

# Progressive Property & Construction Daily



10 October 2022: WJG, UTG, VANL, SRE, FPG

A round-up of market statements, news, economics and views from the property and construction sectors

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## Company news

**Watkin Jones** (WJG, 90p, £231m mkt cap) – *WJG is a client of PERL*

Residential for rent developer and manager in the build-to-rent (BTR) and student accommodation sectors. Board changes. Board strengthened with the appointments of Alex Pease as executive director and Francis Salway as non-executive director with immediate effect. Pease joined Watkin Jones in 2010 and was part of the team responsible for managing the flotation of the Company on AIM market in 2016. In his role as Chief Investment Officer, he is responsible for the group's property acquisition, planning and divestment activities. He is also a member of the Executive Committee. Prior to Watkin Jones, he worked within the Savills Residential Investment Team. Salway was Chief Executive of Land Securities, then the country's largest commercial property company, between 2004 and 2012, having joined the board in 2001. He is currently a non-executive director of Cadogan Group Limited, which owns and manages the Cadogan Estate in Chelsea. He is also a Visiting Professor in Practice at the London School of Economics. He was chair of Town and Country Housing Association from 2012, and following its merger with Peabody Housing Association in 2019, became a non-executive director of that organisation until 2021 and is a past President of the British Property Federation.

**Unite Group** (UTG, 796p, £3,183m)

Owner, manager and developer of UK student accommodation. Trading update, Q3 fund valuations and pilot build-to-rent (BTR) acquisition. *Guidance*: “Higher than expected rental income in term 1 of the 2022/23 academic year has more than offset the impact of higher interest costs in the second half of the financial year. As a result, we expect adjusted EPS to be at the top end of our guidance for 40 - 41p for FY 22” Rental growth guidance increased to 4.5 - 5.0% for 2023/24. *Trading*: 99.0% of beds sold for the 2022/23 academic year (2021/22, 94.1%); rental growth of 3.5%. Pro forma LTV reduced to 29% at (30 June 2022, 30%), maintaining net debt to EBITDA within target range of 6-7x. *Fund valuations*: Q3 LFL increases of 0.7% and 1.8% respectively for USAF and LSAV. *Acquisition*: 180 Stratford, a 178-unit purpose-built BTR property in Stratford, East London acquired for £71m. The residential units are currently 99% occupied at affordable average rents of £28 per sq ft. The property is expected to produce a yield on cost of 4.3% following a planned refurbishment starting in 2023. The refurbishment will incorporate a rolling upgrade of the existing residential units, the creation of new amenity space and the addition of seven new residential units. “The acquisition will enable the group to test its operational capability to extend its accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives”. The property adds to the Group's significant existing presence in the Stratford market, where Unite already operates 1,700 student beds and has two further student developments in its secured pipeline. The acquisition and refurbishment will be funded from the proceeds of recent disposals and does not impact Unite's FY 22 earnings guidance.

#### **Van Elle** (VANL, 39p, £41m)

Specialist ground engineering contractor. Contract win. The project in the South East follows the award of a similar scheme in the Midlands announced in the trading update of 17 May 2022, which is progressing well. The new contract is valued at around £13m, is due to start on site before Christmas and complete mid-way through FY 24. All works will be delivered by the General Piling division. “The contract builds the order book and contributes towards meeting consensus expectations. The energy sector is a particular focus for Van Elle given its long-term growth characteristics and our strong track record”.

#### **Sirius Real Estate** (SRE, 69p, £811m)

Leading operator of business parks in Germany. Trading update. *Guidance*: “Trading and funds from operations in line with consensus and management expectations for the full year”. *Trading*: Germany - annualised rent +2.4%, €115m, driven by a 3.3% increase in LFL rate per sqm to €6.53. 12-month rolling cash collection rate, 98%. UK – Rent roll +4.1% LFL, £47m, driven by a 8.4% increase per sq ft to £12.64. Disposal of Camberwell Lilford Road for £16m, representing a 2% NIY and a 94% premium to the value at the time of the BizSpace acquisition in November 2021. 12 month rolling cash collection rate, 99%. HY (Sep) results, 21 November.

#### **First Property Group** (FPG, 27p, £29m)

Property fund manager and investor with operations in the United Kingdom and Central Europe. Leasing progress. The group has signed a new five-year lease covering some 1,000 sqm, or 9.5% of the gross leasable area, of an office building in Lublin, Poland, owned by Fprop Opportunities, a fund managed by the group and in which it is a 46% shareholder. A rent-free period of one month was granted, following which the net operating income earned by the property should increase from €0.94m pa to €1.11m pa. The property is now multi-let to 10 tenants and the vacancy rate has reduced to 16%. A further 1,670 sqm remains to be let.

## Economic data

## In other news ...

*Prices are as at the previous day's close.*

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