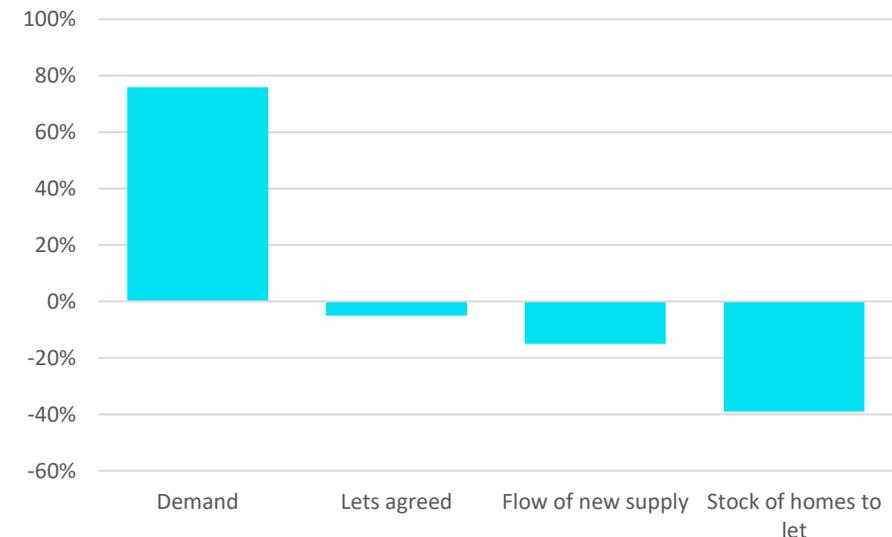
Net additions to housing stock by tenure



Source: Gov.uk

Demand continues to outstrip supply of homes to let

(% change 28 days to 30 Jan 2022 vs same period in 2018-21)



Source: Zoopla

¹ JLL: UK build-to-rent investment surges 50% in Q1 2022
² Capital Economics: Challenges and opportunities for the private rented sector
³ Social Market Foundation: Where next for the private rented sector?

⁴ Zoopla: UK rental market report Q4 2021
⁵ BPF/Savills Q1 analysis 2022
⁶ JLL: UK Living Capital Markets Q4 2021

BTR reaches mainstream

Renters report satisfaction with renting

- 81% of renters are happy with their current property, and 85% say they are satisfied with their landlord⁶

Delivery evening out across London and the regions⁴

BTR now considered a mainstream investment class¹

BTR investment increased by 50% from 2021¹

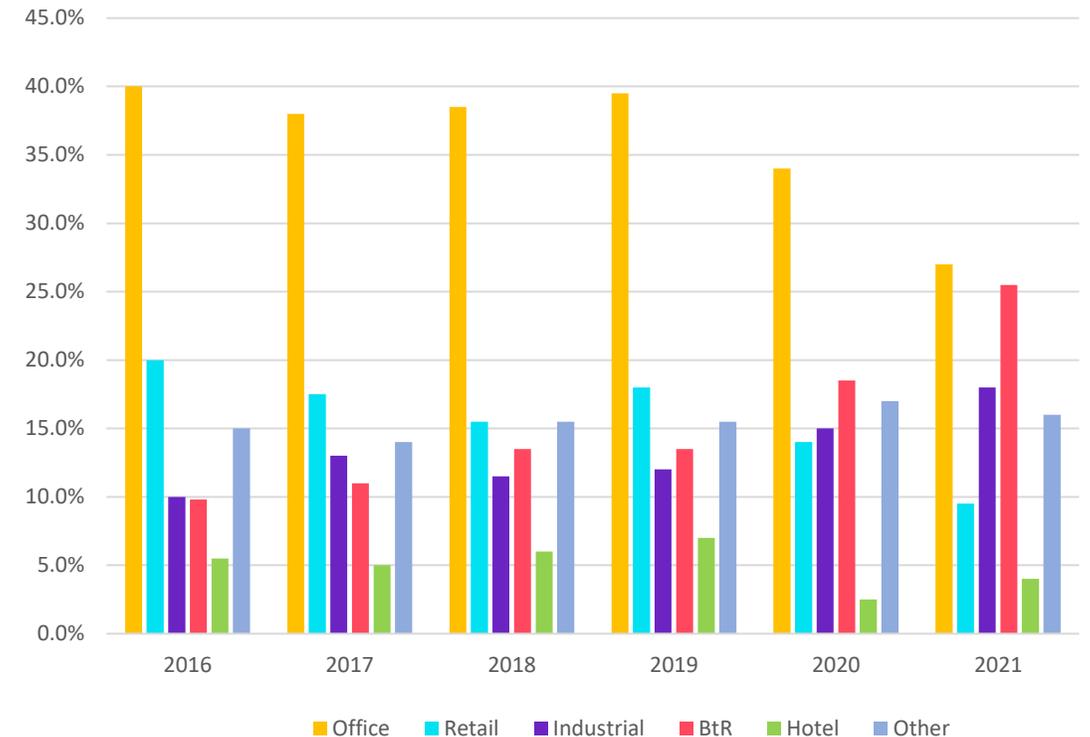
- £1.7bn in deals agreed in Q1 2022

Coliving gaining momentum as supply increases²

Record investment demand driving continued yield compression³

- 10 bps YoY in Q1 2022 to reach 3.50%³
- Further compression expected as competition for assets increases in places with supply-demand imbalances⁴

Investment per asset class (Europe)



1 JLL: UK build-to-rent investment surges 50% in Q1 2022
2 JLL: UK Living Capital Markets Bulletin Q4 2021
3 Savills: European Investment - Q1 2022 preliminary figures
4 Savills: Spotlight: European Multifamily – February 2022
5 BPF/Savills Q1 analysis 2022
6 Social Market Foundation: Where next for the private rented sector?

PBSA confidence recovers as students return

Rising applications and acceptances underpinned by demographics

- Applications up 7% on pre-pandemic levels for 2022/23²
- Full time student numbers in 2020/21 increased by 8% year on year, the highest increase in over 20 years¹

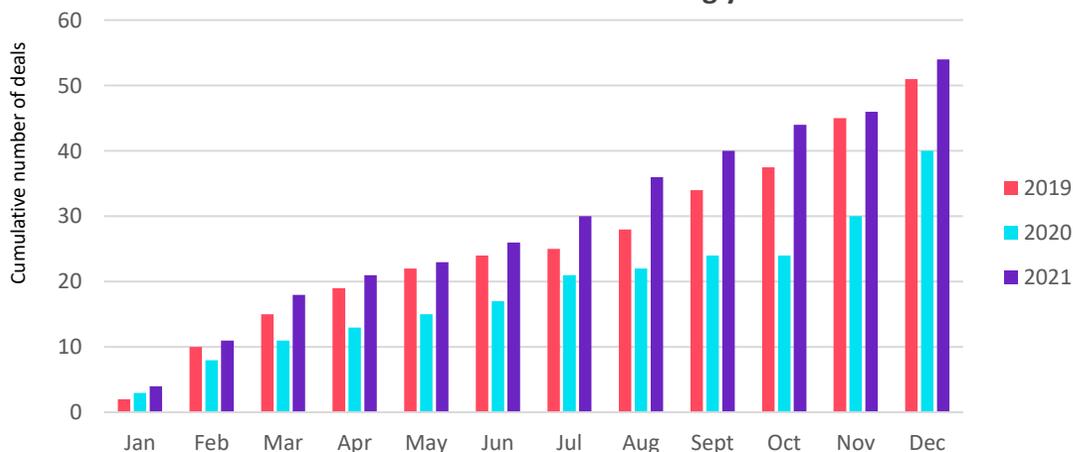
Bookings remain ahead for upcoming year

- Fresh direct-let bookings at April ahead by 14% YoY for 2022/23
- Unite reporting bookings of 77% (including nominations agreements)²

Investor confidence returning rapidly

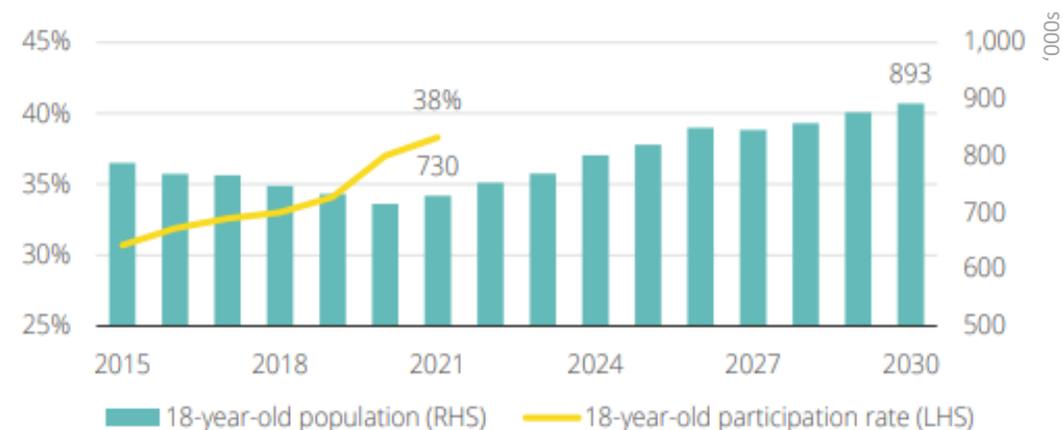
- £1.1bn deals secured in Q1 22³
- As much as £5bn in deals in the market¹

PBSA deal volumes bounce back strongly in 2021



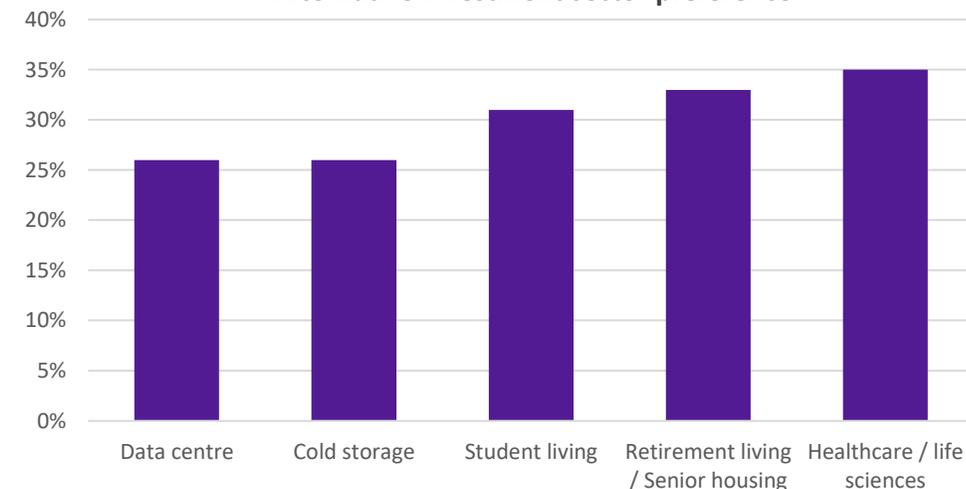
Source: Knight Frank

18-year old population and participation rate



Source: Unite, UCAS, ONS

Alternative investment sector preference



¹ JLL: UK Living Capital Markets Q4 2021 ² Unite prelims presentation 2022 ³ JLL: UK build-to-rent investment surges 50% in Q1 2022

Affordable homes an imperative for residents and authorities

Shortfall in affordable housing supply growing¹

- Shortfall compounds each year, with the current economic situation likely to increase need

Housing associations invested 20% less into new homes in 2021²

- Building safety costs reducing developing associations capacity³

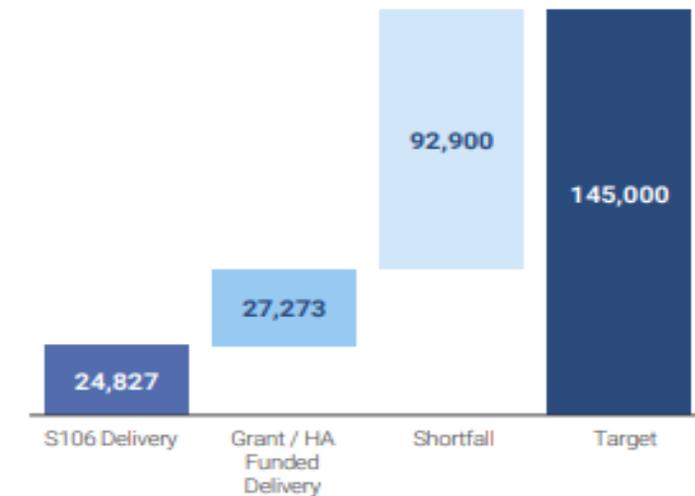
Level of private investment in affordable housing to reach £26.8bn and 140,000 homes by 2027 – 7x current levels⁴

- £34bn needed annually to meet demand

Right to buy proposals present replacement opportunity

- Recently announced government plans for right to buy are likely to require creative solutions to replacing supply – which has been the stumbling block to date

2020/21 Affordable Housing Completions



Annual capital funding



¹ BPF/L&G: Delivering a Step Change in Affordable Housing Supply

² RSH: 2021 Global Accounts of private registered providers

³ Inside Housing: G15 warns 'comprehensive solution' on building safety crisis still needed as fears over impact on social housing delivery persist

⁴ Savills: Equity investment in affordable housing – Summer 2022

ESG

ESG – Future Foundations

- Future Foundations sets out our ESG commitments under Future People, Future Places and Future Planet
- This included a commitment to achieving net zero scope 1 and 2 carbon emissions by 2030
- Our ESG initiatives are progressing well:

Future People

- Health & Safety: incident rate is less than 3% of the national average for the construction industry (target: less than 5% by 2025)

Future Places

- Trial of air source heat pumps being carried out (target: all developments designed with ASHP from 2023)
- Additional technology being explored to complement ASHP including battery storage

Future Planet

- Waste diverted from landfill: currently 98% (target: 95% by 2025)
- Removed petrol and diesel vehicles in company car policy and replaced with hybrid and electric vehicles; c.30% of car fleet to be replaced by electric/hybrid vehicles in 2022 (target: full electric fleet by 2026)
- Plant & machinery outsourced to third party providers with strong ESG credentials



HY22 Summary

In summary

HY22 Summary

- First half performance sets up the delivery for the full year
- Operational performance across the business is delivering well
- Proactive approach taken to Building Safety Act with exceptional charge of £28 million over a period of up to seven years for fire safety remediation

Outlook

- Record secured development pipeline at £2 billion
- Strong balance sheet allows for investment in growth and further opportunities
- The resi4rent sector is rerating positively and this is set to continue
- Management are confident about delivery of FY22 expectations and excited about the long term growth prospects

Q&A

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