The PRS REIT plc

Annual Report & Financial Statements

For the year ended 30 June 2024

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Portfolio very close to completion with

5,425 NEW HOMES BUILT

Asset performance is excellent, and rental demand remains strong.

"These are truly excellent numbers reflecting the efficacy of the strategy and the hard work and commitment of the Board, our investment adviser, Sigma, our investors, banking and housebuilding partners, and local and central government supporters. To be in position to deliver a set of results of this quality after so many obstructions along the way, notably COVID and debt cost inflation, is a great achievement. The Company is perfectly poised for its next phase of growth; investors are in a very strong position, with multiple options and, on a personal note, I sincerely hope that investors grasp the opportunity to enable the business to achieve its full potential.

"The Board remains confident about prospects, with affordability – average rent as a proportion of gross household income – and asset performance both very strong. In line with our announcement issued on 13 September, the newly-constituted Board intends to review the Company's strategy and will provide an update when appropriate. The Company is fully focused on maximising value for all shareholders."

Steve Smith, Chairman of The PRS REIT plc

Key points

Financial

	Year to 30 June 2024	Year to 30 June 2023	Change
Revenue	**£58.2m**	£49.7m	+17%
Net rental income	**£47.3m**	£40.2m	+18%
Operating profit	**£111.7m**	£58.9m	+90%
Profit after tax	**£93.7m**	£42.5m	+120%
Basic earnings per share	**17.1p**	7.7p	+122%
EPRA earnings per share[1]	**3.7p**	3.1p	+19%
Net assets at 30 June	**£731m**	£660m	+11%
IFRS NAV and EPRA NTA per share[2]	**133.2p**	120.1p	+11%

1 A full reconciliation between IFRS profit and EPRA earnings can be found in note 16 of the Financial Statements
2 A reconciliation of IFRS NAV to EPRA NTA can be found in note 29 of the Financial Statements

Operational

	At 30 Sept 2024	At 30 June 2024	At 30 June 2023	Year-on-year change
Number of completed homes	5,425	5,396	5,080	+6%
Estimated rental value ("ERV") per annum	£67.5m	£65.1m	£55.0m	+18%
Number of contracted homes	151	180	444	-59%
ERV per annum	£1.6m	£1.4m	£3.8m	-63%
Completed and contracted sites	72	72	71	+1%
ERV per annum of completed and contracted sites*	£69.1m	£66.5m	£58.8m	+13%
Rent collected (as a percentage of total rent invoiced for the period)	100%	99%	99%	–

* based on all completed units being occupied/income producing

HIGHLIGHTS

Profit after tax ▲ 120% to £93.7m (2023: £42.5m), and EPRA earnings per share up 19% to 3.7p (2023: 3.1p) – reflects significant rise in revenue and very strong portfolio management, including costs

Another year of excellent portfolio performance:

- rent collection at 99% (2023: 99%);
- occupancy at 96% at 30 June 2024 (2023: 97%) c.50 units handed over on one site at the end of May have adversely affected this rate by 1% due to 40 of these units remaining unlet at 30 June. Including all homes where a letting had been agreed (with applicants passing referencing and having paid a rental deposit), but occupation had not taken place by 30 June 2024, occupancy was 98% (2023: 98%);
- gross arrears at £1.7m at 30 June 2024 (30 June 2023: £1.0m). As at 31 July 2024 gross arrears stood at £1.3 million;
- like-for-like blended rental growth[3] of c.12% over the year on stabilised sites (where all units were completed and either all, or nearly all, had been let at the end of the comparative period)
    - re-lets to new tenants achieved c.15% rental growth (2023: c.12%);
- affordability (average rent as a proportion of gross household income) remains very strong at 23% as at 30 June 2024 (2023: 22%); and
- property costs continued to be well managed – the deduction from gross to net rent across the portfolio was 18.8% (2023: 19.1%).

Operating profit ▲ by 90% to £111.7m (2023: £58.9m), reflecting the higher gains of £73.4m from fair value adjustments on investment property compared to the prior year (2023: £25.4m)

- ERV continued to grow strongly in FY24
- yields softened slightly in FY24 to 4.59% from 4.47% (FY23: yields softened to 4.47% from 4.13%)
- the softening in yields in FY24 were more than offset by the increase in ERV

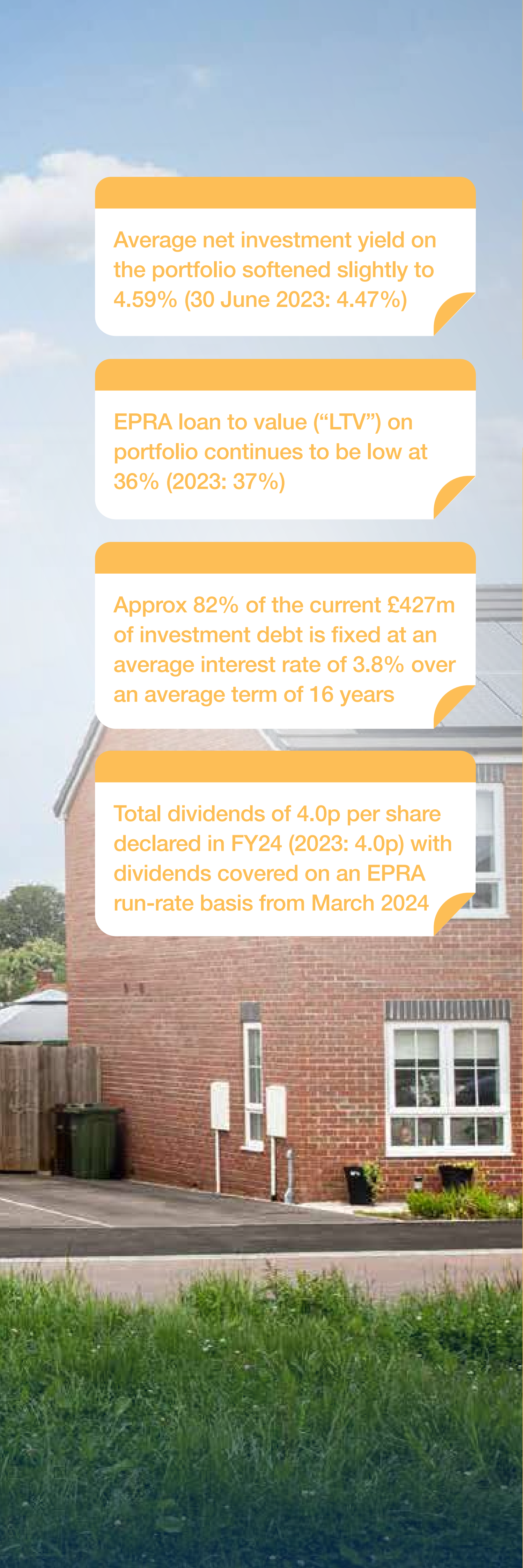
An additional 316 new homes were added to the portfolio over the year taking it to 5,396 completed homes at 30 June 2024, up 6% year-on-year (2023: 294 new homes added; 5,080 completed homes)

- ERV of the 5,396 homes at 30 June 2024 was £65.1m p.a. (30 June 2023: 5,080 homes with ERV of £55.0m p.a.)
- a further 180 homes with an ERV of £1.4m p.a. were under way at 30 June 2024

Net asset value up 11% to £731m/133.2p per share at 30 June 2024 (2023: £660m/120.1p per share), driven by strong ERV growth

- as at 30 June 2024, ERV was estimated to be £5.4m higher than passing rent (2023: £5.1m higher), another indicator of strong rental demand
- EPRA NTA increased by 11% to 133.2p per share (2023: 120.1p)

3 Like-for-like blended rental growth on investment property stabilised sites is defined as the annual rental growth on sites where all units have been completed and either all or nearly all have been let



Average net investment yield on the portfolio softened slightly to 4.59% (30 June 2023: 4.47%)

EPRA loan to value ("LTV") on portfolio continues to be low at 36% (2023: 37%)

Approx 82% of the current £427m of investment debt is fixed at an average interest rate of 3.8% over an average term of 16 years

Total dividends of 4.0p per share declared in FY24 (2023: 4.0p) with dividends covered on an EPRA run-rate basis from March 2024

Requisition event

A Requisition Notice, received on 29 August 2024, was withdrawn on 13 September 2024 following shareholder discussions and an agreement with the Requisitioning Shareholders, including on Board changes

Outlook

In light of the excellent results and rent collection, the Company is currently reviewing the target dividend for FY25, and expect to provide an update to the market in the Q1 Trading Update

Current trading remains very strong Q1 FY25 (1 July – 30 September 2024)

- portfolio increased to 5,425 completed homes, with ERV of £67.5m p.a. at 30 September 2024
- a further 151 homes with an ERV of £1.6m p.a. were under way
- occupancy high at 98%
- rent collection very strong at 100%
- like-for-like rental growth on stabilised sites over the year to 30 September 2024 was c.12%
- affordability (average rent as a proportion of gross household income) remains very healthy at 24%

Once all the existing sites are completed and homes let, the portfolio will comprise c.5,600 homes, with ERV of £69.1m p.a.

- the majority of the 151 homes currently under way are expected to be completed by the end of the first calendar quarter in 2025

Prospects remain very positive

- structural shortage of quality family rental homes in the UK; the number of properties available to rent is at a 14-year low[4]
- under supply exacerbated by private landlords exiting rental market, weak sales market and rising rental demand
  - Zoopla, a leading UK property website, stated in September 2024 in its Rental Market Report that high demand and a low supply of properties continue to keep rents high and that there are still 25% fewer properties available in 2024 compared to 2019. It anticipates that potential further tax changes will result in more landlords selling and that rents will continue to rise, with the supply/demand imbalance set to remain into 2025.

4 TwentyCi https://www.twentyci.co.uk/resources/

STRATEGIC REPORT

Chairman's Statement

Introduction

*I am pleased to present The PRS REIT plc's (the "**PRS REIT**", or the "**Company**" or the "**Group**") audited financial results for the year ended 30 June 2024. The Company's portfolio of rental homes continued to perform very strongly, and the Group is now over 99% through its current delivery programme. When completed, the portfolio is expected to comprise c.5,600 homes, with estimated rental value ("**ERV**") of £69.1 million p.a.*

Largest portfolio of single-family rental homes in the UK

Over the financial year, 316 new rental homes were added successfully to the portfolio, taking it to 5,396 completed homes at 30 June 2024 (30 June 2023: 5,080 completed homes), a 6% increase. A further 180 homes were contracted at that date and were at varying stages of the construction process. We currently expect that most of these 180 homes will be completed by the end of the first quarter of calendar year 2025.

The ERV of the 5,396 completed homes is £65.1 million per annum (30 June 2023: £55.0 million per annum on 5,080 completed homes), an 18% rise year-on-year. The percentage increase in rental value over the year compared to the percentage increase in the number of completed homes over the same period mainly reflects rental growth over the period. The ERV of the additional 180 homes currently under way is £1.4 million per annum, taking the total ERV of the portfolio to around £66.5 million per annum.

The Company's homes are spread across 72 sites (2023: 71 sites), mainly in the major regions of England, including the North-West, North-East, Yorkshire, the Midlands, the South-East (excluding London) and East of England. One site is located in North Wales and another in Central Scotland.

Very strong asset performance

As expected, The PRS REIT's assets performed strongly over the financial year. Occupancy and rent collection (measured as rent collected relative to rent invoiced in a given period) remained very high, with rent collection at 99% (2023: 99%) and occupancy at 96% at 30 June 2024 (2023: 97%), with 5,181 homes occupied out of 5,396 completed homes. This rate was adversely affected by an additional tranche of c.50 units (c.1%) on one site that were made available at the end of May 2024. Of these, 40 were unoccupied at the end of June 2024. Including all homes where a letting had been agreed, with applicants passing referencing and having paid a rental deposit, but occupation had not taken place by 30 June 2024, occupancy was 98% (2023: 98%).

Like-for-like rental growth over the year on stabilised sites (where all units are completed and let, or nearly all let, at the end of the comparative period) was c.12%. This reflected a blended growth rate of c.15% on re-lets to new tenants and c.10% on renewals with existing tenants. Gross rent arrears remained modest despite the growth in the portfolio, standing at £1.7 million at 30 June 2024 (2023: £1.0 million). The 30 June 2024 arrears number was higher due to the year end falling on a weekend, as at 31 July 2024 gross arrears stood at £1.3 million.

An important statistic is the portfolio's affordability ratio, which is measured as average rent as a proportion of gross household income. This is currently at a very healthy level of 23% (2023: 22%) demonstrating a strong tenant base and wage increases. It is also well within the Office for National Statistics[5] guidance that rent should be less than 30% of tenants' gross household income.

Net rental income over the financial year increased by 18% to £47.3 million (2023: £40.2 million). The rise was driven by a combination of three factors: a full year's rental contribution from properties that had been completed and let part-way through the prior financial year; increased unit numbers; and rental growth.

The portfolio's excellent asset performance to date demonstrates the continuing need for high-quality family rental homes. Supply side issues have worsened over the year, with private landlords continuing to exit the market, while demand has been further fuelled by higher interest rates and general economic uncertainty. These factors have put further obstacles in place for potential homeowners.

5 https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordabilityengland/2022

In its latest Housing Insight Report, published in September 2024, Propertymark, the leading professional body for estate and letting agents, commercial agents, auctioneers, valuers and inventory providers, stated that overall demand continued to outstrip supply, with around 8 new applicants registered for each available property in July 2024, and that new instructions trended downward pointing to the potential for further supply constraints. Zoopla, a leading UK property website, reported in September 2024 in its Rental Market Report that while rental inflation had slowed to the lowest level in almost three years, it is cooling off a high base and still double pre-pandemic levels. Zoopla stated that high demand and a low supply of properties continue to keep rents high and that there are still 25% fewer properties available in 2024 compared to 2019. It also anticipates that potential further tax changes will result in more landlords selling and that rents will continue to rise, with the supply/demand imbalance set to remain into 2025.

After the financial year end in July 2024, we extended the Company's Investment Advisory and Development Management Agreements with Sigma PRS Management Ltd ("Sigma PRS"), agreeing a reduced fee structure at the same time. The two Agreements have been extended by two and a half years from the end of their previous terms to 30 June 2029, but the reduced rates took effect from 1 July 2024, are expected to result in immediate cost savings on a pro forma basis of approximately 0.1 pence per annum on EPRA EPS, or c.£0.5 million per annum, based on the Company's Net Asset Value as at 30 June 2024. The Company's contractual arrangements with Sigma retain important and valuable contractual protections, including the Company's right of first refusal to acquire single family housing development opportunities introduced by Sigma PRS. Sigma PRS operates the largest build-to-rent platform in the UK and has established a leading position in the single family homes market. The Board believes that this provides the Company with significant operational benefits and that Sigma PRS's expertise and experience is evidenced in the performance of the portfolio and in particular the gross to net metric.

Financial results

Revenue, which is generated wholly from rental income, increased by 17% year-on-year to £58.2 million (2023: £49.7 million). This increase reflects a combination of strong rental growth, a full year's rental income from homes let part-way through the prior financial year, and the increase in completed homes. Non-recoverable property costs as a % of revenue decreased slightly to 18.8% of revenue (2023: 19.1%), benefiting from tight cost management by the Investment Adviser as well as rental income growth, which together more than offset higher costs and additional homes coming out of warranty. Net rental income for the financial year rose by 18% to £47.3 million (2023: £40.2 million).

Expenses in the year increased to £9.2 million (2023: £8.3 million), reflecting portfolio growth.

The gain from the fair value adjustment on investment property was £73.4 million (2023: £25.4 million), driven by the growth in ERV which was marginally offset by average net investment yield movements.

The independent valuer's assessment of ERV on completed and let properties at 30 June 2024 was approximately £5.4 million (2023: £5.1 million) higher than passing rent; it demonstrates strong market demand for the Company's product. The fair value of investment property is based on the valuer's estimate of ERV with a capital deduction from investment value where appropriate to reflect the difference between the passing rent and ERV.

Operating profit increased by 90% to £111.7 million (2023: £58.9 million), which reflected the increase in gains from fair value adjustments on investment property. These gains are non-cash items.

Finance costs were higher, as expected, at £18.2 million (2023: £16.5 million) reflecting the increased quantum of debt and change in interest rates compared to the previous year, as well as the Company's utilisation of the variable rate RBS investment debt facility during the year. The impact of the larger quantum of debt and higher interest rate on more recent debt issuance continues to be mitigated by the lower cost fixed rate investment debt with Scottish Widows. Finance income from short-term deposits in the year was £188,000 (2023: £49,000), reflecting the full year of increased interest rates.

Profit after taxation increased by £51.2 million or 120% to £93.7 million (2023: £42.5 million) while basic and diluted earnings per share increased by 122% to 17.1p (2023: 7.7p) on an IFRS basis.

The Group's IFRS net asset value ("**NAV**") per share and EPRA net tangible asset ("**NTA**") per share at 30 June 2024, both increased to 133.2p (31 December 2023: 123.6p and 30 June 2023: 120.1p). This is an 11% increase over the prior year and an 8% increase over the prior six months.

Net assets at 30 June 2024 were 11% higher year-on-year at £731 million (30 June 2023: £660 million). This is after paying dividends of £22.0 million in the year (2023: £22.0 million).

Debt facilities

As at the financial year-end on 30 June 2024, the Company had £460 million of committed debt facilities available for utilisation, of which nearly £420 million was drawn. This comprised £427 million of investment debt facilities and £33 million of development debt facilities.

Debt refinancing

At the beginning of the financial year in July 2023, the Company refinanced its £150 million revolving credit facility ("RCF") provided by The Royal Bank of Scotland plc ("RBS") and Lloyds Banking Group plc, agreeing a £102 million fixed-rate debt facility for 15 years with Legal and General Investment Management ("LGIM") and a £75 million floating-rate debt facility for two years with RBS.

This refinancing resulted in a number of significant benefits:

> it extended the proportion of the Company's overall debt covered by long-term facilities to approximately 82% (with the average term of the long-term facilities being 16 years). Before this, approximately 63% of the Company's overall debt was covered by long-term facilities (with their average term being 17 years).

> it lengthened the maturity of the Company's overall debt facilities, with the average term for all debt increased to 13.7 years at 30 June 2023, from 10.9 years at 31 December 2022; and

> it reduced future annual debt amortisation costs. This reflects the lower arrangement fees and a longer period of amortisation.

Following the refinancing, our lending partners across our £460 million of committed debt facilities are: Scottish Widows (£250 million – investment debt); Legal and General Investment Management (£102 million – investment debt); The Royal Bank of Scotland plc ("RBS") (£75 million – investment debt); and Barclays Bank PLC (£33 million – development debt). The majority of our debt (£427 million) is classed as investment debt, with the £33 million debt facility from Barclays Bank available to be drawn as development debt, enabling multiple sites to be developed simultaneously.

The PRS REIT has total fixed long-term debt facilities of £352 million, with an average blended interest rate of 3.8%. This compares favourably with the average net investment yield of 4.59% as at 30 June 2024. These long-term debt facilities account for approximately 82% of the Company's total investment debt of £427 million.

The portfolio's gearing remains low at 36% EPRA LTV (2023: 37%), and, in line with the Company's Investment Policy, the debt facilities are below the maximum gearing ratio of 45% of gross asset value.

Environmental, Social and Governance ("ESG") practices

The PRS REIT is a member of the UK Association of Investment Companies and applies the Association's Code of Corporate Governance to ensure best practice in governance.

The Board is responsible for determining the Company's investment objectives and policy and has overall responsibility for the Company's activities. This includes the review of investment activity and performance. The day-to-day management of ESG matters is delegated to the Investment Adviser, Sigma PRS. Sigma PRS is also a signatory and participant of the United Nations Global Compact.

As a landlord with thousands of homes across the UK, the Board is very aware of the Company's possible impact on people's lives and conscious of its societal responsibilities. The potential for our homes and activities to contribute very positively to the communities in which the Group operates is high. For this to be achieved, the core proposition must be right. First and foremost, the Group aims to provide high-quality, energy-efficient, well-located homes that are well-maintained and supported by high customer service levels. At the same time, the delivery of new homes and new developments have an impact on the environment, with the potential to be positive or negative. Environmental considerations are rightly becoming more and more important. In addition to these issues, the Board places a high priority on fostering a sense of community within developments and believes that the Company should play its role in promoting and encouraging strong community bonds.

This approach drives the Group's ESG activities and policies. The Investment Adviser's Report provides further details of these, and I am very pleased to highlight the steps we are continuing to take to generate environmental benefits, to deliver a high standard of customer care and ensure that people enjoy living in The PRS REIT's homes and feel a sense of community. The Board believes that the social activities that are regularly organised across developments and the links forged between charities, beneficiaries and the Company's tenants, all help to generate meaningful benefits both on an individual and social scale. The feedback received from both residents and beneficiaries is testimony to this and a number of examples are provided in the Investment Adviser's Report.

The Board aims to continue to widen the Company's ESG activities over the new financial year.

Requisition event and Board changes

As previously reported, the Board received a Requisition Notice on 29 August 2024 from Requisitioning Shareholders. The Requisition proposed Board changes, including the appointment of Robert Naylor and Christopher Mills as Non-executive Directors, with a view to the new Directors working with the remaining Board members to undertake a review of options to return value to shareholders.

Following a consultation process with both major shareholders and Requisitioning Shareholders, undertaken by a Sub-Committee of independent non-executive Directors not subject to the Requisition, the Company announced on 13 September 2024, that the Requisition Notice had been withdrawn and that the following changes would be taking place:

> I will be stepping down as Non-executive Chairman of the Company at the Company's forthcoming AGM. I am nearing the end of my term and the transition may help to facilitate near-term change;

> Geeta Nanda, Senior Independent Director, will become Interim Chair at the AGM and lead the appointment process for a new permanent, independent, non-executive Chair;

> the Board will launch the appointment process immediately, with support from external consultants to identify and appoint a non-executive Chair with relevant experience; and

> Robert Naylor and Christopher Mills will be appointed to the Board as non-executive Directors and proposed for election at the AGM.

Steffan Francis will remain as a non-Executive Director, ensuring continuity of property experience. The succession plan for Steffan Francis and Rod MacRae, currently scheduled for 2025 with their tenure coming up to nine years of service, will be conducted in accordance with the AIC Code of Corporate Governance and will balance the appropriate skills required.

The Board had originally expected to provide an update on Strategy with these results. However, given the changes to the Board, the Strategy will now be reviewed by the newly-constituted Board and an update will be given when appropriate. Further details are set out in the 'Shareholder Engagement' section below.

As we stated previously on 13 September 2024, the Board believes the agreement and changes reflect a balance of the views of all shareholders. They also respect the principles of good governance in orderly succession planning, and help to ensure that a new independent Chair and any future Board directors have the appropriate blend of skills and expertise. In addition, the Board believes the agreement will allow the Company to move forward and focus on value maximisation for all shareholders.

Two Board changes took place earlier in the financial year. On 10 October 2023, Karima Fahmy was appointed as an Independent Non-Executive Director. Karima replaced Jim Prower, who retired as an Independent Non-Executive Director at the conclusion of the Annual General Meeting on 4 December 2023. Karima is a corporate lawyer with extensive experience of the UK property market, including the residential sector and urban regeneration. The Board takes this opportunity to thank Jim for his contribution to the Company during his tenure and wishes him a happy retirement.

Outlook

We have added 29 new homes to the portfolio in the first quarter of the new financial year, taking the portfolio to 5,425 completed homes at 30 September 2024, with a further 151 under way. The ERV of completed homes has risen to £67.5 million per annum (30 September 2023: 5,129 completed homes with an ERV of £57.6 million per annum).

The performance of the portfolio remains excellent. Rent collection in the first quarter was 100% (2023: 98%) and total occupancy at 30 September was at 98% (30 September 2023: 98%), with 5,303 homes occupied out of the total of 5,425. At that point, a further 86 homes were reserved for applicants who had passed referencing and paid rental deposits, but not yet taken occupancy. Total arrears at 30 September 2024 stood at £1.6 million (2023: £1.1 million). The like-for-like blended rental growth on stabilised sites over the year to 30 September 2024 was c.12% (2023: c.10%).

We remain confident that the majority of the balance of 151 still to be delivered will be completed by the end of this calendar year, with the balance delivered over the course of the first few months of calendar 2025. With this final tranche of homes, the portfolio will comprise approximately 5,600 homes with an ERV of £69.1 million per annum. Since March 2024, the annual 4p per share dividend has been fully covered on a run rate EPRA EPS basis. Dividend cover will continue to grow as construction, completions and lettings advance, and as rental growth continues. Reflecting our confidence in the ongoing performance of the portfolio, strong rental demand and orderly delivery of the remaining homes to be completed, we are currently reviewing the target dividend for FY25, and expect to provide an update to the market within the Q1 Trading Update. We expect to declare the interim dividend for the first quarter of the new financial year in November 2024.

Currently, 82% of the Company's long-term debt is fixed at an average weighted cost of 3.8% over an average term of 16 years. With interest rates now tracking more favourably, this gives the option to secure another fixed-rate, long-term investment debt facility in 2025 to replace the short-term RBS variable rate facility if the interest rate cycle continues to move favourably. In the meantime, the Company has entered into discussions for additional short-term debt facilities to ensure funding for the completion of the portfolio.

In this my last Annual Chairman's Statement and on behalf of my fellow Directors, I would like to express our appreciation to all those who have supported the establishment and growth of the PRS REIT. It has been a ground-breaking venture and with the support of investors, housebuilding partners, financiers, local and central government, we have created the largest portfolio of single family homes in the UK for the private rented market. In particular I wish to express our appreciation of the truly excellent contribution of our manager, Sigma. Sigma created the opportunity through its relationships within the UK housebuilding sector and industry best practices and have delivered excellent performance throughout my tenure as Chairman.

Our homes are high-quality, energy-efficient and professionally managed. They have been built for families and individuals up and down the country and have been designed to be attractive, long-term places in which to live, with a strong sense of community. As we near the end of the delivery phase of the portfolio, we are proud to have played a small part in alleviating the UK's acute need for housing, and for forging a new path in the still emerging build-to-rent sector.

The PRS REIT's business model remains firmly supported by market fundamentals. Population growth, changing household formations and low new housing volumes continue to drive demand. We expect our homes to continue to rent very well.

The Board remains confident about prospects, with affordability – average rent as a proportion of gross household income – and asset performance both very strong. In line with our announcement issued on 13 September, the newly-constituted Board intends to review the Company's strategy and will provide an update when appropriate. The Company is fully focused on maximising value for all shareholders.

Steve Smith
Chairman
7 October 2024

* This is a target only and there can be no assurance that the target can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company or assume that the company will make any distributions at all and should decide for themselves whether or not the target dividend yield is reasonable or achievable.

IFRS and EPRA performance measures

Under the European Real Estate Association ("**EPRA**") best practice recommendations ("**BPR**") for financial disclosures by public real estate companies, three measures for reporting net asset value are available, EPRA Net Tangible Assets ("**NTA**"), EPRA Net Reinstatement Value ("**NRV**"), and EPRA Net Disposal Value ("**NDV**").

The Group considers EPRA NTA to be the most relevant measure for its operating activities, and has adopted this as the Group's primary measure of net asset value.

EPRA NRV is not considered an appropriate disclosure measure for the PRS REIT as the Group has acquired, constructed and developed the vast majority of assets and this would therefore equate to adjusted historic construction cost.

The valuation of the Group's assets is undertaken in accordance with RICS guidance. However, this does not include any adjustment to reflect the size and scale of the Group's overall portfolio of assets. The Board's view is that collective marketing of the portfolio would attract a higher valuation reflecting yield compression attributable to the size and scale of the overall portfolio. In the absence of comparable market evidence for such a portfolio, EPRA NDV is not considered an appropriate measure.

KPI	Explanation	Performance	
		Year to 30 June 2024	**Year to 30 June 2023**
IFRS NAV (see note 29)	Unadjusted net asset value.	133.2p per share	120.1p per share
EPRA NTA (see note 29)	EPRA Net Tangible Asset is net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term property business model.	133.2p per share	120.1p per share
IFRS EPS (see note 16)	Unadjusted earnings per share.	17.1p per share	7.7p per share
EPRA EPS (see note 16)	Earnings per share excluding investment property revaluations, gains and losses on disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.	3.7p per share	3.1p per share
EPRA Earnings (see note 16)	EPRA Earnings is a measure of operational performance and represents the net income generated from the operational activities excluding changes in value of investment properties.	**£'000** 20,263	**£'000** 17,099
EPRA Net Initial Yield ("NIY") (see supplementary information, page 142)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	4.2%	4.1%
EPRA Cost Ratio including direct vacancy costs (see supplementary information, page 142)	Administrative and operating costs (including costs of direct vacancy) divided by gross rental income.	34.6%	35.9%
EPRA Loan to Value ("LTV") (see supplementary information, page 143)	The Group's net debt expressed as a percentage of the investment property portfolio.	35.7%	36.6%

Market dynamics

The Build to Rent ("**BtR**") sector in the UK is playing an increasingly important part in overall housing delivery. Its value as an accelerant in the delivery of mixed-development sites (those including private for sale, private rental and affordable homes) is well recognised and BtR is adding thousands of extra new homes to overall UK housing delivery. The UK BtR market still remains relatively undeveloped, especially when compared to more mature markets such as the USA and Germany.

The growth of UK BtR is being driven by the structural problems of the owner-occupied and rental markets, both of which are impacted by a severe shortage of properties, leading to strong rental growth. Over the last 20 years rental growth has averaged 3.2% compared to earnings growth that has averaged 3.1% over this period.

The new Labour Government is intending to reintroduce annual home delivery targets through the National Planning Policy Framework and has increased the previously discarded target of 300,000 new dwellings per annum to 370,000 new dwellings per annum. We believe that BtR has the potential to be an important contributor in the new drive for new homes.

The BtR sector has grown strongly over the last year. According to data compiled by Savills for the British Property Federation's ("**BPF**") and published in July 2024, BtR completions in Q2 reached record levels, with the sector starting to make an appreciable difference to housing delivery across a growing number of locations within the UK. The total number of completed BtR units at the end of Q2 stood at 115,778 and the total number of BtR homes in planning was 57,000 homes, a near record level. However for the third quarter in a row the number of completions remained above the number of starts on sites. The continued slow-down in new starts is ascribed to ongoing sector challenges, including build cost inflation, cost of debt and the impact of economic and political uncertainty on investors. The British Property Federation called for more action to convert planning consents to starts on site and to bring forward new schemes through the planning proceed in order to service the huge rental demand.

There is a substantial shortage of properties in the UK for both the owner-occupied and rental sectors. CBRE, the global real estate adviser, reported that the UK's private rented residential sector has lost about 400,000 rental homes since 2016 due to growing cost pressures and higher mortgage costs. Private landlords in the buy-to-let sector are still the largest provider of rental properties in the UK. They have been under pressure from an increasingly unfavourable tax regime, growing regulatory burden as well as base rate rises, and this pressure is set to continue. According to a report by UK Finance, the banking trade body, the value of lending into the buy to let sector fell by 52% over the course of 2023 equating to a reduction in loans from 25,280 in the last quarter of 2022 to just over 12,000 at the same point in 2023. Savills also reported in August 2024 that sales of second homes and buy-to-let properties had risen by 34% in the period 2021-2024 compared to the preceding three years, with these sales accounting for one-in-six of all property disposals, compared to one-in-fifteen in 2013-2014.

Challenges in the home ownership market have also continued to fuel demand in the rental sector. The median house price to income ratio at the end of 2023 was 8.1, according to the Office for National Statistics, which although lower than the preceding year (8.3), is still at historic highs while mortgage rates have also risen sharply over the previous two years. The deposits required for most mortgages still remain beyond the reach of many. By comparison, the PRS REIT's homes remain very affordable. At 30 June 2024, the average household income of a PRS REIT tenant was £52,500 (30 September 2023: £51,000) and the average rent was £1,005 per calendar month (2023: £934), meaning that annual rent as a proportion of household income was 23% (2023: 22%). This reflects a combination of stronger wage inflation and the emergence of a wealthier cohort of potentially disenfranchised would-be home buyers who have entered the rental market.

The shortage of rental properties, with low stock levels and relatively low availability, remains evident. A report from TwentyCI and TwentyEA in early July 2024 stated that whilst some of the previous year's pressure in the rental market was easing, availability remained at historic lows and that demand is still outstripping supply. CBRE's Mid Year Market Outlook 2024 forecasts that stretched affordability will exert a downward pressure although this will take time to feed through, and as such forecasts strong rent growth of 6% in 2024 for the remainder of the year. A report from the Office for National Statistics, published in July 2024, noted that average UK private rents increased by 8.6% in the 12 months to June 2024.

In summary, it is clear that the market opportunity in BtR remains significant and that the sector remains an important means of fulfilling a social need and meeting demand for high-quality, well-managed rental housing in the UK.

Private Rented Sector Reform

The recently-elected Labour Government has introduced the Renters (Reform) Bill, which aims to change the law about rented homes. A key proposal is reform of the grounds for repossession, with the abolition of Section 21 "no fault" evictions, thereby removing a landlord's ability to evict tenants without reason. Other proposals include the abolition of fixed-term assured tenancies and assured shorthold tenancies, the strengthening of timeframes in which landlords are required to investigate and fix reported health hazards and a requirement for rental properties to have an EPC rating of C or above by 2030. These proposals are likely to put further pressure on private landlords to exit the sector.

In addition, the Government is targeting an increase in the number of new houses to be built every year and has set out a goal of 1.5 million new homes over the life of the Parliament. BtR homes will be central to that delivery.

We are in favour of proposals that support the rights of tenants to a decent home while also supporting responsible landlords. As a professional landlord, the PRS REIT is in the market for the long-term and does not view current proposals as likely to materially adversely impact the Company's operations.

Portfolio analysis

As at 30 June 2024, the value of the Group's completed property portfolio was c.£1.1 billion (2023: c.£1.0 billion). The investment value of all sites was £1.2 billion on completion (2023: £1.1 billion). These valuations were arrived at independently by Savills, the global real estate services provider.

Regional split of the portfolio by investment value – at 30 June 2024

The portfolio is geographically diversified and the regional split by investment value at 30 June 2024 was as follows:

> North West 52% (2023: 51%);

> West Midlands 21% (2023: 21%);

> South East 11% (2023: 11%);

> Yorkshire 11% (2023: 11%);

> North East 2% (2023: 3%);

> Wales 2% (2023: 2%); and

> Scotland 1% (2023: 1%).

Other key metrics – at 30 June 2024

> Gross-to-net: the deduction from gross to net rent across the portfolio for the year ended 30 June 2024 improved to 18.8% (2023: 19.1%).

> Rent roll: the rent roll at 30 June 2024 was £65.1 million (2023: £55.0 million) and the average rent was £12,060 per annum or £1,005 per month (2023: £10,831 per annum or £903 per month).

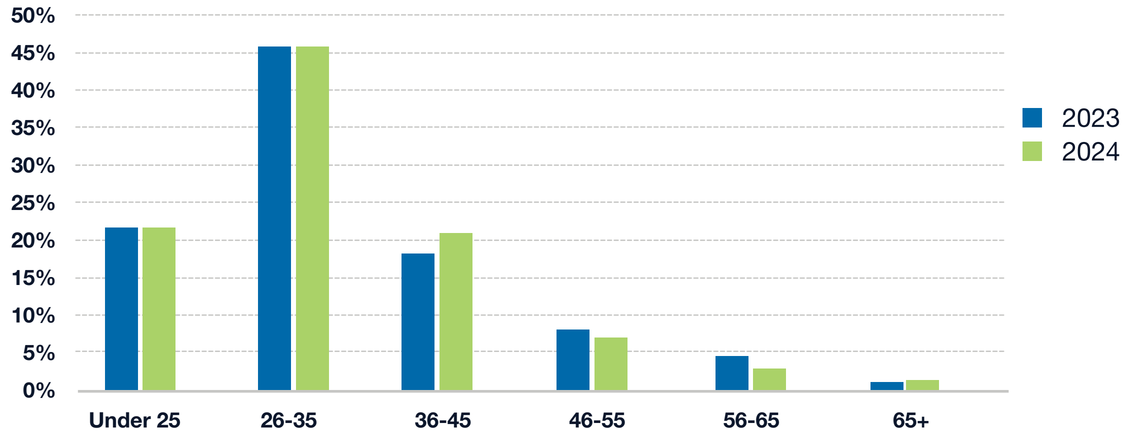
> Average size of site: the average size of site was 77 housing units (2023: 74 housing units).

> Properties by bedroom number: the split between 1, 2, 3 and 4-bedroom properties was approximately 3%, 26%, 62% and 9% respectively (2023: 3%, 26%, 62% and 9% respectively).

> Bad debt: bad debt expense for the year was £0.3 million (2023: £0.2 million) and the bad debt provision at the year-end was £0.7 million (2023: £0.5 million) reflecting a prudent approach in the current economic climate.

Age groupings

The largest age grouping across the customer base at the time of sampling on 30 June 2024 was 26-35 years. This age group represented 45% of the total customer base. It was also the largest grouping in 2023 although it accounted for a marginally higher proportion of the total customer base at 46%. All other age groups remained largely consistent with 2023, with the exception of the 36-45 age grouping, which is more strongly represented in 2024 compared to 2023. It is considered this grouping includes potential home buyers who have moved into the rented sector due to the difficulties in the for-sale sector.

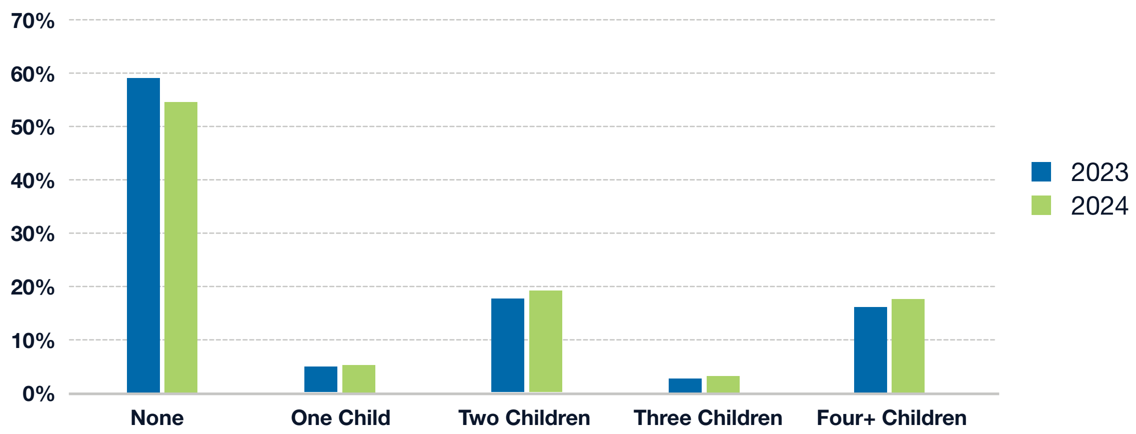


Household income bracket

Across the mid-ranges of household incomes, 2024 groupings are similar to 2023. The greatest changes between 2024 and 2023 are in the lowest and highest income brackets – with the most marked change in the, £65,000 plus gross income bracket, which has increased sharply year-on-year. This was also the case in the prior year. We have seen more households on lower incomes coming back into the portfolio although the average income as a whole across the portfolio has moved higher.

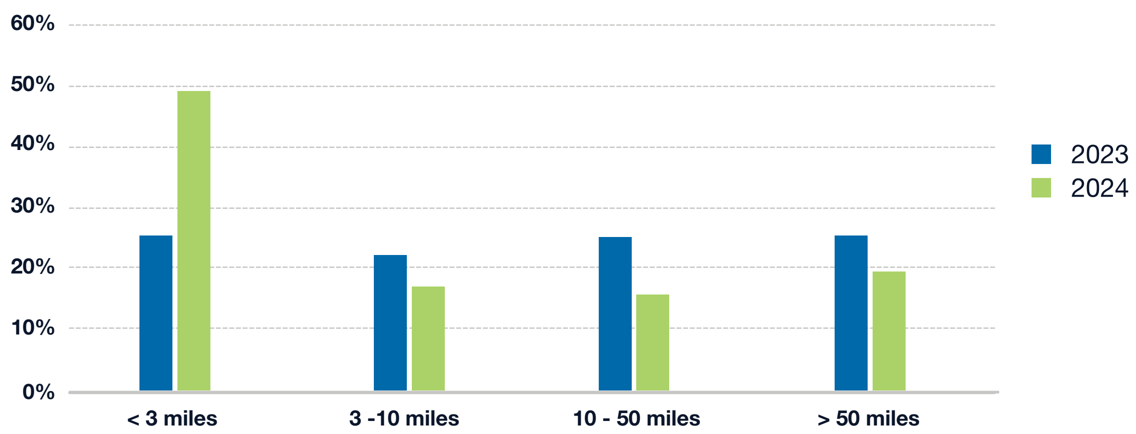
Tenancies with children

Approximately 45% of households included children, which is broadly unchanged from last year. It is assumed that some in the 26-35 year-old group are moving into homes with the intention of starting a family, but the high volume of renters without children may indicate a tendency to defer or abandon family formation. The two largest groupings of tenants with children are those with two or four plus children. This is similar to the prior year.



Distance travelled

We record the distance travelled by tenants from their previous address to their new 'Simple Life'[6] home. The two largest categories are those travelling 'under 3 miles' and 'greater than 50 miles'. As the brand is nationwide, we believe that this shows increasing brand awareness and that our model of site selection in and around major conurbations is capturing residents moving for employment reasons.



The data for both years are based on new applicant, regional data collected for the Simple Life Homes brand.

6 'Simple Life' – The PRS REIT's rental homes are marketed under the 'Simple Life' brand.

Property portfolio – North West

2,968 Number of units

52% of portfolio by investment value

Address	Units	Asset completed more than 3 years ago	Debt pool
Empyrean (Lower Broughton 5), Salford M7 1GA	298	N	LGIM
Reynolds Place (Eaton Works), Walkden M28 3GW	148	N	LGIM
Canalside (Whitworth Way), Wigan WN6 7QF	145	Y	SWII
Prescot Park (Carr Lane), Prescot L34 1NS	140	Y	SW
Coppenhall Place (Bombardier), Crewe CW1 3JB	131	N	–
Beehive Mill, Bolton BL3 2NF	127	N	SWII
Holyoake Road, Walkden M28 3DL	123	Y	SWII
Baytree Lane, Middleton M24 2EL	110	Y	SW
Hilton Park (Chadwick Street), Leigh WN7 1RL	103	Y	SWII
Brookside Grange (Roch Street), Rochdale OL16 2NG	100	Y	SWII
Earle Street, Newton-le-Willows WA12 9XD	97	Y	SW
Highfield Place (Tower Hill 3), Knowsley L33 1DF	96	Y	LGIM
Abbotsfield (Reginald Road), St Helens WA9 4HX	92	Y	SWII
Shrewsbury Close (Tintern Avenue), Middleton M24 6JQ	88	Y	SW
Brookfield Vale Phase 1, Blackburn BB2 3TZ	85	N	BB
Havenswood (Newhaven Business Park), Eccles M30 0HH	84	Y	SWII
Hollystone Bank (Riverside College), Runcorn WA7 4DS	83	Y	SWII
Durban Mill, Oldham OL8 4JT	80	Y	SW
Our Lady's (Our Lady's School), Little Hulton M28 0HF	73	Y	SW
Norwich Green (Norwich Street), Rochdale OL11 1LL	70	Y	SWII
Coral Mill, Newhey, Rochdale OL16 3SS	69	Y	SW
Brookfield Vale Phase 2, Blackburn BB2 3TZ	69	N	RBS
Queen Victoria Place (Queen Victoria Street), Blackburn BB2 2QG	68	Y	SWII
Hamilton Square (Howe Bridge Mill), Atherton M46 6JQ	59	Y	SW
Juniper Grove (Leach Lane), St Helens WA9 4PJ	55	Y	SW
Woodford Grange (Woodford Lodge Phase 1&2), Winsford CW7 4EH	54	Y	SW
Rochwood Rise (Entwisle Road), Rochdale OL16 2LJ	54	Y	SWII
Woodbine Road (Mackets Lane), Halewood, Liverpool L25 9PB	50	Y	SW
Belmont Place (Owens Farm), Hindley Green WN2 4XS	50	Y	SW
Ribblesdale Place, Accrington BB5 5BQ	47	N	RBS
Highfield Green (Tower Hill 2), Knowsley L33 1DF	42	Y	SW
Chase Park, Ellesmere Port CH65 5DE	40	Y	SW
Harewood Close (Durham Street,) Rochdale OL11 1AH	38	Y	SWII

Property portfolio – West Midlands

1,168 Number of units

21%

of portfolio by investment value

Address	Units	Asset completed more than 3 years ago	Debt pool
James Mill Way (Cable Street), Wolverhampton WV2 2QD	164	Y	SWII
Dracan Village at Drakelow Park Phase 1, Burton-on-Trent DE15 9UA	154	N	BB
Sutherland Grange (Sutherland School), Trench, Telford TF2 7JR	123	Y	SWII
Stonefield Edge (Bilston Urban Village), Wolverhampton WV14 0LA	123	Y	SWII
Ward's Keep (Heathfield Lane Phases 1&2), Darlaston WS10 8QY	109	Y	SWII
Silkin Green, Hinkshay Road, Telford TF4 3PF	78	Y	SW
Galton Lock (Mafeking Road), Smethwick B66 2EG	63	Y	SW
Stanley Park (Stanley Potteries), Stoke ST6 3PP	63	N	LGIM
Baberton Grange, Plough Hill, Nuneaton CV10 9NZ	50	N	LGIM
Dracan Village at Drakelow Park Phase 2, Burton-on-Trent DE15 9UA	41	N	-
Kingmakers View, Wolvey, Hinkley, LE10 3JF	32	N	BB
Bluebell Manor (Dawley Road), Telford TF1 2LT	31	N	RBS
Lea Hall Gardens, Handsworth B20 2AP	31	Y	SWII
Spirit Quarters, Monkswood Crescent, Coventry CV2 1FG	29	Y	SW
Brickkiln Place (Brickkiln Ph1&2), Wolverhampton WV3 0BS	24	Y	SWII
Spirit Quarters, Milverton Crescent, Coventry CV2 1GN	20	Y	SW
Ashbank Heights, Werrington, Stoke, ST9 0JR	16	N	RBS
Brickkiln Place (Brickkiln Ph3), Wolverhampton WV3 0BS	7	Y	SWII
Charlton Gardens, Phase 1, Telford, TF1 6BN	7	N	RBS
Charlton Gardens, Phase 2, Telford, TF1 6BN	3	N	RBS

Property portfolio – Yorkshire

626 Number of units

11%
of portfolio by investment value

Address	Units	Asset completed more than 3 years ago	Debt pool
Prince's Gardens (Manor Top Phase 2), Sheffield S2 1EY	85	Y	SWII
Prince's Gardens (Manor Top Phase 1), Sheffield S2 1EY	78	Y	SW
Ashfield Park, Station Road, Normanton WF6 2ND	72	N	LGIM
Pullman Green (Hexthorpe Phase 1), Doncaster DN4 0BE	69	N	RBS
East Hill Gardens (East Bank Road), Sheffield S2 3PX	58	Y	SWII
Yew Gardens, Granby Road, Doncaster DN12 1JU	53	Y	SW
Pullman Green (Hexthorpe Phase 3), Doncaster DN4 0BE	52	N	RBS
Pullman Green (Hexthorpe Phase 2), Doncaster DN4 0BE	49	N	RBS
Holybrook (Romanby Shaw), Bradford BD10 0EH	47	Y	SW
Pullman Green (Hexthorpe Phase 4), Doncaster DN4 0BE	39	N	BB
Park Grange House (Norfolk Park), Sheffield S2 3RE	24	Y	SW

Property portfolio – South East

381 Number of units

11% of portfolio by investment value

Address	Units	Asset completed more than 3 years ago	Debt pool
Milard Grange (Houghton Regis Parcel 6), Houghton Regis LU6 6JZ	129	N	LGIM
Coppice Hill (Houghton Regis Parcel 8), Houghton Regis LU6 6JZ	113	N	BB
Base at Newhall (Harlow Phase 2), Harlow CM17 9LR	74	N	LGIM
Base at Newhall (Harlow Phase 1a), Harlow CM17 9LR	28	N	SWII
Fornham Place at Marham Park (Marham Park Parcel C), Bury St Edmunds IP31 6NG	21	Y	SWII
Fornham Place at Marham Park (Marham Park Parcel D), Bury St Edmunds IP31 6NG	16	N	SWII

Property portfolio – North East

160 Number of units

2% of portfolio by investment value

Address	Units	Asset completed more than 3 years ago	Debt pool
Bracken Grange (Brackenhoe), Middlesborough TS4 3AE	80	N	LGIM
Kirkleatham Green, Redcar TS10 4GY	80	N	RBS

Property portfolio – Wales

99 Number of units

2% of portfolio by investment value

Address	Units	Asset completed more than 3 years ago	Debt pool
Dutton Fields (Airfields), Deeside CH5 2RD	99	N	LGIM

Property portfolio – Scotland

75 Number of units

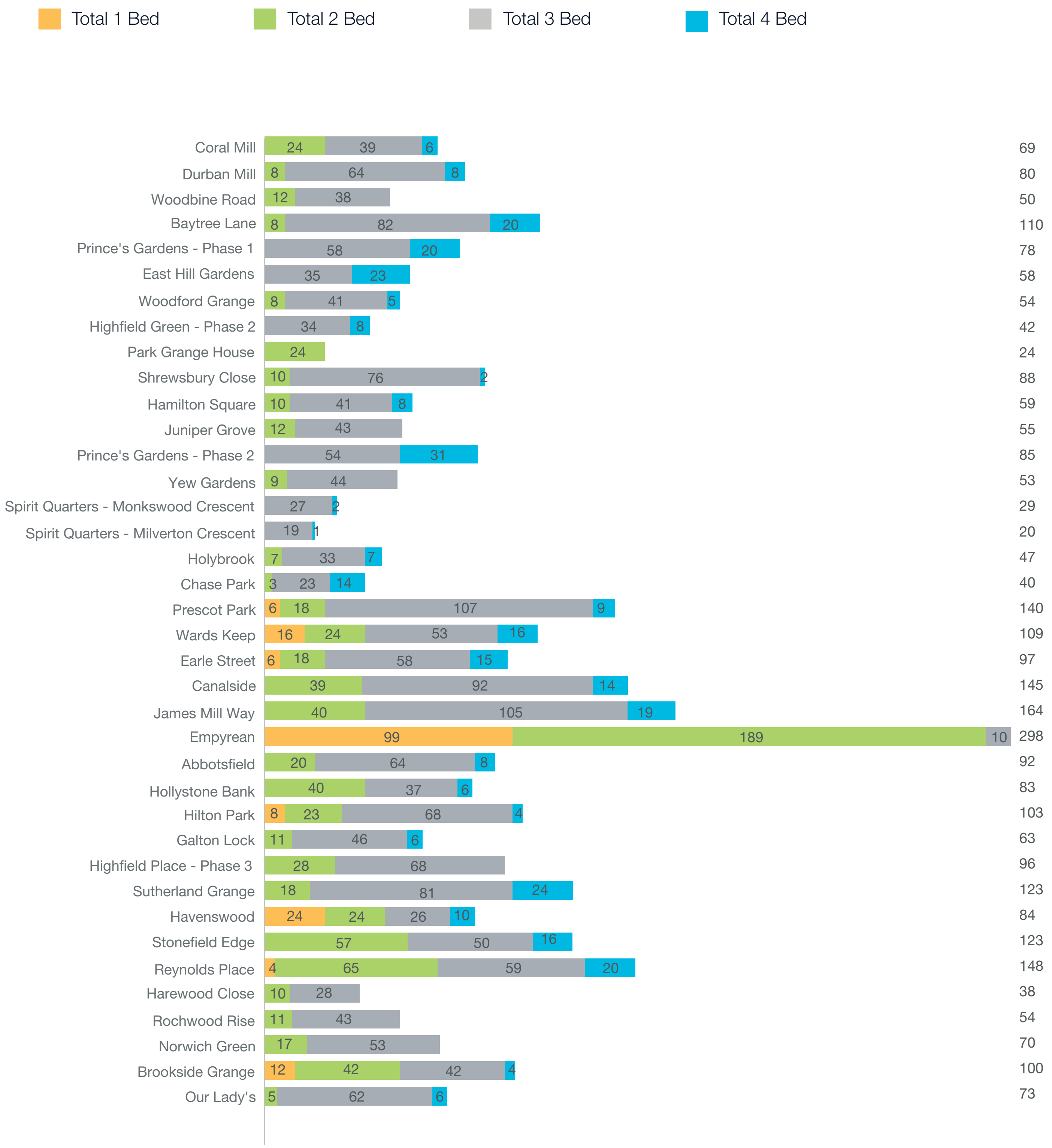
1%

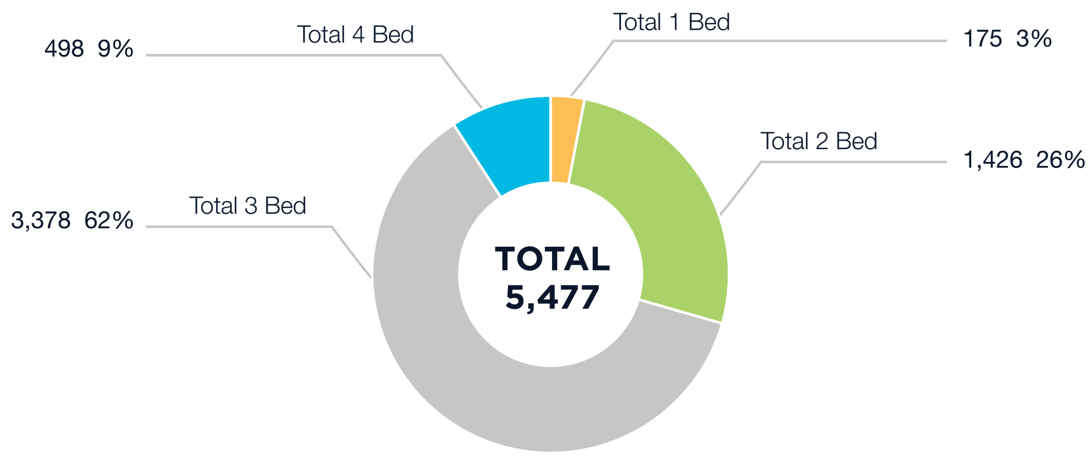
of portfolio by investment value

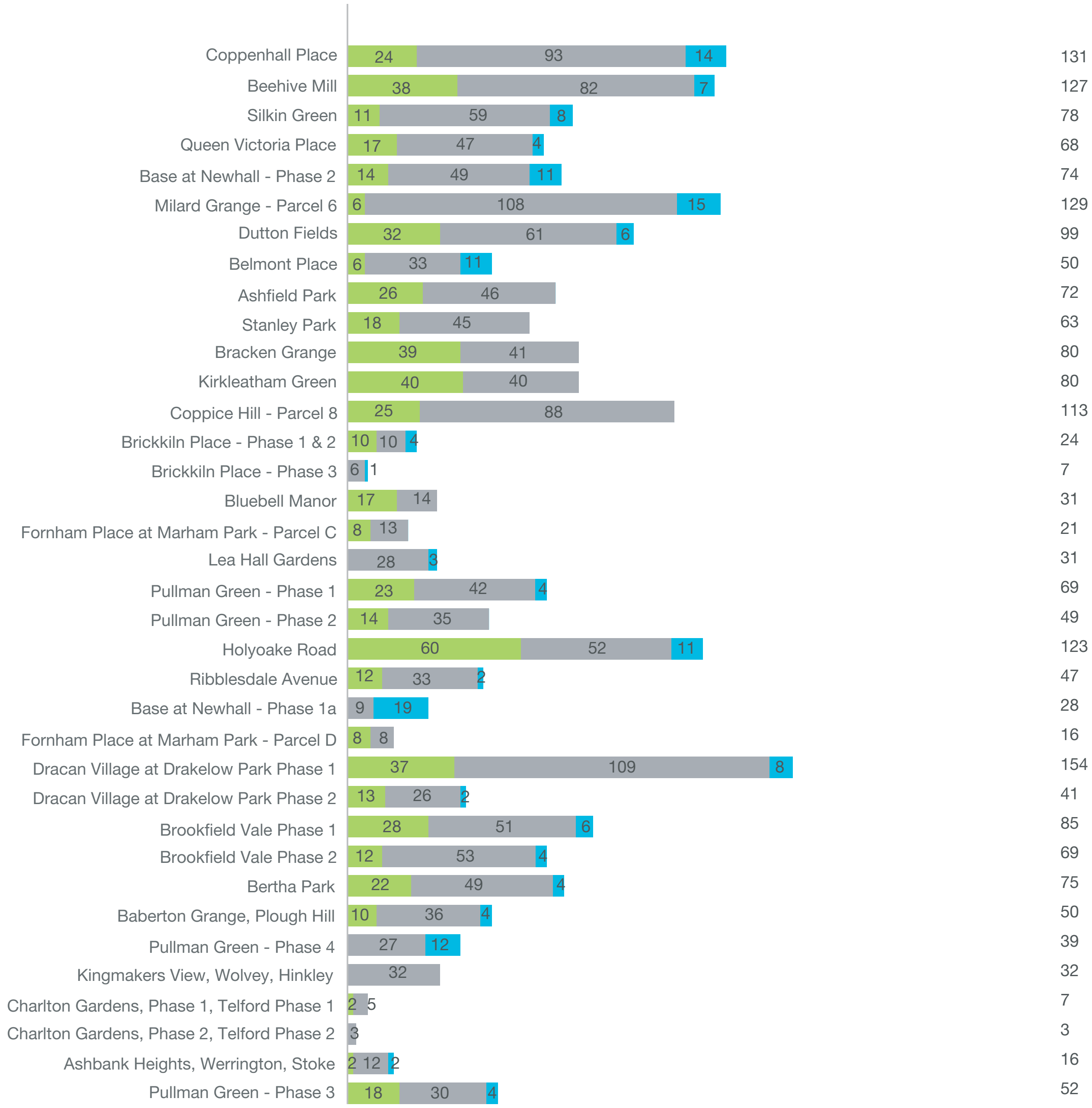
Address	Units	Asset completed more than 3 years ago	Debt pool
Bertha Park, Perth PH1 3JE	75	N	SWII

SW: Scottish Widows £100m long term investment debt fixed rate facility, **SWII**: Scottish Widows £150m long term investment debt fixed rate facility, **LGIM**: Legal and General Investment Management £102m long term investment debt fixed rate facility, **RBS**: £75m short term investment debt variable rate facility, **BB**: Barclays short term £33m development debt variable rate facility

Development portfolio – mix by property size




498 9%
Total 4 Bed
Total 1 Bed
175 3%
Total 2 Bed
1,426 26%
3,378 62%
Total 3 Bed
TOTAL
5,477


Coppenhall Place 24 93 14 131
Beehive Mill 38 82 7 127
Silkin Green 11 59 8 78
Queen Victoria Place 17 47 4 68
Base at Newhall - Phase 2 14 49 11 74
Milard Grange - Parcel 6 6 108 15 129
Dutton Fields 32 61 6 99
Belmont Place 6 33 11 50
Ashfield Park 26 46 72
Stanley Park 18 45 63
Bracken Grange 39 41 80
Kirkleatham Green 40 40 80
Coppice Hill - Parcel 8 25 88 113
Brickkiln Place - Phase 1 & 2 10 10 4 24
Brickkiln Place - Phase 3 6 1 7
Bluebell Manor 17 14 31
Fornham Place at Marham Park - Parcel C 8 13 21
Lea Hall Gardens 28 3 31
Pullman Green - Phase 1 23 42 4 69
Pullman Green - Phase 2 14 35 49
Holyoake Road 60 52 11 123
Ribblesdale Avenue 12 33 2 47
Base at Newhall - Phase 1a 9 19 28
Fornham Place at Marham Park - Parcel D 8 8 16
Dracan Village at Drakelow Park Phase 1 37 109 8 154
Dracan Village at Drakelow Park Phase 2 13 26 2 41
Brookfield Vale Phase 1 28 51 6 85
Brookfield Vale Phase 2 12 53 4 69
Bertha Park 22 49 4 75
Baberton Grange, Plough Hill 10 36 4 50
Pullman Green - Phase 4 27 12 39
Kingmakers View, Wolvey, Hinkley 32 32
Charlton Gardens, Phase 1, Telford Phase 1 2 5 7
Charlton Gardens, Phase 2, Telford Phase 2 3 3
Ashbank Heights, Werrington, Stoke 2 12 2 16
Pullman Green - Phase 3 18 30 4 52

Investment strategy and business model

Awards

Over the course of the year, a number of developments have been shortlisted or won awards while Simple Life[7] has been recognised for its social impact as well as its technology. We are delighted to highlight the following:

NE INSIDER PROPERTY AWARDS

Residential Development of the Year 2024 (Kirkleatham Green)

(WINNER)

NW INSIDER RESIDENTIAL PROPERTY AWARDS

BTR Development of the Year 2024 (Brookfield Vale)

(SHORTLISTED)

LOVE TO RENT AWARDS

Tech in BTR 2023 (‘*MySimpleLife*’ mobile app)

(SHORTLISTED)

LOVE TO RENT AWARDS

Best BTR SFH Development 2023 (Stonefield Edge)

(***WINNER)***

LOVE TO RENT AWARDS

Social Impact in BTR 2023 (Simple Life Homes)

(***WINNER)***

CITYWIRE INVESTMENT TRUST AWARDS

Best Specialist Trust Award 2023 (The PRS REIT plc)

(***WINNER)***

7 ‘Simple Life’ – The PRS REIT’s rental homes are marketed under the ‘Simple Life’ brand.

Business activities

The PRS REIT plc is a public limited company that was incorporated in England on 24 February 2017. Together with its subsidiaries, it is the only quoted Real Estate Investment Trust ("**REIT**") to focus purely on the Private Rented Sector ("**PRS**").

Investment objective, policy and business model

The PRS REIT is seeking to provide investors with an attractive level of income, together with the prospect of income and capital growth. It is delivering this through the establishment of a large-scale portfolio of newly-constructed residential rental homes for the private rented sector in or near towns and cities in the UK, excluding London.

The Company's scalable business model is able to deliver new homes across multiple regions and sites. It utilises the Investment Adviser's PRS property delivery and management platform (the "**Platform**").

The Company's portfolio of homes is targeted at the family market, which is the largest segment within the private rented sector. The Company has concentrated on traditional housing, with broad appeal, and its portfolio comprises differing house types, built to standardised specifications. They cater for most life stages, including smaller houses for young couples and retirees, and larger houses for growing families. The Company has also invested in some low-rise flats to broaden its rental offering.

The Company's homes are located across multiple sites in the UK, outside London, with the largest proportion sited in the Midlands and the North. Their locations have been carefully chosen for their accessibility to main road and rail links, good primary schooling, and proximity to centres of economic activity, which promote long-term employment prospects. The new-build nature of the assets means that they benefit from a 10-year building warranty, typically from the NHBC (National House Building Council), and manufacturers' warranties. Homes are let on Assured Shorthold Tenancies (as defined in the Housing Act 1988) to qualifying tenants. The sourcing of assets is undertaken by Sigma PRS and the Company has been building its portfolio in two ways.

> In the first instance, Sigma PRS selects suitable development sites, obtains detailed planning permission and agrees a fixed-price design & build contract with one of its construction partners. Thereafter, Sigma PRS manages the delivery process on behalf of the Company.

  Assets are always acquired with detailed planning consent and fixed price design & build contracts, thereby minimising the Company's exposure to development risk. Construction risk has been further mitigated with standard fixed-price design & build contracts, containing liquidated damages clauses for non-performance, financial retentions for one year after completion, and a parent company guarantee ensuring the satisfactory performance by the contractor and an indemnity for losses incurred. Over 80% of the Company's assets have been sourced through this way.

> In the second instance, assets are acquired by entering into forward purchase agreements with Sigma Capital Group Limited ("**Sigma**"), the holding company of Sigma PRS. The assets are only acquired once fully completed and let. Typically, they have been constructed by the same construction partners and supply chain as other assets whose development is described above, thereby ensuring homogeneity of the Company's housing stock. Completed and stabilised developments may also be purchased from other third-parties using approved construction partners.

In both instances, assets are acquired at the valuation provided by an independent valuer. The PRS REIT retains the right-of-first-refusal to acquire and develop any sites sourced by Sigma PRS that meet the Company's investment objective and policy subject to the availability of funding.

Achieving scale and reducing risk

The Sigma PRS Platform

The Investment Adviser has been utilising Sigma's well-established PRS property delivery and management platform to scale the PRS REIT's portfolio and to minimise development and operational risks.

Dedicated Sigma teams manage legal due diligence, corporate debt provision, site identification, development management, accounting and financial reporting, brand representation, and leasing and property management.

The efficacy of the Platform is well established and its scale brings significant financial and operational benefits to the PRS REIT. These include the Platform's relationships with development partners, which support the identification and acquisition of new homes, the award-winning 'Simple Life' lettings brand, which has widespread consumer recognition, and the Platform's substantial economies of scale. These elements have helped to facilitate growth opportunities, and support income growth and cost control.

Dedicated finance team

Sigma has a dedicated PRS REIT accounting and financial reporting team, which covers all aspects of the Company's finances. This includes: site acquisition; funding; board, management and statutory reporting; performance monitoring; forecasting; debt covenant compliance; and taxation.

Debt and legal teams

The debt and legal teams at Sigma use their extensive knowledge of the PRS REIT and their longstanding relationships with funders within the sector to secure bespoke, competitively priced debt facilities. These are used to ensure sufficient ongoing support for assets throughout their lifecycles. The legal teams have also built-up strong relationships with funders' advisers and this helps to ensure a streamlined and efficient legal process when transferring assets across debt pools, which drives optimum use of capital within the business.

Development team

Sigma has well-established relationships with construction partners, central government, and local authorities. Key construction partners include: Vistry Group including Countryside Partnerships; Kellen Homes; Springfield Properties; Lovell; Telford Homes; and Persimmon. Homes England, an executive non-departmental public body sponsored by the Department for Levelling Up, Housing and Communities, works closely with Sigma towards the common goal of accelerating new housing delivery in England.

Marketing team

The PRS REIT's homes are marketed under Sigma's 'Simple Life' brand, which is widely recognised as a leader in the single-family rental sector. The number of enquires received from Simple Life's marketing channels during lease up periods is now consistently greater than those received from traditional property portals.

Lettings management team

A specialist Sigma team of leasing and property management professionals manage the pricing and the release of new homes and oversee the customer experience across all properties. Sigma has also developed an award-winning, bespoke tenant app., which supports high customer service levels. It continues to be enhanced with new functionality.

Asset management team

The asset management team is responsible for detailed reviews of tenancies, and income and asset management, which are undertaken on a weekly basis. This underpins the orderly management of both tenancy renewals and new lets, supporting optimal income predictability and cash generation. The scale of Sigma's broader operations outside the PRS REIT, means that the Platform benefits from significant wider economies of scale, including considerable purchasing power, which reduce costs and provide greater long-term visibility of costs.

Geographic diversification

The PRS REIT's concentration risk has been reduced by creating assets across multiple locations and in different regions. Certain locations demonstrate higher yielding profiles (predominantly those in the North of England) while others provide greater potential for capital appreciation (often in the South of England). Proximity to good primary schools has remained a key requirement, reflecting the Company's focus on the single-family rental sector.

In addition, no investment has been made in any single completed PRS site or PRS development site that exceeds 10% of the aggregate value of the total assets of the Company at the time of commitment.

'Simple Life' brand

The PRS REIT's rental homes are marketed under the 'Simple Life' brand. The brand has created an identity for the PRS REIT's product and aims to represent a 'gold standard' in the private rented sector, by providing high-quality, sensibly-priced rental homes that are supported by high customer service standards.

The PRS REIT's long-term approach to the ownership of its assets also provides important reassurance to residents that their tenancies offer longevity. The Group also actively fosters initiatives that help to create a sense of community within the Group's developments.

Investment restrictions

The Group observes the following investment restrictions:

> the Group only invests in private rented residential houses and apartments located in the UK (predominantly in England);

> the Group invests in assets that require development by means of the Group's forward funding model, (so long as when completed they fall within the Company's investment policy). However, it does not undertake development without planning consent being in place or if the gross committed (but unspent) construction costs to the Group of all such forward funded development exceeds 25% of the aggregate gross value of total assets of the Group at the time of commitment, as determined in accordance with the accounting principles adopted by the Group from time to time (the "gross asset value"). Any forward funded development will only be for investment purposes;

> in order to further manage risk in the portfolio, no investment by the Group in any completed PRS site or PRS development site exceeds 10% of the aggregate value of the gross asset value of the Group at the time of commitment); and

> the Group does not invest in other alternative investment funds or closed ended investment companies.

Equity and debt financing

As previously outlined, the PRS REIT has obtained funding via equity raises from the capital markets and Homes England and utilises gearing to enhance equity returns. The level of borrowing, raised from banks and other institutions, is prudent for the asset class, whilst maintaining flexibility in the underlying security requirements and the structure of both the PRS portfolio and the Group. The Company's Investment Policy requires the aggregate borrowings of the Group to be subject to an absolute maximum, calculated at the time of drawdown of the relevant borrowings, of not more than 45% of the gross asset value. Once the portfolio is fully stabilised, the Investment Adviser expects gearing to settle to around 40% of gross asset value. Further detail of the Company's debt facilities can be found in the Investment Adviser's Report.

Derivatives

The PRS REIT uses derivatives for efficient portfolio management. In particular, the Company may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred, in accordance with the Company's gearing limits as part of the management of the portfolio.

REIT status

The Company will conduct its affairs so as to enable it to remain qualified as a REIT for the purposes of Part 12 of the Corporation Tax Act 2010 (and the regulations made thereunder).

Investment Adviser's Report

Sigma PRS Management Ltd ("**Sigma PRS**"), a wholly-owned subsidiary of Sigma Capital Group Limited, is the Company's Investment Adviser. It is pleased to provide a report on the PRS REIT's activities and progress for the year ended 30 June 2024 and to outline the portfolio's performance in the first quarter of the new financial year ending 30 June 2025.

Operational review

Development activity and acquisitions

A total of 316 homes were added to the PRS REIT's portfolio in the financial year to 30 June 2024 (2023: 294 homes). This included the acquisition, from Sigma, of a new, fully-let development of 52 homes in Yorkshire. These new homes took the total number of completed homes in the portfolio at the end of June 2024 to 5,396, an increase of 6% on the same point last year (2023: 5,080).

The combined estimated rental value ("ERV") of the completed homes in the portfolio increased by 18% year-on-year to £65.1 million per annum (30 June 2023: £55.0 million per annum). The majority of these homes are in six of the eight major regions of England, with the remainder being a development in Wales and another development in Central Scotland.

There is a difference between ERV, used for valuation, and actual passing rent paid by tenants. As at 30 June 2024, ERV was estimated to be £5.4 million higher than passing rent (2023: £5.1 million higher). This reflects the strong demand for the Company's homes. The fair value of the Company's investment properties as at 30 June 2024 is based on ERV with a capital deduction from investment value where appropriate to reflect the difference between the passing rent and ERV, with all estimates compiled independently by Savills.

The table below provides further information on development activity over the financial year, as well as comparative data for the financial year ended 30 June 2023 and data for the first quarter of the new financial year ending 30 June 2025.

	At 30 September 2024	At 30 June 2024	At 30 June 2023
Number of completed homes	5,425	5,396	5,080
ERV per annum of completed homes	£67.5m	£65.1m	£55.0m
Completed sites	68	68	63
Contracted sites	4	4	8
Number of contracted homes	151	180	444
ERV per annum of contracted homes	£1.6m	£1.4m	£3.8m

Construction resource

The construction resource provided by the Sigma PRS Platform has national reach, enabling the expansion of the Company into key population centres across the UK, primarily in England, and supporting the creation of a geographically diverse portfolio.

There are many benefits for our construction partners in partnering with us. These include strengthening their ability to bid for land with local councils and improving their operational efficiencies with their own housing delivery. This partnership approach works well and the model we operate - of using standard family house types, fixed price design & build contracts, together with standardised specification - helps to ensure that developments are built to budget. The standardisation of housing type also means that completed assets can be maintained and managed more efficiently.

Financial results

Income statement

The Group's revenue (which is wholly derived from rental income) increased by 17% over the year to £58.2 million (2023: £49.7 million). After the deduction of non-recoverable property costs, the net rental income was £47.3 million (2023: £40.2 million). Administration expenses were slightly higher at £9.2 million (2023: £8.3 million) reflecting portfolio growth.

The gain from the fair value adjustment on investment property was £73.4 million, significantly higher than last year (2023: £25.4 million). It continues to reflect a combination of higher ERV offset partially by the negative impact of slightly higher yields in the current and previous periods as asset values move inversely to yield. Operating profit increased to £111.7 million (2023: £58.9 million).

Finance costs for the year were higher at £18.2 million (2023: £16.5 million), which resulted from increased debt utilisation and associated costs during the year, as the portfolio was further built out, and higher interest rates. Finance income from short-term deposits was up sharply to £188,000 (2023: £49,000). The profit after taxation increased to £93.7 million (2023: £42.5 million).

The basic and fully diluted earnings per share on an IFRS basis for the year increased to 17.1p (2023: 7.7p).

Dividends

The total dividend for the financial year under review amounted to 4.0p (2023: 4.0p) per ordinary share, declared and paid quarterly as follows:

> on 2 November 2023, the Company declared a dividend of 1.0 pence per Ordinary Share in respect of the period from 1 July 2023 to 30 September 2023, which was paid on 1 December 2023 to shareholders on the register as at 10 November 2023;

> on 31 January 2024, the Company declared a dividend of 1.0 pence per Ordinary Share in respect of the period from 1 October 2023 to 31 December 2023, which was paid on 8 March 2024 to shareholders on the register as at 16 February 2024;

> on 23 April 2024, the Company declared a dividend of 1.0 pence per Ordinary Share in respect of the period from 1 January 2024 to 31 March 2024, which was paid on 31 May 2024 to shareholders on the register as at 10 May 2024; and

> on 1 August 2024, the Company declared a dividend of 1.0 pence per Ordinary Share in respect of the period from 1 April 2024 to 30 June 2024, which was paid on 30 August 2024 to shareholders on the register as at 9 August 2024.

Balance sheet

The principal items on the balance sheet are investment property of £1.1 billion (2023: £1.0 billion), cash and cash equivalents of £18.1 million (2023: £13.2 million), long-term loans of £385.1 million (2023: £248.4 million), short term loans of £31.8 million (2023: £126.7 million) and trade and other payables, accruals and deferred income of £16.3 million (2023: £20.1 million).

Investment property includes completed assets and assets under construction at fair value.

Debt financing

At 30 June 2024, the PRS REIT had the following debt facilities:

> £100 million term loan of 15 years with Scottish Widows, fully drawn as at 30 June 2024 (2023: fully drawn) and maturing in June 2033. Interest is fixed at 3.1% and the loan is secured over assets allocated to Scottish Widows;

> £150 million term loan of 25 years with Scottish Widows, fully drawn as at 30 June 2024 (2023: fully drawn) and maturing in June 2044. Interest is fixed at 2.8% and the loan is secured over assets allocated to Scottish Widows;

> £102 million term loan of 15 years with Legal and General Investment Management, fully drawn as at 30 June 2024 (2023: £nil) and maturing in July 2038. Interest is fixed at 6.0% and the loan is secured over assets allocated to Legal and General Investment Management;

> £75 million revolving credit facility ("**RCF**") with The Royal Bank of Scotland plc ("**RBS**") for an initial term of two years, to mid-July 2025. Interest was based on three-month Sterling Overnight Interbank Average Rate ("SONIA") plus applicable margin and the loan was secured over assets allocated to Lloyds Banking Group. As at 30 June 2024, £34.3 million had been drawn; and

> £33 million (2023: £40 million) development debt facility with Barclays Bank PLC, maturing in August 2025. Interest is based on three-month SONIA plus applicable margin and the loan is secured over assets allocated to Barclays Bank PLC. As at 30 June 2024, £32.6 million had been drawn (2023: £15.2 million drawn).

Debt refinancing

At the beginning of July 2023, the Company refinanced its £150 million RCF provided by RBS and Lloyds Banking Group plc, replacing it with £102 million facility with Legal and General Investment Management, together with a £75 million floating-rate debt facility agreed with RBS; see table above. The floating-rate facility provides flexibility to refinance this element of debt at a potentially more favourable rate during the two-year term of the loan.

The Company immediately deployed approximately £115 million of these new facilities (i.e. the £102 million fixed-rate facility and £13 million of the floating-rate facility) to fund fully completed and stabilised sites. A further £21 million of floating-rate debt was drawn down to fund those sites still in the process of being completed and stabilised in the period to 30 June 2024. The remaining £41 million of these new facilities is expected to be drawn in the next 6 to 12 months.

In September 2023, the Barclays Bank PLC development debt facility was reduced from £40 million to £33 million.

Gearing on the portfolio remains low at 36% EPRA LTV (2023: 37%). Approximately 82% of the £427 million of investment debt is now fixed rate at an average of 3.8%, which compares favourably against the average net investment yield for valuation purposes of 4.59%.

The PRS REIT's aggregate borrowings will always be subject to an absolute maximum, calculated at the time of drawdown of the relevant borrowings, of not more than 45% of the value of the assets. Although the aggregate debt facilities total £460 million, the £33 million Barclays Bank PLC debt facility can be drawn as development debt. This enables a larger number of sites to be developed simultaneously. Once those sites that have been partially funded by development debt have been fully completed and homes let, the assets are refinanced using the Company's longer-term investment debt facilities. On this basis, total borrowings will not exceed the maximum gearing level of 45% highlighted above.

Key performance indicators

The Company's performance is tracked and the major key performance indicators ("**KPIs**") are shown below:

KPI	June 2024	June 2023	Change
Rental income (gross)	£58.2m	£49.7m	+17%
Average rent per month per tenant	£1,005	£903	+11%
Number of properties available to rent	5,396	5,080	+6%
Average net investment yield	4.6%	4.5%	+2%
Non-recoverable property costs as a percentage of gross rent (gross to net)	18.8%	19.1%	-2%
Fair value uplift on investment property	£73.4m	£25.4m	+186%
Operating profit	£111.7m	£58.9m	+119%
Earnings per share ("**EPS**")	17.1p	7.7p	+119%
EPRA EPS	3.7p	3.1p	+19%
Dividends declared per share in relation to the period	4.0p	4.0p	–
Dividends paid during the period	4.0p	4.0p	–

All the KPIs are in line with management expectations. Rental income increases, non-recoverable property costs, operating profit, and the number of properties available to rent reflect the increased size of the portfolio and the progression of development sites.

The valuation of the Group's property assets is based on five key drivers:

> land purchase;

> cost to build;

> ERV;

> gross to net income deductions; and

> yield.

Rental income, being passing rent rather than ERV, and gross to net income deductions or operating costs, are the key factors in determining net income. Small variations in these can have a material impact on the valuation of property or the net income levels. These drivers therefore form the basis of the key performance indicators measured and monitored by the Company. Other Special Assumptions applied in addition to the key drivers, and used since inception include: all individual site valuations have been treated assuming part of a larger portfolio (in excess of £50 million); and an indirect purchase of a special purpose vehicle holding title to the asset, so stamp duty is assessed on a share purchase basis rather than as property.

As the majority of the property assets are now completed and let (with costs incurred), our primary focus has moved to rental income performance, operating expenses and average net investment yield. Levels of rental income are dependent on the number of completions and annual rent levels set at the time of renewals and re-lets. The portfolio's average rent at 30 June 2024 was £1,005 per calendar month, which reflects year-on-year growth of 11% (2023: £903 per calendar month) and is consistent with the like-for-like blended rental growth of c.12% on stabilised sites during the financial year.

The number of completed homes is the other key determinant of gross rental income. At the end of June 2024 the number of completed homes was 5,396, up by 316 (6%) from 5,080 at the same point in 2023. The delivery of the initial portfolio is nearing its end, with only a relatively small number of homes remaining to be delivered and the majority of assets completed and let.

Operating expenses determine the quantum of gross rental income that is converted into net rental income. This, in turn, determines the underlying profitability of the Group. In addition, the independent valuers utilise industry-standard assumptions on long-term sustainable operating expenses in performing their valuation work. Monitoring real-life operating expense levels against the industry-standard assumptions is therefore key in assessing overall asset performance and re-affirming the assumptions utilised by the independent valuers. The prevailing level of operating expenditure of 18.8% (2023: 19.1%) is lower than the long-term sustainable assumption and this reflects the still relatively young age of the assets in the portfolio.

Valuation of the Group's property assets, which is undertaken by independent valuers, represents the largest component of the balance sheet. Movements in the valuation between balance sheet dates are therefore essential in understanding profitability through the income statement and asset strength on the statement of financial position.

The valuation uplift during the year reflects a combination of the development surplus recognised on assets under construction together with the impact of the revaluation of the portfolio at the year end. The valuation uplift of £73.4 million (2023: £25.4 million) is the result of the combined impact of ERV and average net investment yield movements. Over the financial year, the ERV of completed homes grew to £65.1 million from £55.0 million, an 18% uplift, of which unit numbers account for only 6%, while the average net investment yield has softened from 4.47% to 4.59%. As asset values move inversely to yield, the ERV growth has more than offset the increase in net investment yield.

The portfolio's average rental affordability ratio (measured as rent paid as a proportion of gross household income) is very healthy at 23% in 2024 (2023: 22%). This is after like-for-like rental growth on stabilised sites of c.12% over the financial year (2023: c.8%). The like-for-like rental growth on stabilised sites is the annual rental growth on sites where all units have been completed and let/nearly all let.

Post period review

Over the first quarter of the new financial year, 29 new homes were added to the portfolio, taking the number of completed homes at 30 September 2024 to 5,425, and the cumulative ERV of completed homes to £67.5 million per annum. At the end of September 2024, there were an additional 151 homes, with a combined ERV of £1.6 million per annum, under way. The portfolio's total ERV of completed and not-yet-completed homes therefore amounted to £69.1 million at 30 September 2024. It is currently expected the majority of the remaining homes will be delivered by the end of the calendar year 2024.

The Company continues to work with one of its principal house building partners to resolve a planning issue in respect of one of its sites. Further details can be found in Note 18.

The table below provides further information of delivery activity over the first quarter of the new financial year.

	At 30 September 2024	At 30 June 2024
Number of completed PRS homes	5,425	5,396
ERV per annum of completed homes	£67.5m	£65.1m
Number of contracted homes	151	180
ERV per annum of contracted homes	£1.6m	£1.4m

Resident feedback

Understanding how happy residents are with their homes and with customer service is extremely important and we obtain and track resident feedback regularly. All tenants are sent a tenant satisfaction survey about one week into their tenancy and then again six months later. This helps us to understand tenants' experience from the outset, with our lettings and moving-in teams, and then once settled into their tenancies. We also seek to ask tenants to complete a survey when renewing their tenancies.

The following table provides a summary of our surveys conducted in the 12-month periods to 30 June 2024 and to 30 June 2023.

	Percentage of tenants who responded that:	**July 2022 – June 2023**	**July 2023 – June 2024**
Welcome survey	the team made it easy to apply	96%	96%
	they were kept well-informed during the application process	89%	91%
	they received all the information they required	91%	89%
	the quality of their home met with their expectations	90%	87%
	they would recommend 'Simple Life'	96%	96%
Six-month survey	they were still happy with their home	98%	94%
	they were happy with the service provided	89%	90%
	they felt they had been kept well-informed	88%	86%
	they felt that the Simple Life team has been responsive and that are satisfied with the service provided	89%	90%
	the communal areas were well maintained	84%	88%
	they feel part of a community	85%	89%
	they felt their maintenance requests were fixed in a timely manner	77%	81%
	they would recommend 'Simple Life'	95%	94%
Renewal survey	they were happy with their 'Simple Life' experience so far	96%	97%
	they renewed their tenancy because they love the property	58%	54%
	they renewed their tenancy because they love the area	20%	28%
	they renewed their tenancy because of the rent (value for money)	5%	4%
	they renewed their tenancy because 'Simple Life' offers a better service than a 'one-off' landlord	17%	15%
	they see themselves staying with 'Simple Life' for 4 years or more	58%	62%
	they see themselves staying for 3 years or more	76%	78%
	they would recommend 'Simple Life'	94%	94%

All results are based on responses on a range from "neutral" to "strongly agree". Tenants are given the option to respond on a range from "disagree" to "strongly disagree". These responses are not included in the results reported above. The total number of respondents to the three surveys for the 12 months ended June 2024 was as follows: 'Welcome' survey – 287 (2023: 281); Six-month survey – 246 (2023: 223); and Renewal survey – 660 (2023: 330).

Overall the results from the latest survey show a high level of tenant satisfaction, and that there is a strong level of consistency in tenant satisfaction between the two years.

The largest increases in tenant satisfaction between the two years is in the Six-month survey results, and related to the maintenance of communal areas, the timely resolution of maintenance requests, and feeling part of a community. There was a four percentage point rise in each of these categories.

It is encouraging to see that across the three surveys the proportion of tenants who stated that they would recommend Simple Life remained very high at between 94% and 96%.

The strength of the Simple Life brand has continued to grow.

> Over the calendar year 2023 (Jan-Dec) the Simple Life website received c.364,000 users to the website and over 16,500 enquiry submissions.

> The main sources of enquiry to the Simple Life website for information on newly-launched developments are: online search (26%), word-of-mouth recommendation (16%) and site signage (12%).

> The main sources of enquiry to the Simple Life website for information on all developments are: online search (26%), word-of mouth recommendation (21%), and portal listings (16%).

> Simple Life's following on Facebook, Instagram, YouTube at 31 July 2024 was 5,600+, 5,200+ and 1,100+ respectively. At the end of July 2024, Simple Life had 200+ followers on TikTok (the newest social media channel for the brand).

> Over 5,300 tenants have signed up to the Simple Life mobile app (74% of households) as at 31 July 2024.

Tenant initiatives

Affordability and energy calculator

As reported previously, an affordability calculator, based on the Investment Adviser's referencing criteria, is built into the Simple Life website. It is designed as an aid to assist prospective residents to determine how much monthly rent they can afford relative to their earnings and outgoings.

Following the energy efficiency modelling that Sigma undertook in 2022, the Simple Life website now offers an energy efficiency calculator against our most common property types. Users are able to input their usage habits and property details to obtain an energy bill estimate.

Rental availability

The Simple Life website lists the availability of rental homes in real-time. As well as giving potential renters a better service, it also facilitates a more efficient uptake of homes.

'My Simple Life' mobile app

The bespoke resident mobile app, 'My Simple Life', available on Google and Apple devices, provides a convenient and efficient 'one-stop shop' for residents' needs. It offers:

> easy access to all important documents, such as tenancy agreements, inventories, EPC, gas and EICR certificates;

> information on homes, including floorplans and measurements;

> information on home appliances, including manuals;

> access to statements of account, with certain payments enabled via the app;

> access to meter-readings, including 'push' notifications when a new reading is ready to view;

> access to an open forum, enabling residents on the same development to engage with each other;

> easy reporting of maintenance problems;

> exclusive affiliate offers and discounts;

> a dedicated health and wellbeing section;

> latest news;

> information on the local area; and

> a section for tenant feedback.

The app continues to be updated, adding new functionality and services. Over the period, this included:

> the ability to add images to forum topics and comments – particularly relevant for 'lost and found' enquiries and furniture swaps; and

> a diary function, allowing notifications to any upcoming neighbourhood events, competitions and other important memos.

There are further plans to expand and develop the app over the new financial year.

Affiliate offers

The range of affiliate offers available to tenants was broadened over the year. New offers agreed included discounts from Hello Fresh, Furniture Box, Blinds Direct, and byMATTER, the innovative cleaning and home products company. These offers supplement existing affiliate offers from Oddbox, Sky, Argos, Dunelm, Wayfair, AO, Pretty Little Thing, Appleyard London Florists, The Modern Milkman, ESPA, Virgin Wines, Simply Cook, Smol and many more.

Podcast

The 'Simple Life Chat' podcast, headed by Capital Radio presenter, Russ Morris, continues to explore topics of interest to residents, with experts and residents participating in discussions.

Online reviews

Simple Life is registered with Trustpilot, the review platform, and tenants are routinely invited to leave reviews. This helps the Investment Adviser to identify any areas that need improvement. There are over 960 reviews on Trustpilot and Simple Life achieved an overall rating of 3.5 stars out of 5.0. This compares to an average rating of 2.9 for the business category of Property Rental Agency. All reviews are monitored, with responses provided as appropriate.

Simple Life developments also feature on 'Home Views', a dedicated review website for housing developments. They have gained an average score of 4.29 out of 5.00 from approximately 793 resident reviews (with the BtR benchmark at 4.29).

Customer testimonials

A selection of customer testimonials are below.

"Everything is great. Homes are lovely and everything is so simple living here. My house is open plan which is great, garden is massive! I've got 2 bedrooms which are nice and spacious. I've always felt really looked after here, the customer service is great. I've lived here now 4 years and I couldn't see myself living anywhere else. The views from the homes looking over the River Mersey are always a dream."

Jemma (Hollystone Bank Resident), Home Views

"The development is great with a lot of very friendly people who are great. Also the facilities is great too report a fault with my toilet it was fixed the same day . . . amazing thank you Simple Life for allowing me to live in a beautiful home."

Sarah S (Pullman Green Resident), Home Views

"Great house and if you need help they're always there for you to fix any problems promptly. Amazing and the location of the property is perfect."

Ash (Charlton Gardens Resident), Home Views

"I live in the 2 bedroom irwell property, I love the open plan layout downstairs and all of the appliances being built in and hidden away. Lovely view of the back garden through the large French doors. The property management is so easy through the Simple Life app, the communication and customer service is excellent."

Jessica C (Brookfield Vale Resident), Home Views

"Amazing company throughout. Our home is stunning and we now have a home for life."

Michele, Trustpilot

"Simple Life Homes is leading the way how to manage rented accommodation. They have thought of everything and it's clear they have invested time, effort and money in making the process as smooth for the tenant as possible. They have a dedicated app and process to manage your property, report problems, seek help and much more. They have even included user manuals for all of your appliances in their app. That's pretty impressive. I would highly recommend!"

Nikola, Trustpilot

"Just moved into my new Simple Life home and I can't wait for the journey!! They have been very friendly, very patient and understanding and I feel very lucky to be picked for one of these lovely homes, after searching for over 3yrs for a home."

Sasha, Trustpilot

"The house is a cosy one, with lots of modern facilities including the solar panel, smart meters, security and zoned heating system. The house is well equipped with an oven, a washing machine with the dryer, a dishwasher, a fridge. The management is efficient and we always get prompt responses."

Su, (Ashfield Park Resident), Home Views

Summary and outlook

The performance of the portfolio over the year was excellent and its performance over the first quarter of the new financial year continues this trend. Occupancy and demand over the first quarter remained at very high levels and rent collection was extremely strong. Affordability, which is average rent as a proportion of gross household income, continued to track very well too, both in absolute terms and when measured against the guidance provided by the Office for National Statistics.

We expect the portfolio to continue perform strongly in the new financial year, since the factors driving demand remain unchanged. Higher mortgage rates and general economic uncertainty will also stimulate the rental market.

We are approaching the end of the initial phase of housing delivery for the PRS REIT. By the end of calendar 2024, we expect to have delivered the majority of the balance of homes that are still under construction. The remaining homes should be completed in the first half of calendar 2025. At that point, the PRS REIT's portfolio will comprise about 5,600 homes with an ERV of £69.1 million per annum, underscoring its leadership position in single-family rental homes in the UK.

We look to the future with confidence and continue to focus our efforts on steering through remaining delivery, providing residents with a high standard of customer care, and ensuring all developments remain attractive, environmentally sustainable, and neighbourly places in which to live.

Environmental, Social and Governance

ESG statement

The Company's Investment Adviser ("IA"), Sigma PRS, undertakes the day-to-day management of the PRS REIT plc's ESG strategy. Sigma PRS also takes responsibility for managing ESG priorities at Company level and at an asset level. All the Company's assets are managed under the 'Simple Life' brand, which is operated by Sigma PRS. The Investment Adviser reports on ESG matters to the PRS REIT's Board on a quarterly basis, and there are regular meetings between Sigma PRS and the Company on all matters of strategy, planning and direction.

Approach

Sigma PRS engages with leading industry bodies that seek to promote high ESG standards and best practice, and has signed up to the United National Global Compact ("UN Global Compact") as well as committing to the UN's Sustainable Development Goals ("**SDG**") and to SDG Ambition, which guides the UN's goals.

The UN Global Compact is the world's largest corporate sustainability initiative and a special initiative of the United Nations Secretary-General. It is designed to encourage business leaders to implement universal sustainability principles, in particular, the UN Global Compact's Ten Principles and so help to deliver the UN's SDG. The Ten Principles are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

SDG Ambition is focused on the UN's target of Land Degradation Neutrality ("**LDN**") and its LDN principles. Objectives include zero deforestation and enhanced biodiversity through tree and wildflower planting programmes.

The PRS REIT is a member of European Public Real Estate Association ("**EPRA**"), a not-for-profit association that represents the publicly-traded European real estate sector. EPRA's mission is to promote, develop and represent the European public real estate sector by, amongst other things, providing better information to investors and stakeholders, actively engaging in public and political debate, and promoting best practices.

The Investment Adviser regularly monitors the changing legislative and reporting landscape, including the EU Sustainable Finance Disclosure Regulation ("**SFDR**"), the UN Principles of Responsible Investment ("**PRI**"), the Task Force on Climate-Related Financial Disclosures ("**TCFD**"), the Taskforce on Nature-related Financial Disclosures ("**TNFD**"), the EU's Corporate Sustainability Reporting Directive ("**CSRD**"), as well as national and city-level regulations, which are increasing.

National Government initiatives on biodiversity, including Biodiversity net gain, and energy are closely tracked and Sigma PRS has incorporated these and other ESG factors into investment advisory processes and operations. A summary of Sigma PRS's policy approaches in key areas is outlined below:

Opportunity review

> ESG risks are assessed, reviewed and monitored, and strategies are established, based on recognised frameworks such as climate change and social needs.

Investment advice

> ESG issues are listed and addressed in a summary investment paper, which informs decision-making at the Investment Adviser's Investment Committee approval stage.

> ESG costs, including those related to ongoing community involvement, are determined and factored into investment decision-making processes.

Asset management

> Appropriate governance structures are established.

> Relevant laws and regulations are adhered to.

> ESG issues are monitored and managed.

> Impacts on the natural habitat surrounding PRS assets are managed.

> Local community engagement and support plans are established, reviewed and developed.

> Due diligence is performed on third parties e.g. service providers.

> Policy reviews and updates are ongoing.

> Good practice is established.

> Carbon reduction opportunities are regularly researched and reviewed.

> Investment restrictions are screened to ensure ongoing compliance.

> The ability of investments to comply with ESG standards is assessed.

Processes and strategies

The PRS REIT recognises its responsibilities regarding the environment and also public priorities. The Government's '10 Point Plan for a Green Industrial Revolution', and "Net Zero Strategy: Build Back Greener" set out pathways to accelerate the UK's attainment of net zero carbon emissions and encompasses energy, production, transport, innovation and the natural environment, with 2050 set as the endpoint of its net zero goal.

In the real estate sector, there is a continuing need for action in areas such as energy and water consumption, non-fossil fuel heating provision and biodiversity. In developing the Company's ESG agenda, Sigma PRS has embedded best practices, and works closely with supply chain and construction partners to ensure that their policies and activities comply with the PRS REIT's commitment to legislative requirements and best practice.

The Investment Adviser aims to create residential environments that promote societal and individual well-being through the provision of:

> high-quality, well-designed, energy efficient homes;

> long-term tenancies;

> well-located developments which offer ready access to centres of employment, good local primary education, public transport and retail centres;

> professional repair and maintenance;

> high levels of customer service

> regular community events; and

> active engagement and support for local charities, clubs and groups.

Environmental impact and data

The Company is aware of the impact that its activities have on the environment and remains highly motivated about taking action to minimise and mitigate any negative aspects.

The energy efficiency of the portfolio's homes is an important aspect of their design and build. All the new homes added during the financial year ended 30 June 2024 achieved an Energy Performance Certificate ("EPC") rating of at least a B, and across the Company's portfolio 87% of homes are rated A or B. The balance have an EPC rating of C, which are typically the flatted developments.

The EPC data for the Company's homes as of 30 June 2024 is as follows:

EPC Rating	No. of Homes	%
A	47	1%
B	4,671	86%
C	678	13%
Total	5,396	100%

In line with goals to continually improve energy efficiency and futureproof assets in line with government targets and the Future Homes Standard, Sigma PRS is working closely with construction partners to install new technologies. This includes solar photovoltaic panels and electric vehicle ("**EV**") charging facilities where possible. Air Source Heat Pumps, District Heating Networks, and Wastewater Heat Recovery Systems are also considered for inclusion in design specifications.

Sigma PRS continues to work with its supply partners to monitor and track greenhouse gas emissions and waste produced in the construction and operation of homes. The data will help to direct future initiatives to reduce carbon emissions. Sigma PRS is in the process of undertaking a major carbon assessment project on 500 occupied homes. Data collation is not necessarily easy as there is no legal obligation on customers, or other third parties to provide information. The project is being conducted with arbnco Ltd, which assists businesses in the assessment, measurement and improvement of their ESG performance and the capture of 'real life' operational data will be immensely valuable in establishing energy and carbon calculations for the wider portfolio.

Scope 1 and 2 emissions are those owned or controlled by a company. Scope 3 emissions are a result of the activities of the company but occur from sources not owned or controlled by a company. Examples of Scope 1 include direct emissions from fuel combustion on site such as boilers and fleet vehicles. Scope 2 emissions relate to indirect emissions generated from purchased energy such as electricity, and Scope 3 emissions relate to emissions created by the products we buy from suppliers and that our customers use.

Additional information on the PRS REIT's environmental, social and governance activities can be found in its annual ESG Report, which is available on the Company's website at www.theprsreit.com.

Social engagement and impact

The Company places great importance on engaging with the communities in which its developments are sited. Over the last twelve months, the Company has supported over 40 charities, schools and clubs across the country, either financially or practically, through work undertaken by the Investment Adviser. Residents are often involved in selecting good causes to support.

A wide range of organisations and social initiatives are supported, ranging from local clubs, promoting participation for all, to national charities. Examples include: Smart Works, which operates in Edinburgh, Manchester, Birmingham and London and focuses on assisting women to secure employment and improve the trajectory of their lives; Embassy Village based in Manchester which aims to improve the lives of the homeless; Barnardo's Gap Homes Project, which supports young people at the point of leaving care; and Capability Scotland's Our Inclusive Community Project, which delivers care, support and education for disabled children and adults across Scotland.

The PRS REIT aims to build long-term productive relationships with its charity partners and good causes and to involve tenants as much as possible.

"Our journey together [with Simple Life] has been an incredible display of staff engagement, commitment and passion for our cause, growing stronger with every endeavour. Their unwavering support speaks volumes about their commitment and values, enabling us to continue making every day special for the children and families we support."

Ashleigh Wood, Zoe's Place, Middlesbrough

Large-scale engagements during the year included the Simple Life Schools and Communities Biodiversity Project, in partnership with Green the UK, and sponsorship of Speed of Sight track days. The Simple Life Schools and Communities Biodiversity Project is a countrywide project that involves communities and schools engaging in nature-related activities, including tree planting, vegetable cultivation, and wildflower cultivation. During the year, eight schools and 194 children benefited from nature-based activities and workshops. Speed of Sight is a charity that provides driving experiences across the country for children and adults with visual impairment or other physical challenges. Over 90 individuals enjoyed the four track days we sponsored, participating in an activity that might otherwise have been unavailable to them and stimulate their ideas of what they can achieve.

Examples of the feedback we have received from our social and charitable efforts are below.

"Our partnership with Simple Life Homes is invaluable… our joint thinking achieves fantastic engagement opportunities and shared success. Our most recent venture was in the form of a sponsored branded banner, a small item that has had a huge impact. In just five days, the newly-designed banner reached close to 100,000 views across our social media platforms, opening doors to new audiences. This simple gesture of support through sponsorship has not only reinforced our impact - and enabled us to reach more people who might want to get involved with our charity - but it may have also reached those who need the services our amazing hospice team provides."

Tommy Harrington, Zoe's Place Baby Hospice, Middlesbrough

"Not only did the children get a lot from the day and retain their learning, but the sense of community and togetherness that has come from bringing volunteers together is priceless and ongoing! I have had many compliments about the new border on the flower bed too. I feel like the 'hard work' put in by the children has been very beneficial and I have seen a difference in the children already this term. A heartfelt thank you for involving me and the kids in all the projects. An absolute pleasure!"

Teacher, Dawley Primary School

"It was mind-blowing and to a certain extent, one of the best days of my life. I never thought there would have been a possibility. Not with me being in a wheelchair, but with a combination of things, I didn't think I'd be able to do it."

Robert, participant in a Speed of Sight track day

"Once again may I thank you for your continued support. We have benefitted from both the donations to the Foodbank and also to the Financial Inclusion Hub. We are now officially more than a Foodbank and have a fulltime Citizens Advice worker with us and are in the process of appointing a Strategic Support Officer or Relationship Manager. Over this past year the work of our part time CAB Officer saw 225 people and recovered over £200,000 of debt. This was so successful that we have now extended it to a fulltime contract with CAB."

David Hughes, Chair of Trustees, Atherton & Leigh Foodbank

"At Speed of Sight, we take immense pride in our partnership with Simple Life Homes and your dedication has significantly contributed to the success of our initiatives. Your commitment is truly aiding us in achieving the charitable aims and objectives of Speed of Sight."

John Galloway, Co-Founder Speed of Sight

"On behalf of everyone at Smart Works, thank you to Simple Life Homes for supporting our charity and the women we serve. We passionately believe that when our clients are equipped with a perfect high-quality interview outfit, expert one-to-one coaching and self-belief, they have the tools they need to get the job and transform their lives. As Smart Works celebrates its 10th anniversary, we want to double the number of women helped across the UK to 10,000 women a year by 2025. Thank you for joining our mission to empower all women who need help getting into work, at what could not be a more crucial or important time."

Kate Stephens, Smart Works CEO

"The funding from Simple Life has enabled us to kit out the new team in full matchday kit & a training top. This takes some of the burden from the parents as they have to pay monthly / yearly subs. We have three to four boys that wouldn't have signed up for the season due to the additional cost of the kit as most families in the area are from an underprivileged background. To see the smile on the boys faces when I got to training and handed out the new kits is the reason I do this."

Ryan Doherty, Sundon Park Rangers U12 Football coach,

"Sutton's junior section is entirely volunteer led. Equipment, kit, league fees and ground maintenance costs are all on the rise, and we are very lucky and grateful to be part of Simple Life Homes community sponsorship programme. This programme has allowed for the general playing conditions at Sutton to improve. The support we have received from Simple Life Homes is unwavering and we are very excited for our next crop of youngsters to bear the fruits of the new and improved junior section, with new and increased amounts of equipment, better facilities and more opportunities for those for whom Cricket may not have been an option previously."

Gary Greener, Sutton Cricket Club Chairman, St Helens

"The support from** Simple Life **Homes has helped our team develop way above expectations. With their financial and social support, it has been possible to purchase more equipment which has allowed for much more structured training, as well as our numbers increasing enormously from the start of last season. We are very grateful for their support and look forward to a continued relationship in the coming seasons to allow Women's cricket to continue to flourish."

Leah Etheridge, Women's team captain, Sutton Cricket Club, St Helens

Resident focused initiatives

The Investment Adviser's report covers many of our resident-focused initiatives. They are designed to create specific opportunities for residents to engage with each other and to bring educational, social and other benefits. Two further initiatives are highlighted below.

Outward Bound Trust

Sigma PRS partnership with The Outward Bound Trust, 'Building for My Future', has grown and a larger number of young people have been able to participate in Outward Bound Trust's outdoor learning programmes, fully funded by Sigma Capital Group. Young people from schools and youth groups close to Simple Life homes as well as living in Simple Life Homes enjoyed a week of outdoor challenges and adventure. A selection of feedback from participants is below.

Rees
"The camp wasn't like anything I have experienced, it is hard, really hard but it is totally worth it. The most memorable part of this experience was the hiking and the expedition. I have acrophobia, my legs would tremble and my heart will beat faster and faster. I have learnt the importance of resilience and discipline after this trip, only the resilient and hardworking people could enjoy the view after all the climbing!"

Laith
"The Ullswater Centre and the activities was my escape from the city life. The 5 days I have spent there brought back memories, made memories and made me new friends. It taught me teamwork and how communication is effective when working with a team. The experience taught me to be humble and stay calm when things go the wrong way."

Chloe

"Outward Bound was a once in a lifetime experience for me. I feel like the course helped me in so many ways, I got to meet new people and I stepped out my comfort zone in so many situations. One of my biggest challenges was abseiling as I have a fear of heights and I had to push myself to commit to the abseil, however once I had completed it, I was very proud of myself and this achievement. Outward Bound pushes you physically and mentally, I learned different skills and discovered new things about myself. One of those skills is being able to communicate and put my ideas forward. I also discovered that I'm a determined person and I like to encourage others to succeed."

12 Days of Christmas, December 2023

In our 12 Days of Christmas 2023 campaign, residents were invited to nominate a local charity close to their hearts to receive a £1,000 donation over the 12 days of Christmas. We doubled our donation, enabling us to support 24 charities. We are delighted to highlight below some of the feedback both from charities and tenants following the campaign.

Helen, The Joshua Tree

"…the donation will support the vital work we do to support families affected by childhood cancers. What's even more brilliant is that I live in Simple Life homes myself so put forward the charity I work for."

Joseph Buckmaster

" I would like to nominate the charity Flat Pack Music of which I am Artistic Director. We are a north west based music charity focussed on changing the perception of and engagement with classical music and opera, fostering closer communities and helping with mental wellbeing. As a small charity securing micro grants like this are crucial to showing we can carry out the projects we aim to do. This in turn enables us to secure larger pots of funding. We have just started a project to bring professional musicians to Carehomes around the area. At no cost to the homes. £1000 would go a huge way to helping any of these projects."

Tracey Roberts founder and CEO of The Jade L Roberts Project

"I am absolutely delighted and overwhelmed. Your generosity means everything to us and to the community. We know you have a lot of choices when it comes to donating, and we are so grateful that you chose to donate to our cause."

Human Rights

The obligations under the Modern Slavery Act 2015 (the "Act") are not applicable to the Company given its size. However, to the best of its knowledge, the Group is satisfied that its principal suppliers and advisors comply with the provisions of the Act.

The Company operates a zero-tolerance approach to bribery, corruption and fraud.

Health and safety

In order to maintain high standards of health and safety for those working on sites, monthly checks by independent project monitoring surveyors are commissioned to ensure that all potential risks have been identified and mitigated. These checks supplement those undertaken by construction and development partners. The data is reported to the Board on a quarterly basis in the event of a nil return, and immediately in the event of an incident. There were no reportable incidents over the year (2023: none).

Governance

Strong governance is essential to ensuring that risks are identified and managed, and that accountability, responsibility, fairness and transparency are maintained at all times.

The Company is subject to statutory reporting requirements and to rules and responsibilities prescribed by the London Stock Exchange and the Financial Conduct Authority. The Board has a balanced range of complementary skills and experience, with independent Non-executive Directors who provide oversight, and challenge decisions and policies as they see fit. The Board believe in robust and effective corporate governance structures and are committed to maintaining high standards and applying the principles of best practice.

Employee diversity – gender and ethnicity

Directors of The PRS REIT Plc	2024	2023
Men	**60%**	80%
Women	**40%**	20%
Not specified / prefer not to say	**–**	–

Directors of The PRS REIT Plc	2024	2023
White British or other White (including minority white groups)	**60%**	80%
Mixed/ Multiple Ethnic Groups	**20%**	–
Asian / Asian British	**20%**	20%

Principal risks and uncertainties

The Board is responsible for determining the nature and extent of the principal risks that the Group is willing to take in achieving its objectives and has carried out a robust assessment of the principal risks facing the Group, including those that would threaten the business model, future performance, solvency or liquidity. The Board recognises that its ability to manage risk effectively throughout the organisation is central to the Company's success.

The Board continually consider emerging risks and during the year under review, the weakening macroeconomic environment in the UK, including higher interest rates, inflationary pressures, and the risk of recession, together with global conflicts in Ukraine and the Middle East, were identified.

Risk management and risk appetite

The Group's assets are made up of UK Build to Rent ("**BTR**") property. Its principal risks are therefore related to the UK BTR market in general and also to the particular circumstances of the individual properties and the tenants within the properties. Taking this into account, the Group's risk appetite policies and procedures, alongside the appropriate controls and financial reporting are regularly reviewed and updated to ensure they remain in line with regulation and corporate governance.

The Company applies the 'Three Lines of Defence' model for effective risk management and control:

> The first line of defence is performed by the management team of the Investment Adviser who are responsible and accountable for identifying and managing risk as part of their objectives. As part of this the Investment Adviser produces a risk register that it provides to the Audit Committee for review and consideration at least twice per year.

> The second line of defence is the policies, frameworks and challenge provided to ensure that the Investment Adviser is effectively managing risk. This is performed by the Board and reported on by the Audit Committee.

> The third line of defence is independent assurance provided by the external auditor.

The below list sets out the current identifiable principal risks and uncertainties which the Board are monitoring.

Valuation risk – investment property

The valuation of the Group's property assets is primarily based on five key drivers being, land purchase, cost to build, rental income, gross to net income deductions, and yield. Small variations in these can have a material impact on the valuation of property. Other Special Assumptions applied in addition to the key drivers, and used since inception include: all individual site valuations have been treated assuming part of a larger portfolio (in excess of £50 million); and an indirect purchase of a special purpose vehicle holding title to the asset, so stamp duty is assessed on a share purchase basis rather than as property.

Valuation risk is mitigated by a combination of factors including the detailed site selection and appraisal process, fixed price building contracts at competitive rates to control costs, quality product from house builders, project monitoring and review by the Investment Adviser, tenant selection and management by Lettings Agents, geographic spread of sites / assets, mixture of asset size and portfolio spread. The sector is considered attractive to investors and debt providers with some defensive attributes in relation to recessionary risk. Notwithstanding the above mitigating factors, the Board constantly monitors risk around these factors in conjunction with the Investment Adviser.

The Company appoints an external valuer on a three-year basis to provide continuity and stability, whilst also representing a natural point for review and consideration. In addition, the use of a separate independent valuer by the providers of debt, and expert review by further independent valuers appointed by the Group's auditors, RSM, ensures that there are a number of views and opinions on valuation being considered and taken into account at any point.

Site selection

As discussed under Valuation Risk, the principal drivers for the valuation of the PRS REIT's property assets are: land purchase, cost to build, rental income, gross to net income deductions and yield. Selection of sites which match the investment criteria in terms of cost to purchase and build, ERV, gross to net income deductions and yield are therefore critical to the success of individual developments.

Site selection risk is mitigated by performing detailed appraisal and assessment of all aspects of a site, including location, access to transport links, education, amenities and employment which are necessary to formalise a view on the likely viability and profitability as a build to rent development. This process also involves expert third party guidance from valuers, house builders, and lettings agents. The process is particularly important given the prevailing background of cost inflation outpacing rental growth. The Investment Adviser's process on site assessment and appraisal necessarily involves a number of individuals with different skill sets to ensure a balance of views and full consideration of all factors.

The portfolio approach including broad geographic spread adopted by the Investment Adviser also helps to mitigate the associated risks.

The Company seeks to obtain and maintain a pipeline of potential PRS properties and PRS development sites with partners for future development. There is no certainty that viable, commercially justifiable sites, with planning permission, can continue to be sourced on acceptable terms. The availability of viable, commercially justifiable sites with planning permission may therefore adversely affect the ability of the PRS REIT to continue to pursue further growth which could, in turn, have a material adverse impact on the overall level of returns for Shareholders.

The Board and the Investment Adviser manage this risk through a number of long-term partnerships, including different local councils and a variety of house builders, to maintain a wide range of opportunities that are geographically spread.

Whilst the Company has signed Forward Purchase Agreements ("**FPA**") in respect of the sites to be acquired from the Sigma Group, it has not committed to acquiring these sites. The FPA is conditional on:

> Practical completion of all units;

> Confirmation of good and marketable title;

> Tenant occupation and rent stabilisation; and

> Availability of funding.

As a result, the Board considers that the Company has a high degree of flexibility in relation to the timing of site acquisitions, and therefore the Company's future funding requirements.

Risks relating to the Company's reliance on the Investment Adviser

The Company has the benefit of access to the Sigma PRS platform through the Investment Adviser. If the Investment Advisory Agreement is terminated it is likely that the Company will cease to have access to the platform and to the relationships and contractual frameworks with Approved Contractors, Local Authorities, and the Approved Letting Agents, together with the favourable terms and economies of scale derived from these that have taken years to establish. The Company would also need to identify replacement sources of PRS Development Sites and Completed PRS Sites.

In accordance with the Investment Advisory Agreement, the Investment Adviser is responsible for providing certain asset management and investment advisory services to the Company. Accordingly, the Company will be reliant upon, and its success will depend on, the Investment Adviser and its key personnel, services and resources.

Consequently, the future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the Investment Adviser to retain its existing staff and/or to recruit individuals of similar experience and calibre. Whilst the Investment Adviser has endeavoured to ensure that the principal members of its management team are suitably incentivised, the retention of key members of the team cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the Investment Adviser, there is no guarantee that the Investment Adviser would be able to recruit a suitable replacement or that any delay in so doing would not adversely affect the performance of the Company. Events impacting the Investment Adviser but not entirely within the Investment Adviser's control, such as its financial performance, it being acquired or making acquisitions or changes to its internal policies and structures, could in turn affect its ability to retain key personnel.

Under the terms of the Investment Advisory Agreement, the Investment Adviser is required to devote such time and have all necessary competent personnel and equipment as may be required to enable the Investment Adviser to carry out its obligations properly and efficiently. However, if the Investment Adviser fails to allocate the appropriate time or resources to the Company's investments, the Company may be unable to achieve its investment objectives. In addition, although the Investment Advisory Agreement requires the Investment Adviser to dedicate competent personnel to the Company's business, they may not be able to do so.

The Board mitigates these risks by holding regular Board meetings (at least four times per financial period), which are attended by the Investment Adviser, whilst also having regular informal meetings with the key members of the Investment Adviser on a more regular basis. The Board's Management Engagement Committee also meets at least once a year to consider the performance of the Investment Adviser and the other outsourced professional firms and advisers engaged by the Company. The Board actively engages with key personnel of the Investment Adviser and assesses its key main risks to ensure that it is adequately staffed with suitably qualified personnel and that succession planning is in place.

Risks relating to the REIT status of the Group

There is a risk that the Company may fail to remain qualified as a REIT and therefore its rental income and capital gains will be subject to UK corporation tax. Any change in the tax status of the Company or a change in tax legislation could adversely affect the investment return of the Company.

The Company has been structured to be REIT compliant and the Board will continue to monitor the tax status using professional taxation advisers.

Risks relating to compliance

The Group has a wider variety of compliance risks ranging from factors including status as a Real Estate Investment Trust on the Premium Segment of the London Stock Exchange, scale and complexity of the Group structure, Companies House requirements, HMRC obligations, planning requirements, Health & Safety, statutes and legislation.

Compliance risks are mitigated by the Board and the Investment Adviser utilising and employing qualified professionals and professional advisers to ensure compliance with current legislation and requirements including auditors, tax advisors, Nominated Advisor, recognised house builder partners and legal advisers.

Emerging risks

As well as the principal risks, the Directors identify any emerging risks which are considered as part of the formal risk review. Emerging risks encompass those that are rapidly evolving, for which the probability or severity are not yet fully understood. As a result, any appropriate mitigations are also still evolving, however, these emerging risks are not considered to pose a material threat to the Company in the short term. This could, however, change depending on how these risks evolve over time. Senior members of the Investment Adviser are responsible for day-to-day matters and have a breadth of experience across all corporate areas; they consider emerging risks and any appropriate mitigation measures required. These emerging risks are then raised as part of the risk assessment where it is considered whether these emerging risks have the potential to have a materially adverse effect on the Group.

During the year the weakened macroeconomic environment in the UK, and the UK election were identified by the Board as key emerging risks. The risk of higher interest rates affecting the Group's financial performance and banking covenants was of particular focus. The increase in interest rates charged on the variable investment and development debt facilities were partially offset by the increase in rental growth experienced in the private rental sector and there were no covenant breaches. Prior to the refinancing announced on 10 July 2023, this was of particular focus as the Group had 37% of its investment debt facilities on floating rates. Subsequent to the refinancing, the Group now has 82% of its debt facilities as long-term, fixed rate arrangements. The process of refinancing the Group's remaining variable rate investment debt was prolonged to ensure that the best interest rates were obtained.

With regards to inflationary pressures, the Company remains in a good position to manage and mitigate construction cost increases, using fixed price fixed design & build contracts. The majority 99% of the contracted development sites have now been completed in relation to the target of c.5,600 units. To date, inflation has not had a negative effect on the Company other than some delays to the completion of assets under construction due to supply chain issues, while offsetting this has been the continued strong demand for Build to Rent assets. The market for such assets remains strong and is reflected in rising rents which have more than offset the slight softening of yield which is included in the valuation of our existing properties. The risk of recession has also been considered, particularly in relation to possible increased tenant default and the subsequent impact on financial returns. This risk continues to be closely monitored and is mitigated by a geographically diverse portfolio, the use of rental insurance contracts where considered appropriate, and a continued focus on identifying at an early stage where there could be potential issues.

It would now appear that the UK economy is gradually turning a corner. Following a technical recession in the second half of 2023, GDP rebounded by 0.6% in the first 2 quarters of 2024. Inflation rates are now reducing and closer to the Bank of England target levels and it is expected that interest rates are likely to reduce further during the latter part of 2024 and 2025, providing some recovery for real household incomes. The change of UK government in July 2024 was considered by the Board in terms of potential policy changes in the sector and this will continue to be monitored as the new Labour government begins to bring in its new regime and approach to house building in the UK. There are presently no specific policy changes that are seen as providing additional material risks to the PRSR Group.

In relation to the conflicts in Ukraine and the Middle East, this has not had a direct impact on the Group but are continually monitored in terms of contributing to higher inflation and interest rate environments.

The Board continues to monitor closely the market volatility to ensure that all risks to the Company and Group are identified and addressed where possible to reduce the potential negative effects.

The Company's Section 172 statement is included on pages 51 to 56.

Stakeholder Engagement and Section 172 Statement

Stakeholder engagement

The PRS REIT is focused on delivering new homes for private rental across the UK, with family homes its key target market. The Group's PRS activities bring together a network of formal and informal relationships which include: construction partners; central government; local authorities; customers; and communities. As a sustainable business, the Company provides an innovative build-to-rent solution to address a national, market, and societal demand for quality family homes.

Across the UK, the PRS REIT engages with a range of interest groups and ensures that it listens, understands and responds appropriately to the interests and concerns of all stakeholders, as well as seeking to deliver sustainable value for them.

Effective engagement with stakeholders at Board level, and throughout the Group's business, is crucial to fulfilling the PRS REIT's goal to deliver family PRS homes across the UK. While the importance of giving due consideration to stakeholders is not new, we are taking the opportunity to explain in more detail how the Board has engaged with the PRS REIT's stakeholders. The Company continues to be collaborative with all stakeholder groups, including customers, partners, house builders, suppliers, local authorities, regulators, funders and investors. This approach necessarily involves listening to and taking account of their views and feedback, while also being open to change.

Section 172 statement

The following serves as the Company's section 172 statement and should be read in conjunction with the Strategic Report on pages 51 to 56. Section 172(1) of the Companies Act 2006, requires Directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. The Directors should have regard to:

- the likely consequences of any decision in the long term,
- the need to foster the company's business relationships with suppliers, customers, and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The Company does not have any employees and therefore S172(1)(b) is not applicable.

To ensure that the Directors are aware of and understand their duties, they are provided with all the relevant Company information when they are appointed to the Board and receive regular updates and training on matters where appropriate. Directors also have access to the advice and services of the Company Secretary as well as independent advisers, should they wish. Directors receive technical updates from the Company's joint brokers, the Investment Adviser, the Company Secretary, and the AIFM as and when appropriate.

Our stakeholders

	Our customers	Our local communities and environment	Our investors and funders
Who are they?	Our tenants and their families.	Communities who live in and around our properties as well as local organisations and enterprises, including the natural surroundings of our properties.	The entities, institutions and individuals who own shares in the Company together with the lenders who provide debt finance.
Why are they important to us?	> Customer service is at the heart of our business. Our tenants provide us with rental income, so it is essential that we serve their needs.	> Given the Company develops real estate, and therefore its assets have an impact on the surrounding communities and natural environment, the Board places an ever-increasing emphasis on the importance of ESG factors. > The Board and the Investment Adviser are fully committed to managing the business and implementing the investment strategy responsibly.	> Continued shareholder and lender support is critical to the sustainability of the Company and delivery of the Company's long-term business growth strategy.
What matters to them?	> Affordable, high quality, well maintained, homes at market prices that suit their needs. > Provision of accommodation in areas of strong employment with good infrastructure, transport links and local education. > Community environment which enhances wellbeing.	> Places which foster social connections and enhance wellbeing. > Our Community Fund. > Support for local organisations, such as schools and charitable institutions. > Minimising carbon emissions during construction and after completion when tenants occupy properties. > Minimising waste and conserving water during construction and after completion when tenants occupy properties. > Promoting environmental responsibility. > Preserving and enhancing biodiversity.	> Attractive returns on their respective equity and debt investments. > Delivery of strategy and financial performance. > Execution of investment objective. > Effective communication of the Company's progress and ongoing strategy.

	Our customers	Our local communities and environment	Our investors and funders
Ways we are engaging with them	> Customer satisfaction surveys. > Utilisation of an in-house mobile app which provides communication and information between tenant and landlord on a variety of topics. The app includes a community forum which is monitored. > A resident engagement survey is carried out once a year to gain feedback in to brand activity and customer engagement. > Review platforms such as Trust Pilot and Home Views are monitored. All reviews within the last 12 month period have been responded to and feedback circulated. > Residents give star ratings for sub-contractors following maintenance completions. > Further information on how we engage with our customers can be found on pages 52 to 55.	> Ensuring that engagement with shareholders provides an opportunity to discuss ESG matters. > Fostering networks which connect our occupiers with local communities and organisations, providing an opportunity for feedback. > For further information on the Group's ESG policies and performance please see pages 41 to 46, and the full report on the Company's website, www.theprsreit.com	> Through a combination of Annual and Interim Reports, presentation of financial results and announcements to the market. > Provision of financial information and covenant compliance certificates to debt funders. > The Company encourages shareholder attendance and queries at its Annual General Meeting. > During the year, the Company has specifically engaged with its largest shareholders ahead of the refinancing of the Company's debt facilities and extension of the Investment Advisory and Development Management Agreements. > Communication through the Company's joint brokers. > Returns-focused strategy with clear targets set. > Meetings held with substantial shareholders, debt providers and potential investors. > Regular formal and informal communication with both equity and debt providers. > Provision of information on the Company's website. > Further information as to how the Company has engaged with its shareholders can be found on pages 51 to 56.

	Our customers	Our local communities and environment	Our investors and funders
Impact of engagement on key decisions	> Any areas for improvement identified and new processes put in place. > Feedback themes for house specification identified, influencing specification alterations to future developments. > Sub-contractor star ratings allows for the monitoring of the performance of partners, ensuring that sub-contractors meet the Group's standards of customer care. > Seasonal events and marketing activities, such as summer ice cream dashes, cinema nights, pizza events and Christmas parades. > Key developments and new functions to the mobile app. > Delivering properties that target strong environmental certifications and energy efficiency. > Facilitation of resident nominated charity support.	> Promoting the mitigation of carbon emissions on existing properties including installation of PV panels, EV charging points, utilisation of modern methods of construction and reduction of waste. > Identifying opportunities to increase biodiversity on and around properties. > Recycling activities, including installation of clothes banks on sites. > Support for local schools and charities though donations for projects. > Garden maintenance and provision of open green spaces.	> The Board's proposal on the final total dividend for the 2024 financial year of 4.0p per share (2023: 4.0p) reflects the Board's confidence in the Company's long-term financial health and growth prospects. > The Board listened to shareholder feedback and in July 2023, following engagement with lenders, the LBG / RBS £150 million debt facility was refinanced, and the Company secured a £102 million facility of fixed-rate debt for 15 years, together with a further £75 million of floating-rate debt agreed for two years, providing the Company with the flexibility to refinance this element over that period. > The Board signed new terms for the Investment Advisory and Development Management Agreements, as announced on 9 July 2024. This extended the existing relationship with the Investment Adviser and Development Manager (together "the Investment Adviser"). The Investment Adviser has demonstrated its ability by establishing the largest portfolio of new-build family rental homes in the UK. It also operates the largest build-to-rent platform in the UK and has established a leading position in the single family homes sector. Extending the relationship has provided additional certainty to shareholders, as well as immediate cost savings. The contractual arrangements retain important and valuable contractual protections, including the Company's right of first refusal to acquire single family housing development opportunities introduced by Sigma PRS.

	Our partners and suppliers	Our Investment Adviser
Who are they?	Construction partners, local authorities, Letting Agent, AIFM, Joint Brokers, Company Secretary, other suppliers and all other organisations we have a direct relationship with including those set out on page 62.	Sigma PRS Management Ltd.
Why are they important to us?	> As an externally managed REIT, the Company outsources all its administrative functions to external service providers, who are critical to the administration and running of the business.	> Performance of the Investment Adviser is critical for the Company to successfully deliver its investment strategy and meet its performance targets. > The Investment Adviser must be able to demonstrate a track record of success and be in alignment with the Company's values and success criteria.
What matters to them	> Reliability and dependability of the PRS REIT. > Reputation of the Company and maintaining high standards of business conduct. > Customer recommendations, enabling them to win new/additional business. > Contributing to the success of the PRS REIT. > Collaboration and long-term partnerships.	> Provision of support and clear direction from the Board in terms of overall strategy and policy.
Ways we are engaging with them	> Maintaining an open and active dialogue both through formal Board meetings and regular interaction outside of meetings. > Annual evaluation of key service providers. > Developing long term relationships with suppliers. > Payment of suppliers in accordance with credit terms which are typically less than 30 days.	> The Board and Sigma PRS work together closely. The Investment Adviser attends the quarterly Board meetings and reports to the Board on progress and performance. > The Management Engagement Committee of the Board reviews the performance of the Investment Adviser annually. > Regular informal and formal discussions between members of the Board and the Investment Adviser, together with members of the Audit Committee and the Investment Adviser. > Further information as to how the Company has engaged with the Investment Adviser can be found on page 55.
Impact of engagement on key decisions	> Through the Management Engagement Committee process, the Board continues to provide transparent and actionable feedback to the Company's service providers, which has resulted in service providers continually looking to improve processes and ensure that they are aligned with the high standards of business conduct expected by the Board.	> Strategic oversight and clear direction by the Board has been crucial in ensuring that the Investment Adviser has been able to execute the Company's investment strategy effectively. This was specifically enhanced through the process and outcome of the extension of the Investment Advisory and Development Management Agreements, which provides Sigma additional certainty to deliver the investment strategy for the long-term. The Board has also supported the Investment Adviser in refinancing the Company's LBG / RBS £150 million debt facility, which enabled the successful conclusion of this process.

Principal decisions

Principal decisions have been defined as those that have a material impact on the PRS REIT and its key stakeholders. In taking these decisions, the Directors considered their duties under section 172 of the Act.

Dividend and dividend policy

The Board made the decision to target a dividend of 4.0 pence per ordinary share in respect of the year ended 30 June 2024, and this target has been met.

The Board provides shareholders with the opportunity to vote on the dividend policy of the Company at the Annual General Meeting.

Debt refinancing

At the beginning of the financial year, the Company successfully completed the refinancing of its £150 million revolving credit facility provided by RBS and Lloyds Banking Group plc. A £102 million facility of fixed-rate debt for 15 years, together with a further £75 million of floating-rate debt agreed for two years, were secured, providing the Company with the flexibility to refinance this element over that period. These facilities were established with Legal and General Investment Management and RBS respectively.

Approximately 82% of the Company's overall debt is now covered by long-term facilities, which have an average term of 16 years, further protecting shareholder returns and supporting the Investment Adviser to deliver on executing the Company's strategic objectives.

Extension of Investment Advisory and Development Management Agreements

After the year end, the Company extended its existing Investment Advisory Agreement and Development Management Agreement with Sigma PRS Management Ltd. At the same time, the Company agreed improved fee structures in both agreements, resulting in immediate cost savings.

Both agreements have been extended to 30 June 2029, which is an extension of 2.5 years from the end of the previous term, and the contract changes apply from 1 July 2024. Further details can be found on pages 87 to 88.

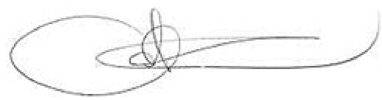
Change of Directors

During 2023, the Company undertook a formal recruitment process led by the Nomination & Remuneration Committee, with the support of an independent search consultancy, for the appointment of a new Board member. This process actively encouraged a diverse pool of candidates who could contribute specific skills and experience identified by the Board and would support the Board's commitment to diversity, in line with the FCA's targets under the Listing Rules. The Board were pleased to announce the appointment of Karima Fahmy as an Independent Non-Executive Director with effect from 10 October 2023.

During the year, Jim Prower stepped down from his role as an Independent Non-Executive Director with effect from the conclusion of the Annual General Meeting on 4 December 2023.

Further Board changes have been agreed as outlined in the Chairman's Statement.

By order of the Board



Steve Smith
Chairman
7 October 2024

CORPORATE GOVERNANCE

Chairman's Introduction

Dear Shareholders,

I am pleased to introduce the Corporate Governance Report, which covers the year ended 30 June 2024. The Board recognises that a strong corporate governance framework helps provide the foundation for an environment of trust, transparency, and accountability, which is vital to the achievement of the Company's objectives.

During the period, the Board continued to work together effectively, facilitating an environment of collaborative decision-making that promotes the long-term success of the Company, on behalf of our shareholders. This was enhanced with Karima Fahmy who joined the Board as a Non-Executive Director and a member of the Audit and Management Engagement Committees on 10 October 2023, and was elected by shareholders at the Annual General Meeting on 4 December 2023. As indicated in the Chairman's Statement, I will step down as non-executive Chairman at the Company's forthcoming AGM and will be succeeded by Geeta Nanda as interim independent non-executive Chair at the AGM and she will lead the appointment process for a new permanent, independent, non-executive Chair. As announced on 13 September 2024, Robert Naylor and Christopher Mills will be appointed to the Board as non-executive Directors and proposed for election at the AGM following the date of this report.

The following Corporate Governance Report sets out the corporate governance principles that the Board has adopted, how these have been applied and highlights the key governance events that have taken place during the period.

Statement of compliance

The Board of The PRS REIT plc is committed to maintaining high standards of corporate governance and considers that reporting against the Principles and Provisions of the AIC Code of Corporate Governance issued in February 2019 (the "AIC Code"), provides better information to shareholders as it addresses the Principles and Provisions set out in the 2018 UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company, and is endorsed by the Financial Reporting Council (the "FRC").

The AIC Code is available from the AIC website at https://www.theaic.co.uk/ and includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. A copy of the UK Code can be obtained at frc.org.uk.

The Company has complied with the Principles and Provisions of the AIC Code throughout the period.

The UK Code includes provisions relating to:

> the role of the chief executive; and

> executive directors' remuneration.

For the reasons set out in the AIC Code, the Board considers these provisions not relevant to the position of the Company, being an externally managed REIT. In particular, the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Directors and Advisers

Steve Smith,
Non-executive Chairman
(Age 71) appointed 24 April 2017

Steve has over 40 years of experience in the real estate industry. Steve acted as Chief Investment Officer of British Land Company PLC, the FTSE 100 real estate investment trust, from January 2010 to March 2013 with responsibility for the group's property and investment strategy. Prior to joining British Land, Steve was Global Head of Asset Management and Transactions at AXA Real Estate Investment Managers, where he was responsible for the asset management of a portfolio of more than €40 billion on behalf of life funds, listed property vehicles, unit linked and closed end funds. Before joining AXA in 1999 he was Managing Director at Sun Life Properties for five years. Steve is also Non-Executive Chairman of Sancus Lending, an AIM listed property finance business. He was formerly Non-Executive Chairman of Starwood European Real Estate Finance Limited and Alternative Income REIT plc and a Non-Executive Director of Tritax Big Box REIT plc and Gatehouse Bank plc.

Karima Fahmy,
Non-executive Director
(Age 45) appointed 10 October 2023

Karima is a corporate lawyer with extensive experience of the UK property sector. During her executive career, she worked at Grosvenor Group, the international property group, latterly as General Counsel until 2020. Karima holds two other non-executive directorships in the property sector. She is Non-Executive Director of Latimer Developments Limited, the development arm of the Clarion Housing Group, the UK's largest housing association, and a Trustee of Clarion Futures, Clarion Housing Group's charitable foundation. She is also Non-Executive Director of Balanced Commercial Property Trust Limited. In addition, Karima is an Independent Member of the University of Cambridge Property Board and Non-Executive Director of Bournemouth University. She is a trustee of United Learning Trust, a schools group, and trustee of Great Ormond Street Hospital's Children's Charity, where she is also a Member of its Property & Development Committee.

Steffan Francis,
Non-executive Director
(Age 69) appointed 24 April 2017

Steffan has more than 40 years of experience in the real estate industry. Until his retirement, Steffan was a Director at M&G Real Estate where he was responsible for the £6 billion "Long Income" business. Previously he had been responsible for the institutional funds at M&G Real Estate and at Prudential Property Investment Managers. He was also an independent adviser to the British Steel Pension Trustees. Currently, Steffan is a non-executive Director of M&G (Guernsey) Limited. He is a Fellow of the Royal Institution of Chartered Surveyors and a member of the Investment Property Forum.

Roderick MacRae,
Non-executive Director
(Age 60) appointed 24 April 2017

Roderick ("Rod") has over 20 years' experience in the financial services sector. Latterly, he was an Executive Director at Abrdn plc (previously Aberdeen Asset Management PLC) as the Group Head of Risk with responsibility for UK and Global operational risk and regulatory compliance. He was also chairman of the Abrdn group executive risk management committee, the senior risk oversight function of the group. He has extensive involvement in corporate activity including transformational acquisitions and defence strategies. Prior to that, Rod was Chief Operating Officer at Edinburgh Fund Managers, which he joined in 1991 and was acquired by Abrdn in 2003. Rod is a member of the Institute of Chartered Accountants of Scotland, having qualified with Coopers & Lybrand and is the Chairman of the REIT Audit Committe.

Geeta Nanda, OBE,
Senior Independent Director
(Age 59) appointed 24 March 2021

Geeta has over 35 years' experience working in the property sector. Until recently, she was Chief Executive Officer of Metropolitan Thames Valley Housing Association ("MTVH"), having previously led its creation in 2017 with the merger of Metropolitan Housing Trust and Thames Valley Housing Association Ltd, where she was Chief Executive Officer for over 9 years. At MTVH, Geeta was responsible for the management of around 60,000 homes, with 120,000 residents, and an ongoing new-build programme of over 1,000 homes a year. She also has significant experience of PRS, having established 'Fizzy Living', the London PRS subsidiary of Thames Valley Housing Association Ltd in 2012. Geeta was previously a member of the Homes for Londoners mayoral Board, and a Board member of The National Housing Federation, the industry body representing providers of housing. She was also Chair of G15, the group of London's largest housing associations. She was previously a Non-executive Director of McCarthy & Stone plc, the retirement communities' developer and manager, from 2015 until its acquisition in early 2021, a Non-executive Director of The St Mungo Community Housing Association, a charity that helps the homeless, and Vice Chair of SCOPE, the national disability charity. She is currently a Non-Executive Director of Barratt Redrow plc, Chair of Citra Pathways Limited, and an advisory member to Homewards the Prince and Princess of Wales Royal Foundation on homelessness.

Registered Office

Floor 3, 1 St. Ann Street
Manchester
M2 7LR

Auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Joint Broker

Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL

Legal and Tax Adviser

Dentons UK and Middle East LLP
One Fleet Place
London
EC4M 7WS

AIFM

G10 Capital Limited
4th Floor, 3 More London Riverside
London
SE1 2AQ

Valuers

Savills (UK) Limited
33 Margaret Street
London
W1G 0JD

Company Secretary

Hanway Advisory Limited
The Scalpel, 18th Floor
52 Lime Street
London
EC3M 7AF

Financial Adviser and Joint Broker

Singer Capital Markets Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

Financial PR

KTZ Communications
No. 1 Cornhill
London
EC3V 3ND

Investment Adviser

Sigma PRS Management Ltd
Floor 3, 1 St. Ann Street
Manchester
M2 7LR

Depository

Gen II Fund Services (formerly Crestbridge Property Partnerships Limited)
8 Sackville Street
London
W1S 3DG

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Report of the Directors

The Directors are pleased to present the Annual Report, together with the audited financial statements, for the year ended 30 June 2024. The information that fulfils the requirements of the Corporate Governance statement in accordance with rule 7.2 of the DTR can be found in this Report of the Directors and in the Corporate Governance section on pages 71 to 78, all of which is incorporated into this Report of the Directors by reference.

Principal activity

The Company is a closed-ended investment company and is a Real Estate Investment Trust. The principal activity of the Company is the investment in, and management of, new build PRS residential housing which is primarily located in various regions of England. The Directors do not anticipate any change in the principal activity of the Company in the foreseeable future.

The Company commenced trading on 31 May 2017 after the successful initial raising of £250 million gross proceeds through its IPO. Its shares were listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange until 2 March 2021 when it migrated to the Premium Segment of the Main Market of the London Stock Exchange. Following the changes to the UK Listing Rules, the Company is listed on the closed-ended investment funds category of the FCA's Official List and its Ordinary Shares are traded on the London Stock Exchange's Main Market.

Results and dividends

The financial results for the year can be found in the Consolidated Statement of Comprehensive Income on page 107. The Company declared the following interim dividends in respect of the year to 30 June 2024, amounting to 4.0p per share:

Relevant period	Dividend per share (p)	Ex-dividend date	Record date	Payment date
1 July 2023 to 30 September 2023	1.0	9 November 2023	10 November 2023	1 December 2023
1 October 2023 to 31 December 2023	1.0	15 February 2024	16 February 2024	8 March 2024
1 January 2024 to 31 March 2024	1.0	9 May 2024	10 May 2024	31 May 2024
1 April 2024 to 30 June 2024	1.0	1 August 2024	9 August 2024	30 August 2024

Review of the business and future developments

The Directors are required to present an extended business review reporting on the development and performance of the Group and the Company, their positions at the end of the period, and an indication of the likely future developments in the Group's business. This requirement is met by the Strategic Report on pages 9 to 12.

Articles of Association (the "Articles")

The Company's Articles may only be amended with shareholders' approval by special resolution at a general meeting of shareholders.

Directors

The current Directors of the Company are listed on page 61, all of whom held office throughout the year, except Karima Fahmy who was appointed as a Non-Executive Director with effect from 10 October 2023. Jim Prower stepped down from his role as a Non-Executive Director with effect from the conclusion of the Annual General Meeting on 4 December 2023. As announced on 13 September 2024, Robert Naylor and Christopher Mills will be appointed to the Board following the publication of this report, and Steve Smith will step down as Chairman at the Annual General Meeting on 3 December 2024. The Board consists solely of Non-Executive Directors, each of whom is independent of the Investment Adviser and the Company. The Company therefore has no executive Directors or employees (2023: none). In accordance with the Articles, every person appointed as a Director during the period must stand for re-election at the next Annual General Meeting ("**AGM**"). The Board follows the revised AIC Code of Corporate Governance that applies to financial periods commencing after 1 January 2019 and requires that all Directors will stand for re-election annually. The appointment and replacement of Directors is governed by the Company's Articles, the AIC Code, the Companies Act 2006 and any related legislation. The details of the Directors' remuneration along with the Director's beneficial interest in securities of the Company are given in the Directors' Remuneration Report on pages 91 to 94.

Powers of Directors

The Directors' powers are determined by the Companies Act 2006 and the Company's Articles. The Articles may be amended by a special resolution of the shareholders. The Directors may exercise all the powers of the Company provided that the applicable legislation and Articles do not stipulate that any such powers must be exercised by the shareholders.

Directors' interests in shares

The Directors' interests in the Company's shares are disclosed in the Directors' Remuneration Report on pages 91 to 94.

Directors' indemnity insurance

Subject to the provisions of any relevant legislation, the Company has agreed to indemnify each Director against all liabilities which any Director may suffer or incur arising out of or in connection with any claim made, or proceedings taken against him/her, or any application made by him/her, on the grounds of his/her negligence, default, breach of duty or breach of trust in relation to the Company or any associated Company.

This policy remained in force during the financial period and also at the date of approval of the financial statements.

The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

Share capital

At the AGM held on 4 December 2023, the Directors were authorised to:

> issue securities up to an aggregate nominal amount of £1,830,838 representing approximately 33.33% of the Company's issued share capital at the time of the annual general meeting;

> dis-apply pre-emption rights in respect of securities and to issue securities for cash up to an aggregate nominal amount equal to £549,251 which represented 10% of the Company's issued share capital at that time; and

> allow the PRS REIT to buy back up to 14.99% of the issued share capital of the Company at that time, provided the Directors believed it to be in the best interests of shareholders where to do so would likely result in an increase in earnings per share.

As at 30 June 2024, the Company had 549,251,458 ordinary shares in issue (2023: 549,251,458), none of which were held in treasury (2023: none).

Substantial shareholdings

As at 30 June 2024, the Company is aware of the following substantial shareholdings, which were directly or indirectly interested in 3% or more of the total voting rights in the Company's issued share capital.

Investor	Number of ordinary shares	% holding of issued share capital
Invesco High Income Fund	49,089,585	8.94
Aquila Life UK Equity Index Fund	32,389,719	5.90
Homes & Communities Agency	29,878,047	5.44
Invesco UK Equity Income Fund	21,877,700	3.98
Smithfield Alternative Investment Fund	18,600,000	3.39

As at 30 September 2024 the following substantial shareholdings were held:

Investor	Number of ordinary shares	% holding of issued share capital
Invesco High Income Fund	49,089,585	8.94
Aquila Life UK Equity Index Fund	32,389,719	5.90
Homes & Communities Agency	29,878,047	5.44
BlackRock Inc	29,493,570	5.36
Invesco UK Equity Income Fund	21,877,700	3.98
Smithfield Alternative Investment Fund	18,600,000	3.39

In accordance with DTR 5, the Company was advised of the following significant direct and indirect interests in the issued ordinary share capital of the Company as at 30 June 2024:

Investor	Interests in ordinary shares	% holding disclosed*	Date of notification
Homes and Communities Agency	24,999,999	9.99	31 May 2017
Janus Henderson Group plc	15,099,100	6.04	1 June 2017
Columbia Threadneedle	Not disclosed	Below 5	22 December 2020
AXA Investment Managers S.A.	26,917,000	4.90	19 July 2022
Standard Life Aberdeen plc affiliated investment management entities	23,345,700	4.71	24 June 2020
CCLA Investment Management Ltd	25,830,640	4.70	28 September 2022
Liontrust Investment Partners LLP	27,444,097	4.997	9 November 2023
Waverton Investment Management Limited	34,059,800	6.20	5 January 2024
Invesco Ltd	71,224,439	12.967547	23 April 2024
Aviva PLC	49,695,866	9.05	3 July 2024
The Company was advised of the following significant direct and indirect interests in the issued ordinary share capital of the Company between 1 July 2024 and 7 October 2024:			
BlackRock Inc	29,493,570	5.36	26 September 2024
Aviva PLC	49,420,295	9.00	1 October 2024

* The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.

Information provided to the Company pursuant to DTR 5 is available via the Regulatory News section on the Group's website.

Related party transactions

Related party transactions during the period to 30 June 2024 can be found in note 33 of the financial statements.

Research and development

No expenditure on research and development was made during the year (2023: Nil).

Donations and contributions

In December 2022, the Company established the PRS REIT Community Fund, and made a commitment for the financial year 2023/24 to donate up to £250,000 towards charitable organisations, activities and events, in support of the residents and wider community. During the year to 30 June 2024, the PRS REIT Community Fund has made donations totalling £204,000 to a range of charities, groups, activities and events that either directly support the Company's residents and wider community, or charities and groups that have been nominated by the residents, in conjunction with the Investment Adviser (2023: £84,000). No political donations were made during the year (2023: Nil).

Branches outside the UK

There are no branches of the business located outside the United Kingdom.

Restrictions on the transfer of shares

There are no restrictions on the transfer of securities in the Company, except as a result of:

> the FCA's Listing Rules, which require certain individuals to have approval to deal in the Company's shares; and

> the Company's Articles, which allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares, to prevent the Company or Investment Adviser breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on transferring securities in the Company.

Greenhouse gas emissions reporting

The Board has considered the requirement to disclose the Company's measured carbon sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

During the year ended 30 June 2024:

> any emissions from the Group's development of investment properties have been the contractors' responsibility rather than the Groups so the principle of operational control has been applied;

> any emissions from the Group's completed assets have been the tenants' responsibility rather than the Groups so the principle of operational control has been applied;

> any emissions from the Company's registered office or from offices used to provide administrative support are deemed to fall under the Investment Adviser's responsibility; and

> the Group does not lease or own any vehicles which fall under the requirements of Mandatory Emissions reporting.

Work to measure and understand the emissions from the two phases of business, construction and lettings, is under review. The Investment Adviser is investing time and resources in this area in order to endeavour to capture aggregated data which can be utilised to further understand and measure the impact of the Company's assets on emissions. This information is not presently available to the Investment Adviser as it is not under its control and it does not have the ability to compel third parties to provide.

As such, the Board believes that the Company had no reportable emissions for the periods ended 30 June 2024 and 30 June 2023.

Management arrangements

Please refer to the Management Engagement Committee Report on pages 87 to 88 for details on the Company's management arrangements and service providers.

Financial risk management

The principal risks and uncertainties faced by the Company and the Group are set out on pages 47 to 50. Information on the financial risk management objectives and policies relating to market risk, credit risk and liquidity risk is provided in note 5 to the financial statements.

Treasury activities and financial instruments

The Group's financial instruments comprise cash and cash equivalents, plus other items such as trade and other receivables, trade and other payables and borrowings that arise directly from its operations. At 30 June 2024, the Group had positive cash balances of £18 million (2023: £13 million).

The Group's policy is to keep surplus funds on short-term and instant access deposit to earn the prevailing market rate of interest. At 30 June 2024, the Group had borrowings of £250 million with Scottish Widows, £102 million with Legal and General Investment Management and a £75 million facility with RBS plc of which £34 million was drawn. In addition, the Group had a £33 million revolving credit facility with Barclays Bank PLC of which £33 million was drawn. Further information with regard to the Group's cash and cash equivalents is provided in note 21 of the financial statements and borrowings in note 24.

Going concern

The Company's current financial position is set out in the Strategic Report and financial statements. The Board regularly reviews the position of the Company and its ability to continue as a going concern throughout the year.

The Board confirms that it has a reasonable expectation that the Company and the Group have adequate resources to manage their business risks successfully and allow them to continue in operational existence for the foreseeable future and the Board believes that there are no material uncertainties in relation to the Group's and Company's ability to continue for a period of at least 12 months from the date of this report. Accordingly, the Board of Directors consider that it is appropriate to adopt the going concern basis of accounting in preparing the annual report and financial statements. Please see note 3 of the financial statements for more information.

Viability statement

In accordance with Provision 36 of the AIC Code, the Directors have assessed the prospects of the Group and Company and future viability over a three-year period, being the period for which the Board regularly reviews forecasts, and which encompasses the lifetime of the Group's remaining development projects. The Board considers the future performance of the Group beyond three years, but less certainty exists over the forecasting assumptions beyond this period.

The Directors considered a number of other factors when assessing the viability of the Group and Company:

> strong rent collection rates maintained, cash collections from tenants during the year matched 99% of all rent invoiced during the year;

> continued strong rental demand;

> continued increases in estimated rental value;

> Group EPRA loan to value ratio of 36% as at 30 June 2024;

> Group cash of £18.1 million at 30 June 2024, of which £13.9 million was immediately available;

> access to approximately £41 million of undrawn debt facilities; and

> 82% of the Group's investment debt facilities are fixed interest facilities with a weighted average debt maturity of 16 years and an average weighted cost of 3.8%.

In assessing the Company's viability, the Board has carried out a robust assessment of the principal risks and uncertainties facing the Group, as set out on pages 47 to 50.

The Board believes that the three-year period selected is an appropriate period over which to assess the viability of the Company. The assumptions underpinning the forecasting model show that within three years all investment property acquisitions are forecast to have been completed, all assets under construction should be developed, and rent stabilisation thereon should be achieved. Sensitivity analysis has been undertaken to consider the potential impacts of the Group's significant risks on the cashflows and covenant compliance, in particular modelling the impact of decreased rental income and increased costs. No downside scenarios resulted in forecast breach of covenants.

The Board's expectation is further underpinned by regular dialogue with the Investment Adviser regarding market conditions, the availability of investment opportunities, principal risks and uncertainties and any change in the regulatory framework. The Group's principal and emerging risks and uncertainties continue to be monitored closely by the Board. Based on the results of this analysis, the Directors have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due for the next three years.

Environmental, Social and Governance

The Board's Environmental, Social and Governance report is on pages 41 to 46.

Corporate Governance Statement

The corporate governance statement is set out on pages 71 to 78.

Stakeholder engagement and Section 172 statement

The Group's stakeholder engagement and Section 172 statement are set out on pages 51 to 56.

Auditor

A resolution to reappoint RSM UK Audit LLP as Auditor will be proposed at the next Annual General Meeting.

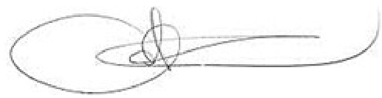
Audit information

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Post balance sheet events

Details of any significant post balance sheet events are included on pages 139 to 140 of these financial statements.

By order of the Board



Steve Smith
Director
7 October 2024

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors’ Report, the Directors’ Remuneration Report, the Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors have elected and are required under the Listing Rules of the Financial Conduct Authority to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;

> make judgements and accounting estimates that are reasonable and prudent;

> state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

Directors’ statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 61 confirm that, to the best of each person’s knowledge:

> the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

> the Strategic Report contained in the Annual 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.

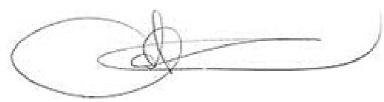
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the www.theprsreit.com website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

Approval

This Statement of Directors’ Responsibilities was approved by the Board and signed on its behalf by:



Steve Smith
Chairman
7 October 2023

Corporate Governance Statement

Responsibilities

The Board is collectively responsible for the sustainable long-term success of the Group and for delivering value for shareholders. The Board does not routinely involve itself in day-to-day business decisions. It provides overall leadership and sets the strategic direction of the Group and has oversight over the management and conduct of the Group's business, strategy and development. The Board determines the Group's Investment Policy and risk appetite and ensures compliance with the Group's Investment Policy.

The Board is also responsible for the control and supervision of the Alternative Investment Fund Manager ("**AIFM**") and the Investment Adviser and compliance with the principles and recommendations of the AIC Code. The Board ensures the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of the systems in place throughout the year. The Board is responsible for approval of any changes to the capital, corporate and/or management structure of the Group.

The AIFM is responsible for overall portfolio management (including compliance with the Group's investment policy) and risk management of the Group, including the implementation and review of adequate risk management systems.

The Investment Adviser is responsible for the asset management of the Group's portfolio, including arranging for the acquisition of PRS development sites and liaising with third parties providing services to the Group. The Investment Adviser also provides certain development management services to the Group, in connection with the construction and delivery of new PRS units.

The Directors have adopted a formal schedule of matters reserved for decision by the Board. These include the following:

> Board membership and powers including the appointment and removal of Board members taking account of recommendations from the Nomination & Remuneration Committee;

> establishing the overall control framework,

> Stock Exchange related matters, including the approval of communications to the Stock Exchange, and communications with shareholders, other than announcements of a routine nature;

> appointment, termination, and regular assessment of the performance of the principal advisers, including the AIFM, Investment Adviser, legal and tax advisers, administrator, valuer, financial adviser and broker, registrar and Auditor;

> approval of acquisitions from Sigma Capital Group Limited and subsidiary undertakings;

> approval of annual and half yearly financial reports, to 30 June and 31 December respectively, dividends, accounting policies and significant changes in accounting practices;

> review of the adequacy of corporate governance procedures;

> review of the risk management systems and the effectiveness of internal controls;

> alterations to and approval of the Group's capital structure, dividend policy, treasury policy, borrowing facilities and any banking relationships;

> approval of any related party transactions subject to further regulatory requirements; and

> oversight of the Group's operations, ensuring compliance with statutory and regulatory obligations.

The Board has carried out a robust assessment of the emerging principal risks affecting the business, including those which would threaten its business model, future performance, solvency or liquidity. Details of these risks and their management are set out in this report on pages 47 to 50.

The Board has reviewed the effectiveness of the AIFM and Investment Adviser's compliance and control systems in operation insofar as they relate to the affairs of the Group and further reviews the arrangements with the Depository to ensure the safeguarding of the Company's assets and security of the shareholders' investment is being maintained.

As the Company principally invests in property assets, the Board does not consider that there is any need to determine a separate remit for the Investment Adviser regarding voting and corporate governance issues in respect of investee companies. While the Company has a number of subsidiary undertakings these are all special purpose vehicles set up for the purposes of holding property assets and are all wholly owned and controlled by the Company.

Internal control review

The Board is responsible for the systems of internal controls relating to the Company and Group, including the reliability of the financial reporting process, and for reviewing the systems' effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting and an ongoing process is in place for identifying, evaluating and managing the principal and emerging risks faced by the Company and Group. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this report.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company and Group are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the annual report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified. The internal control systems do not eliminate risk and can only provide reasonable assurance against misstatement or loss.

Internal control assessment process

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective.

The following are the key internal controls which the Company has in place:

> a risk register which identifies key and emerging risks and the controls in place to mitigate those risks (this register is maintained by the Investment Adviser subject to oversight of the Audit Committee);

> a procedure to monitor the compliance status of the Company to ensure that it can continue to be approved as a REIT;

> the Investment Adviser and the Administrator prepare forecasts and management accounts which allow the Board to assess performance;

> the controls employed by the Investment Adviser and other third-party service providers are periodically reviewed by the Audit Committee; and there are agreed and defined investment criteria, specified levels of authority and exposure limits in relation to investments, leverage and payments; and

> the Audit Committee reviews the internal control recommendations made by the external auditors, including the results of periodic testing of key controls as part of their audit work.

The risks of any failure of internal controls and impact of such risks are identified in the risk register, which is regularly reviewed by the Board, through the Audit Committee. Taking into account the review of the Group's principal and emerging risks, and its knowledge of the business, the Audit Committee has reviewed and approved any statements included in the annual report concerning internal controls (including the financial reporting process for the entities included in the consolidation as a whole) and risk management and has determined that the effectiveness of the internal controls was satisfactory. The principal and emerging risks and uncertainties identified from the risk register can be found on pages 47 to 50.

Investment Adviser

The Company and the AIFM appointed Sigma PRS Management Ltd ("**Sigma PRS**") as the Investment Adviser in March 2017. Sigma PRS is responsible for the physical management of the assets of the Company and advising the Company and the AIFM on a day-to-day basis in respect of the Company's Investment Policy. The Investment Adviser is part of the Sigma Capital Group, a leading provider of PRS properties in the UK. As a wholly owned subsidiary of Sigma, the Investment Adviser benefits from the extensive experience and expertise of the Sigma team with access to its PRS property platform to source investment opportunities that meet the investment objectives of the Company, management of all properties within the portfolio, and providing marketing and investor relations services to the Company.

The Company announced on 9 July 2024 that it had extended its existing Investment Advisory Agreement with Sigma PRS and agreed an improved fee structure. The Development Management Agreement has also been extended, on an improved fee structure. The contract changes applied from 1 July 2024 and the agreement is terminable on not less than 12 months' notice by either party, such notice not to expire earlier than 30 June 2029. The performance of the Investment Adviser has been reviewed on an ongoing basis throughout the period by the Board at its quarterly meetings. The Board considers a number of factors including investment performance, the skills and experience of key staff and the capability and resources of the Investment Adviser to deliver satisfactory performance for the Company in accordance with its Investment Objective. The Board is satisfied with the performance of the Investment Adviser and considers its continued appointment on the new terms agreed to be in the best interests of the Company and its shareholders as a whole.

Board membership and meeting attendance

During the year to 30 June 2024, the number of scheduled Board meetings attended by each Director was as follows:

Director	Attendance*	Date of Appointment	Length of Service at 30 June 2024
Steve Smith	6/6	24 April 2017	7 years
Steffan Francis	6/6	24 April 2017	7 years
Rod MacRae	6/6	24 April 2017	7 years
Geeta Nanda	6/6	24 March 2021	3 years
Karima Fahmy**	4/4	10 October 2023	8 months
Jim Prower***	1/2	20 May 2019	–

* Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

** Appointed with effect from 10 October 2023.

*** Retired with effect from the conclusion of the Annual General Meeting on 4 December 2023.

Composition

The Board consists of a Non-Executive Chairman and four other Non-Executive Directors, including a Senior Independent Director, all of whom were considered independent on and since their appointment. All the Directors are independent of the Investment Adviser and the AIFM.

Steve Smith is the Chairman of the Company, to be succeeded by Geeta Nanda as Interim Chair at the 3 December 2024 AGM, and is responsible for leadership and oversight of the Board to ensure that it functions effectively. The Chairman, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is received, and sufficient time is given in meetings to review all agenda items thoroughly. They promote constructive debate and facilitates a supportive, co-operative and open environment between the Investment Adviser and the Directors. They are also responsible for ensuring that the Company's obligations to its shareholders are understood and met. The Chairman is deemed by his fellow independent Board members to be independent in character and judgement and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Company. The Chairman has no significant commitments other than those disclosed in his biography on page 61.

The Company appointed Geeta Nanda as Senior Independent Director, with effect from 21 March 2023. The Senior Independent Director acts as a sounding board and intermediary for the other Directors and for shareholders.

The Non-Executive Directors hold, or have held, senior positions in industry and commerce and contribute a wide range of skills, experience and objective perspective to the Board. Through the Board Committees, the Non-Executive Directors bring focus and independence to strategy, governance, internal controls and risk management.

During the year, the Board was satisfied that all Directors were able to commit sufficient time to discharge their responsibilities effectively having given due consideration to the Directors' external appointments. The Directors were advised on appointment of the expected time required to fulfil their roles and have confirmed that they remain able to make that commitment. All material changes in any Director's commitments outside the Group are required to be, and have been, disclosed prior to the acceptance of any such appointment.

In accordance with the Articles of Association, every person appointed as a Director during the period must stand for re-election at the next Annual General Meeting ("**AGM**"). The Board follows the revised AIC Code of Corporate Governance that applies to financial periods commencing after 1 January 2019 and requires that all Directors will stand for re-election annually.

The Board has also considered and developed a succession plan both for the long-term and short-term in the event of any unforeseen change in circumstances in respect of the individual board members. In relation to the long-term succession plan, the succession plan for Steffan Francis and Rod MacRae currently scheduled for 2025, with their tenure coming up to nine years of service, will be conducted in accordance with the AIC Code of Corporate Governance.

Board committees

The Board has established a Management Engagement Committee, an Audit Committee, and a Nomination & Remuneration Committee.

The Management Engagement Committee meets at least once a year and keeps the terms of engagement with the AIFM and Investment Adviser under review and examines the performance of the AIFM, Investment Adviser, Administrator, Depositary, Company Secretary, valuer and other service providers. The Management Engagement Committee comprises the whole Board given the size of the Board, with each member independent of the AIFM and the Investment Adviser. The Management Engagement Committee receives reports and analysis from each of the Investment Adviser and AIFM and reviews these, making recommendations for change or requests for additional information where appropriate to ensure ongoing performance under the terms of their respective contractual arrangements. Steve Smith is the Chairman of the Management Engagement Committee. Further details about the Management Engagement Committee can be found on pages 87 to 88.

The Audit Committee meets at least three times a year and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external Auditors, including the provision of non-audit services. The Audit Committee also examines the effectiveness of the Company's internal control systems. The Audit Committee comprises four of the Non-Executive Directors given the size of the Board and to benefit from the broad range of financial, commercial and property sector experience which enables them to provide better oversight of financial and risk matters. Rod MacRae is Chairman of the Audit Committee. Further details about the Audit Committee can be found on pages 79 to 81.

The Nomination & Remuneration Committee was established during the previous financial year and comprises of three of the Non-Executive Directors. It meets at least once a year and as required. The Nomination & Remuneration Committee assists the Board by reviewing the size, structure and skills of the Board and considering whether any changes are required, or new appointments necessary. It leads the recruitment process for candidates for the Board, and ensures that plans are in place for orderly succession to the Board, whilst overseeing the development of a diverse pipeline. The Nomination & Remuneration Committee also reviews any proposed changes to the remuneration of the Directors of the Company for recommendation to, and discussion with, the wider Board.

The Committees' delegated responsibilities are clearly defined in formal terms of reference, which are available on the Company's website.

Board meetings

During a full financial period, the Board meets formally on, at least, a quarterly basis with additional meetings arranged as necessary. During the current period, there were six meetings.

At each Board meeting, the Directors follow a formal agenda which is set by the Chair, and the Board papers are circulated in advance of the meeting by the Company Secretary to ensure that the Directors receive accurate, clear and timely information to help them to discharge their duties. For this purpose, the Board receives periodic reports from the AIFM and the Investment Adviser detailing the performance of the Group. The primary focus at the meetings are a review of investment opportunities, investment performance and associated matters such as financial returns, profitability, gearing, asset allocation, level of the share price discount or premium, marketing and investor relations and industry issues.

Discussions of the Board

During the year, the Board considered the following key matters:

> Review of health and safety matters, including the potential impact of the Fire Safety Act 2021 and Building Safety Act 2022 on the Company's portfolio;

> Review of the Investment Adviser's processes with regards to advising on asset allocation;

> The appointment of Karima Fahmy to the Board as a Non-Executive Director, following a recommendation from the Nomination & Remuneration Committee;

> Review and approval of the change of Joint Corporate Broker from Panmure Gordon to Jefferies;

> Review and approval of the change of Registrar from Link to Computershare;

> Review and approval of the reappointment of the Company's Valuers';

> Proposed extension of the Company's £75 million floating-rate debt for a further year and increase to £100 million, provided by RBS;

> The extension of the Investment Adviser and Development Management Agreements;

> The wider macro-economic conditions and the market sentiment towards the UK REIT sector, and the challenges this presented towards the Company's share price;

> Review and approval of the Company's 2023 Annual Report and interim results;

> Discussion regarding the implementation of an ESG framework and the putting together of a Company-specific budget for ESG activities;

> The Group's corporate structure;

> The key performance indicators by which the Group measures success;

> Updates on relevant government or regulatory developments;

> Review of quarterly management accounts;

> Review of the Company's share price rating, performance and trading and the Group's NAV performance;

> Declaration of the Company's interim dividends;

> The Company's compliance with the REIT conditions;

> Review and update of the Company's Risk Register;

> Analysis of the Company's shareholder register;

> Review of corporate governance compliance, Group subsidiary activity and Depositary report; and

> Review and approval of the Board's emergency and long-term succession plans.

The Investment Adviser attends a portion of the Board meetings. Representatives from the AIFM and the Company's other advisers are also invited to attend elements of the Board meetings from time to time.

Performance evaluation

The Directors recognise that the evaluation process is a significant opportunity to review the practices and performance of the Board, its Committees and its individual Directors, and to implement actions to improve the Board's focus and effectiveness which contribute to the Group's success.

The Board conducts a formal annual evaluation process and, recognising the importance of this process, intends to conduct an externally facilitated evaluation once every three years. The last externally facilitated evaluation was undertaken in respect of the year ending 30 June 2022.

The Board has undertaken an internal performance evaluation in respect of the year ending 30 June 2024 designed to assess the strengths and effectiveness of the Board and its Committees. The Directors were asked to complete a questionnaire, that considered, amongst other things, the composition of the Board and its Committees, leadership, the efficiency of Board processes, and stakeholder engagement.

Having conducted the evaluation, the Board considers that it has performed effectively and that it has the appropriate mix of skills, experience and knowledge. The Directors believe that they work effectively together both inside and outside of formal Board meetings. The Board is also satisfied that the Chairman remains independent of the Investment Adviser and the AIFM and has exhibited a good leadership style, promoting effective decision-making, constructive debate and ensuring the Board functions well as a unit. The Board believes that each individual Director has been effective and demonstrated commitment to the role. The Board discussed the challenges and opportunities identified through the evaluation and agreed that the recommendations will be monitored at the quarterly Board meetings to ensure progress has been made.

Challenges and opportunities	2024 Development Points
Board Collaboration	It is recommended that additional time be dedicated to Board-only sessions, including discussion of strategy, and site visits to existing properties to enhance Board collaboration.
Professional Development	It is recommended that the Board dedicate more time to the professional development of the Directors, to ensure continuous improvement of knowledge and skills.
Service Providers	It is recommended that an enhanced review of the Company's services providers is completed to ensure that the scope and cost of providers remains appropriate from the time of initial appointment.

Diversity policy

The Board believes that a diverse and inclusive culture is essential to the long-term success of the Company allowing us to respond to our diverse customer base. At the Board we set the tone for diversity and inclusion and our culture, and treat everyone with dignity, respect and fairness, regardless of protected characteristics such as disability, religion or belief, sexual orientation or any other factors.

The Board supports the recommendations of the Hampton-Alexander and Parker Reviews and believes that diversity of gender, social and ethnic backgrounds, cognitive and personal attributes, contribute to a more effective and objective decision-making process in the boardroom.

The Board agrees with the principles of the Listing Rules 6.6.6R(9) and 11.4.23R. At the date of this report, the Board has fulfilled all three of the targets to have at least one member from a minority ethnic background, for at least one of the senior Board positions to be held by a woman, and for at least 40% of the Board to be women. The Board monitors the balance of skills, knowledge, experience and diversity on the Board and leads succession planning.

Following the Board changes expected to take place following the date of this report, which are detailed on pages 11 to 12, the Board will fulfil two of the three targets. It is the Board's intention that all future appointments will be made on merit and take into consideration the recognised benefits of all types of diversity, and that the principles of the Listing Rules 6.6.6R and 11.4.23R are taken in account in any further recruitment processes and Board changes.

Tenure policy

In accordance with best practice, the Board considers that the length of time each Director, including the Chairman, serves on the Board should be limited to a maximum of nine years. To facilitate the development of an effective succession pipeline and a diverse board, this period can be extended for a limited time if necessary.

Continuity, self-examination and ability to do the job are the relevant criteria on which the Board assesses a Director's independence. Length of service of current Directors, succession planning and independence will be reviewed each year as part of the Board evaluation process.

Culture

The Directors are aware that establishing and maintaining a healthy culture amongst the Board and in its interaction with the Investment Adviser, other service providers, shareholders and other stakeholders will support the delivery of its purpose, values and investment strategy. The Board seeks to promote a culture of openness, transparency and integrity through ongoing dialogue and engagement with its stakeholders.

The Group has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board regularly through Board meetings and in particular during the annual evaluation process. These policies and behaviours are designed to align the culture with the long-term strategy of the Group. The Board seeks to appoint the best possible service providers and evaluates their service on a regular basis.

The Board considers the culture of the Investment Adviser and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers.

Conflicts of interest

The Group operates a conflicts of interest policy that has been approved by the Board and sets out the approach to be adopted and procedures to be followed where a Director, or such other persons to whom the Board has determined the policy applies, has an interest which conflicts, or potentially may conflict, with the interests of the Group. Under the policy and the Company's Articles of Association, the Board may authorise potential conflicts that may arise, subject to imposing limits or conditions when giving authorisation if this is appropriate.

The Group reserves the right to withhold information relating to or relevant to a conflict matter from the Director concerned, and/or to exclude the Director from any Board information, discussions or decisions which may or will relate to that matter of conflict, or where the Chairman considers that it would be inappropriate for a Director to take part in such discussion or decision, or receive such information. Procedures have been established to monitor actual and potential conflicts of interest on a regular basis and the Board is satisfied that these procedures are working effectively.

The AIFM and Investment Adviser maintain a policy to avoid and manage any conflicts of interest that may arise between themselves and the Group. The Investment Adviser has established a clear and robust framework to ensure that any conflicts of interest are appropriately governed that includes:

> the Investment Adviser's obligation to provide the Group with a right of first refusal on every investment opportunity meeting the Group's investment policy and, subject to availability of funding, with the intention that the Group undertakes not less than two-thirds of all such opportunities with the balance being developed by the Investment Adviser and forward sold to the Group;

> the Investment Adviser's obligation to sell all stabilised investment assets to the Group on pre-agreed terms at a price equal to the market value determined by an independent valuation expert; and

> other conflict matters, in particular regarding the value, quality or other terms relating to the acquisition of assets by the Group.

Professional development

All Directors received a comprehensive and robust induction programme on appointment to the Board that covered the Investment Adviser's investment approach, the role and responsibilities of a Director and guidance on corporate governance and the applicable regulatory and legislative landscape. The Chairman regularly reviews and discusses the development needs with each Director. Each Director is fully aware that they should take responsibility for their own individual development needs and take the necessary steps to ensure they are wholly informed of regulatory and business developments.

During the period, the Directors received periodic guidance on regulatory and compliance changes at quarterly Board meetings.

Succession planning

The Board has given full consideration to succession planning to ensure progressive refreshing of the Board, taking into account the challenges and opportunities facing the Board and the balance of skills and expertise, factoring in the benefits of a diverse Board that are required in the future.

The Board has considered emergency and long-term succession planning arrangements and a formal succession plan has been agreed. The succession plan for Steffan Francis and Rod MacRae, currently scheduled for 2025 with their tenure coming up to nine years of service, will be conducted in accordance with the AIC Code of Corporate Governance and will balance the appropriate skills required.

Health and safety

Health and safety is of prime importance to the Group, and is considered equally with all other business management activities to ensure protection of stakeholders be they tenants, advisers, suppliers, visitors or others. The Board regularly discusses health and safety issues with the Investment Adviser. The Group is committed to fostering the highest standards in health and safety as it believes that all unsafe acts and unsafe conditions are preventable. All our stakeholders have a responsibility to support the aim of ensuring a secure and safe environment, and all our stakeholders are tasked with responsibility for achieving this commitment.

Anti-bribery policy

PRS REIT has a zero-tolerance policy towards bribery and is committed to carrying out its business fairly, honestly, and openly. The anti-bribery policies and procedures apply to all its officers and to those representing the PRS REIT.

Transparency

The Company aims to be transparent, and to ensure that it communicates with its shareholders and other stakeholders in a manner that enhances their understanding of its business. The Company engages Sigma PRS to maintain accounting documentation that clearly identifies the true nature of all business transactions, assets and liabilities, in line with the relevant regulatory, reporting, accounting, and legal requirements. No record or entry is knowingly false, distorted, incomplete, or suppressed. All reporting is fair, reasonable, complete and in compliance in all material respects with stated accounting policies and procedures.

The Company does not knowingly misstate or misrepresent management information for any reason, and the Company expects the same to apply to its suppliers. The Company may be required to make statements or provide reports to regulatory bodies, government agencies or other government departments, as well as to the media. The Company ensures that such statements or reports are correct, timely, and not misleading, and that they are delivered through the appropriate channels. Through its website the Company provides its Annual Report, other statements and any appropriate information to enable shareholders and stakeholders to assess the performance of its business. The Company complies with the applicable laws and regulations concerning the disclosure of information relating to the Company.

Shareholder engagement

The Board recognises the importance of maintaining strong relationships with shareholders, and the Directors place a great deal of importance on understanding shareholder sentiment.

The Investment Adviser and the Group's financial advisers regularly meet and receive calls from shareholders and analysts in order to understand their views, and the Group's brokers speak to shareholders regularly, ensuring shareholder views are communicated to the Board. The Board takes responsibility for, and has a direct involvement in, the content of communications regarding major corporate issues.

The Company's next Annual General Meeting will be held on 3 December 2024. Shareholders are encouraged to attend and vote, along with any other shareholder meetings, so they can discuss governance and strategy and the Board can enhance its understanding of shareholder views. The Board attends the Company's shareholder meetings to answer any shareholder questions and the Chairman makes himself available, as necessary, outside of these meetings to speak to shareholders.

The Board fully acknowledges and shares the frustration raised on 29 August 2024 by the Requisitioning Shareholders and other investors around the discount to NAV and share price performance that does not reflect the strong operational performance and opportunity of the business. The Board continually reviews actions under its control that may act to address the discount to NAV. While the Company's share price has been steadily rising since July 2024, the Board notes that the PRS REIT was not alone in trading at such a discount with the UK REIT and UK Investment Trust sectors all trading at meaningful average discounts. The Board had previously intended to announce an update on Strategy with full year results. Given the Board changes announced on 13 September, the Board intends to review strategy with the newly constituted Board and provide an update when appropriate.

Regarding the risks and rewards to which shareholders are exposed by holding shares in the Company, the publication of the Key Information Document on the Company's website, which is prepared by the AIFM in conjunction with the Investment Adviser, provides details of the nature and key risks of the Company to shareholders. The Board is committed to providing investors with regular announcements of significant events affecting the Group and all investor documentation is available on the Group's website www.theprsreit.com.

Audit Committee Report

The following pages set out the Audit Committee report of The PRS REIT plc for the financial year ended 30 June 2024.

The Audit Committee, which reports to the Board, has governance responsibilities to oversee the Company's financial reporting processes, which include the risk management and internal financial controls of the Investment Adviser.

Committee membership

The Audit Committee comprises of four Non-Executive Directors, Rod MacRae as Chairman, Steffan Francis, Geeta Nanda and Karima Fahmy (appointed to the Audit Committee with effect from 10 October 2023), who all have a broad range of financial, commercial and property sector expertise which enables them to provide oversight of both financial and risk matters. The Board is satisfied that the combined knowledge and experience of its members is such that the Audit Committee discharges its responsibilities in an effective manner and has competence relevant to the sector in which it operates.

In addition, the Board is satisfied that at least one member of the Audit Committee has recent and relevant financial experience. Rod MacRae is a Chartered Accountant, and has more than 20 years of experience in the financial services sector.

Meetings

There are at least three scheduled Audit Committee meetings per any financial period and its quorum is two members. During the year to 30 June 2024, the Committee has met three times. The attendance at these meetings was as follows:

Director	Attendance*
Rod MacRae (Chairman)	3/3
Steffan Francis	3/3
Geeta Nanda	3/3
Karima Fahmy**	1/1
Jim Prower***	1/2

* Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

** Appointed with effect from 10 October 2023.

*** Retired with effect from the conclusion of the Annual General Meeting on 4 December 2023.

Role of the Audit Committee

The principal duties of the Audit Committee are:

Financial reporting

> consider the integrity of the interim and full year financial statements and any formal announcements relating to the financial results;

> report to the Board on any significant financial reporting issues and judgments having regard to any matters communicated to it by the Auditor; and

> as requested by the Board, to review the contents of the annual report and financial statements and advise the Board on whether the report and financial statements as a whole are considered fair, balanced and understandable and provide a true and fair view of the Company's financial position as at 30 June 2024 and further provides shareholders with sufficient information to assess the financial position of the Company and Group, and the Group's performance, investment strategy and investment objectives.

Risk management and control

> review the adequacy of the internal controls and risk management systems of the Company's Investment Adviser; and

> report to the Board on the Company's procedures for detecting fraud.

External audit

> manage the relationship with the Company's external Auditor, including reviewing the Auditor's remuneration, independence and performance and making recommendations to the Board as appropriate;

> review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;

> review the policy on the engagement of the Auditor; (including provision of non audit-services); and

> safeguard the Auditor's independence and objectivity.

External property valuation

> review the quality and appropriateness of the half-yearly and full year external valuations of the Group's property portfolio.

Other

> review the Committee's terms of reference and performance effectiveness.

The Audit Committee reports and makes recommendations to the Board, after each meeting.

Matters considered by the Audit Committee

At its meetings during the year under review, the Audit Committee has:

- reviewed the internal controls and risk management systems of the Company;
- reviewed the Company's half-year and full-year financial results;
- agreed the audit plan with the Auditor, including the agreement of the audit fee;
- reviewed the need to establish an Internal Audit function;
- reviewed the adequacy of the Company's arrangements as they relate to compliance, whistleblowing and fraud;
- reviewed the annual valuation reports from the independent valuation expert, Savills (UK) Limited;
- reviewed the provision of non-audit services by the Auditor;
- reviewed the independence of the Auditor;
- made recommendations to the Board to put to shareholders for their approval at the AGM regarding the re-appointment of the external Auditor and approval of the remuneration and terms of engagement of the external Auditor;
- reviewed the Audit Findings Report and discussed findings from the audit with the Auditor; and
- reviewed the Group's financial statements and advised the Board accordingly.

The Company's principal risks can be found on pages 47 to 50. The Administrator and the Investment Adviser update the Audit Committee on changes to accounting policies, risk, legislation and areas of significant judgement by the Investment Adviser.

Significant matters considered by the Audit Committee in the year

Property portfolio valuation

Investment property is held in the financial statements at fair value. There are independent valuations which are carried out by a qualified independent valuation expert. The valuations depend on some data provided by the Investment Adviser and the independent valuation expert makes decisions and assumptions on criteria, some of which are subjective. As the valuation of the properties within the Group's portfolio is central to the Company's business the Directors consider that the value of investment properties is a significant issue due to the magnitude of the total amount, the potential impact of the movement in value on the reported results and the subjectivity of the valuation process.

The investment properties are independently valued by an external valuation expert, Savills (UK) Limited. The valuations are prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022, together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book". The Investment Adviser, Audit Committee and Board have held open discussions with the valuers throughout the period on the valuation process to discuss various elements of the property valuations and the Auditor also has direct access to them as part of the audit process. Given the audit risks related to the valuation of the property portfolio, the Auditor engaged its own independent valuation expert to review the Group's valuation. Since the year-end, the Audit Committee has reviewed the valuation reports and has discussed these reports with the valuer, the Investment Adviser and the Auditor. The Audit Committee was satisfied with the valuation reports. In addition, since the year-end, members of the Audit Committee have met independently with the valuer.

Maintenance of REIT status

The UK REIT regime enables the Group to benefit from favourable tax treatment. The Audit Committee and Board monitors the PRS REIT's compliance status throughout the year and considers requirements for the maintenance of the Company's REIT status.

External audit process

Before the commencement of the audit, the Audit Committee met with the Auditor, to discuss the scope of the audit plan. Before completion of the external audit, the Audit Committee met again with the Auditor to discuss the findings of the external audit and consider and evaluate any findings.

True and fair view

After the consideration of the above matters and detailed review, the Audit Committee was of the opinion that the annual report and financial statements represent a true and fair view of the Group and Company as a whole and in addition provides the information necessary for shareholders to assess the Company's performance, strategy and investment objectives.

Audit fees and non-audit services

An audit fee of £150,000 has been agreed in respect of the audit of the Company for the year ended 30 June 2024 (2023: £140,000). The audit fees of the Group for the period ended 30 June 2024 totalled £320,000 (2023: £288,000).

The cost of non-audit services provided by the Auditor to the Company for the financial period ended 30 June 2024 was £25,000 (2023: £22,500) of which £25,000 related to the agreed upon procedures on the interim financial statements (2023: £22,500). To safeguard the external Auditor's independence and objectivity there was prior approval of a detailed scope of work and no additional safeguards were considered necessary due to the nature of procedures involved.

Following a tender process undertaken during the year, Grant Thornton UK LLP have been engaged to advise on taxation compliance matters.

Independence and objectivity of the Auditor

RSM UK Audit LLP ("**RSM**") were appointed as Auditor to the Company on 25 April 2017. In accordance with the rules around audit partner rotation, Mr Graham Ricketts, Partner at RSM, has been appointed since the year ended 30 June 2023 as the responsible individual on the audit. No tender for the audit of the Company has been undertaken.

In evaluating RSM's performance, the Audit Committee considered the effectiveness of the audit process, quality of delivery, staff expertise, audit fees and the Auditor's independence, along with matters raised during the audit. The Audit Committee received confirmation from RSM that they maintain appropriate internal safeguards in line with applicable professional standards. In accordance with new requirements relating to the appointment of Auditors, the Company will need to conduct an audit tender no later than for the accounting period beginning 1 July 2026. Having considered the Auditor's independence in respect of the year ended 30 June 2024, the Audit Committee is satisfied with the Auditor's performance, objectivity and independence.

Review of Auditor appointment

Following consideration of the performance of the Auditor, the service provided during the year and a review of their independence and objectivity, the Audit Committee has recommended to the Board the continued appointment of RSM UK Audit LLP as the Company's external independent Auditor.

Internal audit

The Audit Committee has determined that there is not presently a need for establishing an Internal Audit function, taking into account the size and complexity of the Company and its business. In coming to this conclusion, the Audit Committee noted that the external auditors check the operation of certain controls on a sample basis as part of their audit.

The Audit Committee will continue to review this position on an annual basis and make recommendations to the Board as appropriate.

Performance evaluation

Refer to the above Corporate Governance Statement on pages 75 to 76, for further details on the performance evaluation.

Rod MacRae
Audit Committee Chairman
7 October 2024

Nomination & Remuneration Committee Report

The following pages set out the Nomination & Remuneration Committee report of The PRS REIT plc for the financial year ended 30 June 2024.

The Nomination & Remuneration Committee was established with effect from 28 November 2022.

Committee membership

The Nomination & Remuneration Committee comprises of three Non-Executive Directors, Steve Smith as Chairman, Steffan Francis and Geeta Nanda.

Meetings

There is at least one scheduled meeting per financial year and its quorum is two members. During the year to 30 June 2024, the Committee met once. The attendance at this meeting was as follows:

Director	Attendance*
Steve Smith (Chairman)	1/1
Steffan Francis	1/1
Geeta Nanda	1/1

* Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

Role of the Nomination & Remuneration Committee

The Nomination & Remuneration Committee's main function is to evaluate the performance of the Board, ensure the Board composition, skills and experience are optimal, lead the process for appointments to the Board and oversee an orderly succession plan to the Board, ensuring the development of a diverse pipeline for succession. The Nomination & Remuneration Committee also reviews any proposed changes to the remuneration of the Directors of the Company for recommendation to, and discussion with, the wider Board.

Matters considered by the Nomination & Remuneration Committee

The Nomination & Remuneration Committee discussed matters including, but not limited to: tenure policy, diversity policy, Board composition, Board skills, Board experience, succession planning, time commitments, remuneration, and the Listing Rule requirements on Board diversity. The Committee also led the recruitment process for a new Non-Executive Director, working with an independent external search consultant. The Committee identified and nominated Karima Fahmy, for the approval of the Board. This is discussed in further detail below.

Succession planning and recruitment

A key focus of the Nomination & Remuneration Committee during the year was the continued implementation of a long-term succession plan for the Board. Under its Terms of Reference, once a decision is made to recruit an additional Director, the Nomination & Remuneration Committee has the responsibility for identifying and leading that process on behalf of the Board. A formal role description is created, which is based upon requirements identified from a review of the current balance of experience and skills, as well as due regard to the benefits of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Nomination & Remuneration Committee is responsible for identifying suitable candidates, and engaging with an independent external consultant to facilitate the search through an open and transparent process, in order to identify appropriate candidates, including those from different social and ethnic backgrounds.

During 2023, the Committee engaged with Nurole Ltd ("Nurole") to support its recruitment process. Nurole have no other connection with the Company or any of its Directors. Nurole provided a longlist of candidates which was reviewed by the Committee to create a shortlist. First stage interviews then took place with short-listed candidates and Committee members, following which a smaller shortlist of preferred candidates met with the wider Board. Following this process, the Nomination & Remuneration Committee, having considered her other commitments prior to appointment, recommended Karima Fahmy to the Board for appointment as a Non-Executive Director. Karima joined the Board on 10 October 2023 and following a period to allow Karima to settle into her role, and in line with the succession plan, Jim Prower stepped down from the Board with effect from the conclusion of the Annual General Meeting on 4 December 2023.

Further to the Requisition Notice received on 29 August 2024, as announced on 13 September 2024, an agreement had been reached with the requisitioning shareholders such that Robert Naylor and Christopher Mills will be appointed to the Board as non-executive directors following the date of this report. As such, an external search consultancy has not been used in respect to their appointments.

A key focus for the remainder of 2024 will be the recruitment for a new independent non-executive Chair, and for 2025 will be a recruitment for the replacement of Rod MacRae as Audit Chair, with his tenure coming up to nine years of service.

Performance evaluation

Refer to the above Corporate Governance Statement on pages 75 to 76, for further details on the performance evaluation.

Re-election of Directors

All Directors submit themselves for election or re-election on an annual basis. All Directors in office as at the date of this report are to be proposed for re-election at the 2024 AGM.

Tenure policy and diversity policy

Refer to the above Corporate Governance Statement on page 76, for further details on the Tenure and Diversity Policies.

Remuneration

Further details can be found in the Directors' Remuneration Report on page 91.

Diversity

FCA Listing Rule diversity targets

The FCA's Listing Rules require that the Company reports on whether the following targets have been met: at least 40% of individuals on the Board are women; at least one of the senior Board positions is held by a woman; and at least one individual on its Board is from a minority ethnic background.

The following table sets out the gender and ethnic diversity of the Board as at 30 June 2024 in accordance with the Listing Rules:

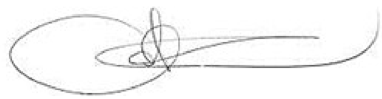
Gender Diversity	Number of Board members	Percentage of the Board %	Number of senior positions on the Board[8]
Men	3	60	1
Women	2	40	1
Not specified / prefer not to say	–	–	–

Ethnic Diversity	Number of Board members	Percentage of the Board %	Number of senior positions on the Board[8]
White British or other White (including minority white groups)	3	60	1
Mixed / Multiple Ethnic Groups	1	20	–
Asian / Asian British	1	20	1
Black / African / Caribbean / Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified / prefer not to say	–	–	–

8 Senior positions include Chair and Senior Independent Director.

The Board is compliant with the relevant targets. As set out above, following the Board changes announced on 13 September 2024, including the appointment of Robert Naylor and Christopher Mills following the date of this report, and Steve Smith stepping down at the 2024 AGM, the Board will be compliant with two of the three targets. However, the Board remains committed to maintaining diversity in the boardroom.

As an investment company with solely independent, Non-Executive Directors, the Company does not have a Chief Executive or Chief Financial Officer and has no employees. Accordingly, no disclosures regarding executive management positions have been included.



Steve Smith
Nomination & Remuneration Committee Chairman
7 October 2024

Management Engagement Committee Report

The following pages set out the Management Engagement Committee report of The PRS REIT plc for the financial year ended 30 June 2024.

The Management Engagement Committee, which reports to the Board, has governance responsibilities to review the Company's continuing appointment of the AIFM and Investment Adviser.

Committee membership

The Management Engagement Committee comprises Steve Smith as Chairman, Steffan Francis, Rod MacRae, Geeta Nanda and Karima Fahmy.

Meetings

There is at least one scheduled meeting per any financial year and its quorum is two members. During the year to 30 June 2024, the Committee met once. The attendance at this meeting was as follows:

Director	Attendance*
Steve Smith (Chairman)	1/1
Steffan Francis	1/1
Rod MacRae	1/1
Geeta Nanda	1/1
Karima Fahmy**	0/0
Jim Prower***	0/1

* Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

** Appointed with effect from 10 October 2023.

*** Retired with effect from the conclusion of the Annual General Meeting on 4 December 2023.

Role of the Management Engagement Committee

The Management Engagement Committee is primarily responsible for reviewing the appropriateness of the continuing appointment of the AIFM and Investment Adviser, ensuring that the appointments continue to be in the best interests of shareholders and that the terms of the AIFM Agreement and Investment Advisory Agreement remain competitive and sensible for shareholders.

The Management Engagement Committee also monitors and evaluates the performance of other key service providers to the Company.

Matters considered by the Management Engagement Committee

At its meeting during the year under review, the Management Engagement Committee has:

> reviewed the performance of the AIFM and Investment Adviser and reviewed the Agreements with the AIFM and Investment Adviser; and

> reviewed the performance of other third-party service providers and made recommendations to the Board regarding these.

Performance evaluation

Refer to the above Corporate Governance Statement on pages 75 to 76, for further details on the performance evaluation.

Management arrangements

Investment Adviser

The Company and the AIFM have appointed Sigma PRS Management Ltd ("**Sigma PRS**") as the Investment Adviser. Sigma PRS is responsible for the physical management of the assets of the Company and advising the Company and the AIFM on a day-to-day basis in respect of the Company's Investment Policy. The Investment Advisory Agreement (the "**Agreement**") was signed on 3 May 2017 and provided for an initial minimum contracted term of five years to 31 May 2023, being the fifth anniversary of the initial admission of the Company's shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, with a one-year notice period thereafter. The Agreement was first extended, with effect from 1 January 2021, to 31 December 2025, with a one-year notice period thereafter. The Investment Adviser fee arrangement in respect of Sigma PRS is detailed in note 11 of the financial statements in respect of the year ended 30 June 2024. In addition, up to 30 June 2024, the Investment Adviser was entitled to a development management fee of 4.0% of gross development spend on land and gross development spend on construction.

As announced on 9 July 2024, the Agreement was extended with effect from 1 July 2024, to 30 June 2029, which is inclusive of a one-year notice period. The Company also agreed an improved fee structure, and the revised fees for 1 July 2024 onwards, remaining payable monthly in arrears, is as follows:

(i) 0.90 per cent. (previously 1.00%) per annum of the Adjusted Net Asset Value up to, and including, £250 million;

(ii) 0.85 per cent. (previously 0.90%) per annum of the Adjusted Net Asset Value in excess of £250 million and up to, and including, £500 million;

(iii) 0.70 per cent. (previously 0.75%) per annum of the Adjusted Net Asset Value in excess of £500 million and up to, and including, £1 billion;

(iv) 0.40 per cent. (previously 0.50%) per annum of the Adjusted Net Asset Value in excess of £1 billion and up to, and including, £2 billion; and

(v) 0.30 per cent. (previously 0.40%) per annum of the Adjusted Net Asset Value in excess of £2 billion.

In addition, with effect from 1 July 2024, the Investment Adviser development management fee has been reduced to 3.0% of gross development spend on land and 3.5% of gross development spend on construction.

As previously, the Agreement may still terminated by the Company and the Company's AIFM immediately if the Investment Adviser is in material breach of the Agreement or is the subject of insolvency proceedings.

AIFM

G10 Capital Limited (part of the IQ-EQ Group) has been appointed as the Company's AIFM. Subject to the overall supervision of the Directors, the AIFM is responsible for overall portfolio management and risk management of the Company, ensuring compliance with the Company's investment policy and the requirements of the UK AIFM Regime and EU Alternative Investment Fund Managers Directive ("AIFMD") that apply to the Company. The AIFM manages the PRS REIT's investments in accordance with the policies laid down by the Board and in accordance with the investment restrictions referred to in the AIFM Agreement. The AIFM Agreement provides that the Company will pay to the AIFM the following fees, excluding the initial one-off fee of £12,000 which has already been paid:

(a) a monthly fee of £7,623 (increased from £6,930 per month in September 2023);

(b) a PRIIPS Monthly Maintenance Fee of £1,271 (increased from £1,155 per month in September 2023);

(c) £1,000 per investment committee meeting; and

(d) Ad-hoc work as required.

The AIFM Agreement is terminable by any of the parties to it on six months' written notice. The AIFM Agreement may be terminated by the Company immediately if the AIFM ceases to maintain its alternative investment fund manager permission; fails to notify the Company of a regulatory investigation which is relevant to the AIFM's ongoing appointment as alternative investment fund manager; is in material breach of the agreement; or is the subject of insolvency proceedings. The AIFM Agreement may be terminated immediately if a member of Sigma, the parent company of Sigma PRS, is directly appointed as alternative investment fund manager of the Company.

Depositary

Gen II Fund Services (formerly Crestbridge UK Limited) are the appointed Company's depositary for the purposes of the AIFMD. Under the terms of the Depositary Agreement, the Depositary was paid an initial one-off fee of £5,000. Provided that the assets under management of the Company exceed £100 million, the Company shall also pay the Depositary an annual fee. The annual fee starts at £20,000 per annum with an additional fee of 0.667 basis points of any increase above £100 million, subject always to a maximum fee of £40,000 per annum. A 6% increase to the total fee was applied from October 2022. The Company's assets under management are reviewed quarterly. The Depositary is entitled to be reimbursed by the Company for all costs and expenses properly and reasonably incurred in the performance of duties under the Depositary Agreement.

Administration services

Sigma Capital Property Ltd, also a subsidiary of Sigma, has been appointed as the Company's Administrator to provide day-to-day administration of the Company, and provide development and production of statutory annual accounts, interim accounts and reports to shareholders of the Company in accordance with IFRS and EPRA. The Administrator is also responsible for calculating the Net Asset Value of the Ordinary Shares based on information provided to the Administrator by Sigma PRS. The Administration Agreement provides that the Company will pay the Administrator an annual fee of £70,000 plus VAT, payable monthly in arrears.

Company secretarial

Hanway Advisory Limited, an independent third party, was appointed Company Secretary to the Company with effect from 31 March 2022. Sigma Capital Property Ltd were formerly the Company Secretary. The Company pays annual fees of £58,000 plus VAT (increased from £50,000 per annum from July 2023), payable quarterly in arrears.

Review of service providers

The Management Engagement Committee reviews the ongoing performance and continuing appointment of the Company's key service providers on an annual basis. The Management Engagement Committee also considers any variation to the terms of key service providers' agreements and reports its findings to the Board.

Continuing appointment of the AIFM and Investment Adviser

The Management Engagement Committee has reviewed the continuing appointment of the AIFM and Investment Adviser and is satisfied that their appointment remains in the best interests of shareholders.

Steve Smith
Management Engagement Committee Chairman
7 October 2024

Directors' Remuneration Policy

The Directors' Remuneration Policy of the Company is set by the Board and was last approved by shareholders at the Annual General Meeting held on 15 December 2021 and became effective from the conclusion of that meeting. This approval will expire at the upcoming Annual General Meeting. In accordance with section 439A of the Companies Act 2006, the Board will seek shareholder approval of this Directors' Remuneration Policy at the Annual General Meeting to be held on 3 December 2024. If approved, the Directors' Remuneration Policy will take effect from the conclusion of the Annual General Meeting until the policy is next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or earlier if proposals are made to vary the policy. The policy provisions are set out below.

Changes to the remuneration policy

The Directors' Remuneration Components table below has been refreshed for clarity and to demonstrate the operation of each component of remuneration and how this links to the Company's strategy. In practice, there is no change to operation or structure of the remuneration, and nor is there a current intention to change the fees of the Non-Executive Directors. The Directors' Remuneration Policy is binding and sets the parameters within which Directors' remuneration may be set.

The Directors' Remuneration Policy of the Company is to pay its Non-Executive Directors fees that are appropriate for the role and the amount of time spent in discharging their duties, that are broadly in line with those of comparable real estate investment companies and that are sufficient to attract and retain suitably qualified and experienced individuals which therefore supports the long-term strategic objectives of the Group.

The fees paid will be reviewed on an annual basis and may also be reviewed when new Non-Executive Directors are recruited to the Board. The Directors of the Company are entitled to such rates of annual fees as the Board, at its discretion, shall from time to time determine. The Chairman of the Board and the Audit Committee Chairman are entitled to receive fees at a higher level than those of the other Directors, reflecting their additional duties and responsibilities. Annual fees are pro-rated where a change takes place during the financial year.

In addition to the annual fee, under the Company's Articles of Association, if any Director is requested to perform any special duties or services outside his or her ordinary duties as a Director, he or she may be paid such reasonable additional remuneration as the Board may from time to time determine.

Directors' remuneration components

Component	Operation	Link to strategy
Annual Fee	Each Non-Executive Director receives a basic fee. The total aggregate fees that can be paid to the Non-Executive Chair and Directors in any given financial year will be calculated in accordance with the Company's Articles of Association.	The level of the annual fee has been set to attract and retain high calibre Non-Executive Directors with the skills and experience necessary for the role.
Additional Fee	A Non-Executive Director may be given an additional fee to perform any duties outside the scope of the ordinary duties of the Non-Executive Director.	The additional fee for services outside of the scope of ordinary duties offers flexibilities for a Director to be awarded additional remuneration to adequately compensate a Director where this is considered appropriate for the effective functioning of, or in furtherance of, the Company's aims.
Expenses	Article 84 of the Company's Articles of Association permits for any Non-Executive Director to be repaid expenses incurred in attending and returning from Board, Committee or general meetings of the Company or otherwise properly and reasonably incurred by a Non-Executive Directors in connection with the business of the Company.	In line with market practice, the Company will reimburse the Directors for expenses to ensure that they are able to carry out their duties effectively.

Directors and Officers liability insurance cover is maintained by the Company on behalf of the Directors.

Directors are entitled to be paid all expenses properly incurred in attending Board or shareholder meetings or otherwise in or with a view to the performance of their duties.

As all Directors are Non-Executive and there are no employees, the Company does not operate any share option or other long-term incentive schemes and the Directors' fees are not subject to any performance criteria. No pension or other retirement benefits schemes are operated by the Company for any of its Directors.

Letters of appointment

No Director has a service contract with the Company. The Directors are appointed under letters of appointment. Their appointment and any subsequent termination or retirement is subject to the Articles of Association. The Directors' letters of appointment provide that, upon the termination of a Director's appointment, that Director must resign in writing and all records remain the property of the Company. A Director's appointment can be terminated in accordance with the Articles of Association and without compensation. There is no notice period specified in the Articles of Association for the removal of Directors and all Directors are subject to re-election by shareholders every year from the date they were last re-elected. The letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment remuneration

The remuneration package for any new Chairman or Non-Executive Director will be the same as the prevailing rates determined on the bases set out above. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director but may pay the fees of search and recruitment specialists in connection with the appointment of any new Non-Executive Director.

Views of shareholders

Any views expressed by shareholders on the fees being paid to Directors are taken into consideration by the Board when reviewing levels of remuneration. No views have been expressed to date.

Voting at the AGM

The Directors' Remuneration Report for the year ended 30 June 2023 (excluding the Directors' Remuneration Policy) was approved by shareholders at the AGM held on 4 December 2023. The results taken on a poll were as follows:

Directors' Remuneration Report

For – number of votes cast	386,276,083	99.76%
Against – number of votes cast	913,133	0.24%
Total votes cast	387,189,216	
Number of votes withheld	42,705	

The Directors' Remuneration Policy was approved by shareholders at the AGM held on 15 December 2021, and the results take on a poll were as follows:

Directors' Remuneration Policy

For – number of votes cast	403,938,951	99.95%
Against – number of votes cast	188,333	0.05%
Total votes cast	404,127,284	
Number of votes withheld	6,200	

Directors' Remuneration Report

The Board presents its Directors' Remuneration Report in respect of the year ended 30 June 2024. The Board has prepared this report in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended).

The law requires the Company's Auditor to audit certain disclosures. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Auditor's Report on pages 97 to 104.

Annual Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2024.

The Board has established a separate Nomination & Remuneration Committee which has responsibility for decisions regarding remuneration. The Board consists entirely of Non-Executive Directors and the Company has no employees.

Companies are required to seek shareholder approval of the Remuneration Report each year and of the Directors' Remuneration Policy on at least a three-yearly basis. The vote on the Directors' Remuneration Report is an advisory vote. Resolutions to approve the Directors' Remuneration Report and the Directors' Remuneration Policy will be put before shareholders at the forthcoming AGM of the Company. During the next financial year, it is expected that there will be no significant change in the implementation of the Directors' Remuneration Policy. The table of remuneration components has been refreshed for clarity and to demonstrate the operation of each component of remuneration and how this links to the Company's strategy, set out above.

The Directors are remunerated for their services at such rate as the Board shall from time to time determine. The Board will typically pay a higher fee for the Chair of the Board, and an additional fee for the Non-Executive Director who chairs the Audit Committee, in addition to the base fee of the Non-Executive Directors. Fees are reviewed annually in accordance with the Directors' Remuneration Policy. The fee for any new Director appointed will be determined on the same basis.

For the year to 30 June 2024, the Directors' fees were set at a rate of £52,500 per annum in respect of the Chairman and £37,500 per annum in respect of the other Directors, with an additional £5,000 to the Chairman of the Audit Committee. The fee increases in the prior year followed a remuneration benchmarking exercise and independent advice, to ensure that the fees were sufficient to attract and retain Directors of suitable calibre and with the skills, knowledge and experience necessary for the role having regards to the expected time commitment.

There were no other payments for extra services in the period ended 30 June 2024 (2023: £nil).

Single total figure (audited)

The Directors who served during the year and prior period received the following total fixed fee remuneration:

					Y.E. 2023		Y.E. 2022		Y.E. 2021		Y.E. 2020	
Non-Executive Director	**Annual Fee (£'000)**	**Additional Fee (£'000)**	**Other taxable benefits (£'000)**	**Total for year ended 30 June 2024 (£'000)**	**Total (£'000)**	**% Annual Change**	**Total (£'000)**	**% Annual Change**	**Total (£'000)**	**% Annual Change**	**Total (£'000)**	**% Annual Change**
Steve Smith (Chairman)	52.5	–	–	52.5	46.9	+12	45.0	–	45.0	–	45.0	–
Steffan Francis	37.5	–	–	37.5	31.9	+18	30.0	–	30.0	–	30.0	–
Rod MacRae (Audit Committee Chair)	42.5			42.5	36.9	+15	35.0	–	35.0	–	35.0	–
Geeta Nanda[1]	37.5	–	–	37.5	31.9	+18	30.0	N/A	8.2	N/A	–	–
Karima Fahmy[2]	27.3	–	–	27.3	–	N/A	–	–	–	–	–	–
Former Non-Executive Director												
Jim Prower[3]	16.0	–	–	16.0	31.9	–50	30.0	–	30.0	–	30.0	N/A
Total	**213.3**	**–**	**–**	**213.3**	**179.5**	**+19**	**170.0**	**+15**	**148.2**	**+6**	**140.0**	**–**

1 Geeta Nanda was appointed to the Board with effect from 23 March 2021.
2 Karima Fahmy was appointed to the Board with effect from 10 October 2023.
3 Jim Prower retired from the Board with effect from 4 December 2023.

During the year and prior year, no taxable benefits were received by any of the Directors.

The amounts paid to the Directors were for services as Non-Executive Directors.

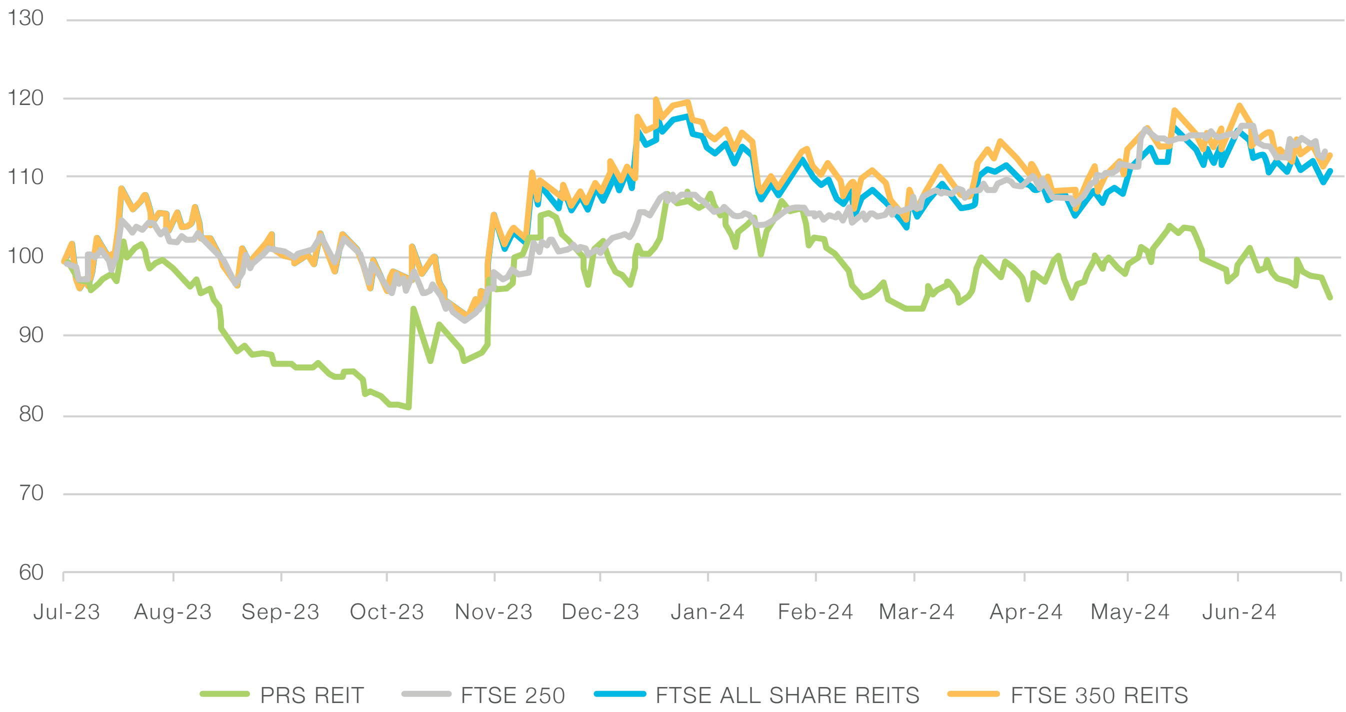
Under the Company's Articles of Association, the total aggregate remuneration and benefits in kind of the Directors of the Company is subject to a maximum of £300,000 in any financial year. Any change to this would require shareholder approval.

Relative importance of spending on pay	**Year ended 30 June 2024 £'000**	**Year ended 30 June 2023 £'000**
Directors' aggregate remuneration	**213**	180
Dividends paid to all shareholders*	**21,970**	21,970

* includes all dividends paid in relation to the year ended 30 June 2024 and year ended 30 June 2023

Total shareholder return

The graph below shows the total shareholder return (as required by company law) of the Company's Ordinary Shares relative to a return on a hypothetical holding over the same period in the FTSE 250, FTSE All Share REITS and FTSE 350 REITS. Total shareholder return is the measure of returns provided by a Company to shareholders reflecting share price movements and assuming reinvestment of dividends.



Loss of office

The Directors do not have service contracts with the Company but are engaged under letters of appointment under which there is no entitlement to compensation for loss of office.

Directors' interests (Audited)

There is no requirement under the Company's Articles of Association or the terms of their appointment for Directors to hold shares in the Company.

As at 30 June 2024, the following Directors (including their connected persons) had beneficial interests in the following number of shares in the Company:

	Ordinary Shares 2024	Ordinary Shares 2023
Steve Smith (Chairman)	**446,577**	305,000
Geeta Nanda (Senior Independent Director)	**–**	–
Steffan Francis	**125,000**	125,000
Rod MacRae (Audit Committee Chairman)	**125,000**	125,000
Karima Fahmy	**–**	–

There have been no changes to Directors' share interests between 30 June 2024 and the date of this report.

The shareholdings of the Directors are not significant and therefore do not compromise their independence. None of the Directors or any person connected with them has a material interest in the Company's transactions, arrangements or agreements during the year.

Statement of voting at general meetings

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in an announcement.

The Company's forthcoming AGM will be an opportunity for shareholders to vote on the Directors' Remuneration Report.

Approval

The Directors' Remuneration Report was approved by the Board on 7 October 2024.

On behalf of the Board.

Steve Smith
Chairman

INDEPENDENT AUDITOR'S REPORT

Independent Auditor’s Report to the Members of The PRS REIT plc

Opinion

We have audited the financial statements of The PRS REIT plc (the ‘**parent company**’) and its subsidiaries (the ‘**group**’) for the year ended 30 June 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-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 UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

> the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 June 2024 and of the group’s profit for the year then ended;

> the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;

> the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest 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.

Summary of our audit approach

Key audit matters	**Group** > Valuation of investment property **Parent Company** > No key audit matters
Materiality	**Group** > Overall materiality: £11,600,000 (2023: £10,500,000) > Performance materiality: £8,730,000 (2023: £7,880,000) **Parent Company** > Overall materiality: £6,040,000 (2023: £5,700,000) > Performance materiality: £4,530,000 (2023: £4,275,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including 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 group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

Key audit matter description	The Group owns a portfolio of residential investment properties. The total value of the portfolio at 30 June 2024 was £1,139.8m (2023: £1,034.7m). The portfolio includes completed sites and sites in the development phase, the latter are described as investment properties under construction. All investment property assets are held at fair value. At 30 June 2024 the assets under construction were valued at £55.7m (2023: £87.0m). The Directors' assessment of the value of the investment properties at year end date is considered a key audit matter due to the magnitude of the total amount, the potential impact of a movement in value on the reported results, and the subjectivity and complexity of the valuation process. The valuation is carried out by external valuers, Savills, in line with the methodology set out in note 18 on pages 127 to 129. Further information is disclosed in the Audit Committee report on pages 79 to 81; the significant accounting judgements and estimates on page 118; significant accounting policies on pages 115 to 118 and note 18 to the financial statements on pages 127 to 129.
How the matter was addressed in the audit	Our audit work included the following: > We assessed the external valuer's qualifications and expertise and considered their terms of engagement; we also considered their objectivity and any other existing relationships with the Group. > We engaged a property valuation specialist as our auditor expert to assist in the audit of the valuations. > We selected a sample of 17 sites, and requested the auditor's expert review the valuation at the year end date and comment on whether the value is within a reasonable range and whether the overall valuation is based on appropriate judgments and market data. Our sample was selected using auditor judgement and included sites where the rent or yield movements were higher or lower than expected from our overall review of the portfolio, where the year on year valuation movement was not in line with the average of the portfolio, and other material sites which were included to obtain coverage, in terms of value and location, over both completed assets and development sites. > We discussed with the Investment Adviser and the external valuer the overall movement in property values and any properties where the fair value was not consistent with overall movements of the entire portfolio, to gain an understanding of why these exceptions were reasonable. > We obtained an understanding of the methodology and key assumptions used in the valuation. We challenged the appropriateness of these through consulting with an auditor's expert and reviewing market data, and used this to inform our challenge of the Investment Adviser and the external valuer. > For assets under construction, we assessed the stage of completion by reference to the stage of works completed to date and the amount still to be completed based on underlying documentation and forecasts. > We tested inputs provided by the Investment Adviser to the external valuer to check these reflected the key observable inputs for each property. For a sample of properties, we requested explanations and evidence of how the external valuer has determined the market rent used in the valuations. > We audited the disclosures in the financial statements relating to the valuation of investment property, including those relating to estimates and the key valuation assumptions disclosed in note 18.
Key observations	Based on our audit work, we are satisfied that the judgements and assumptions used in arriving at the fair value of the Group's property portfolio are appropriate and supported by the evidence obtained during the audit.

We have determined that there are no key audit matters to communicate in our report in relation to the parent company.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£11,600,000 (2023: £10,500,000)	£6,040,000 (2023: £5,700,000)
Basis for determining overall materiality	1% of total assets	1.3% of total assets
Rationale for benchmark applied	Total assets used as a benchmark as we assessed that the shareholders will be primarily interested in the value of investment property, which forms the majority of total assets.	Total assets used as a benchmark as we assessed that the shareholders will be primarily interested in the value of investment property, represented by the investment held by the Parent Company in its property holding subsidiaries, which forms the majority of total assets.
Performance materiality	£8,730,000 (2023: £7,880,000)	£4,530,000 (2023: £4,275,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting materiality levels for transactions where materiality levels are lower than overall materiality	The income statement was tested to a lower specific materiality figure of £2.4m (2023: £2.5m) to reflect that the income statement values are significantly lower than those in the Statement of Financial Position.	The income statement was tested to a lower specific materiality figure of £2.4m (2023: £2.5m) to reflect that the income statement values are significantly lower than those in the Statement of Financial Position.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £50,000 (or £10,000 for related party transactions) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds have been reported to the Audit Committee.	Misstatements in excess of £50,000 (or £10,000 for related party transactions) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds have been reported to the Audit Committee.

An overview of the scope of our audit

The group consists of 114 entities, all of which are based in the UK.

The group is managed as one component and has therefore been treated as a single component on which full scope audit procedures have been performed.

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:

> Reviewing management's going concern assessment paper covering the 12-month period from date of approval of the financial statements;

> Checking the mathematical accuracy of the underlying financial model;

> Assessing the information used in the going concern assessment for consistency with management's plans and information obtained through our other audit work;

> Challenging the major assumptions in management's forecasts, being the level of rents receivable, expenses, capital expenditure, dividends and finance costs;

> Assessing management's sensitivity analysis, including considering the impact on bank loan covenants;

> Reviewing the appropriateness of going concern disclosures within the financial statements.

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 or the 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.

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

> 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 and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

> certain disclosures of directors' remuneration specified by law are not made; or

> we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

> Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 67;

> Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 67 to 68;

> Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 67;

> Directors' statement on fair, balanced and understandable set out on page 69;

> Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 47 to 50;

> Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 72; and,

> Section describing the work of the audit committee set out on pages 79 to 81.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 69, 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the overall control environment.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
REIT legislation	Review of the REIT status assessment prepared by management; Inspection of advice received from external tax advisors; Input from a REIT specialist was obtained regarding compliance with REIT legislation.

In addition to the valuation of investment property which is included above as a key audit matter, the areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
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.
Related party transactions and balances	Obtaining the list of related parties and checking for omissions through review of related directorships, board minutes and declarations of interest; Auditing a sample of related party transactions to ensure they are in line with the underlying agreements; and Checking any related party transactions are appropriately disclosed in the financial statements.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 25 April 2017 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is seven years, covering the years ending 30 June 2018 to 30 June 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and |we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

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.

In due course, as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules, these financial statements will form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language (XHTML) format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

7 October 2024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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	30 June 2024 £'000	30 June 2023 £'000
Rental income	6	**58,231**	49,701
Non-recoverable property costs	7	**(10,940)**	(9,551)
Net rental income		**47,291**	40,150
Other income	8	**194**	1,646
Administrative expenses			
Directors' remuneration	9	**(213)**	(180)
Investment advisory fee	11	**(6,051)**	(5,788)
Other administrative expenses	12	**(2,921)**	(2,300)
Total administrative expenses		**(9,185)**	(8,268)
Gain from fair value adjustment on investment property	18	**73,412**	25,353
Operating profit		**111,712**	58,881
Finance income	13	**188**	49
Finance cost	14	**(18,225)**	(16,478)
Profit before taxation		**93,675**	42,452
Taxation	15	**–**	–
Profit after tax and Total comprehensive income for the year attributable to the equity holders of the Company		**93,675**	42,452
Earnings per share attributable to the equity holders of the Company:			
IFRS earnings per share (basic and diluted)	16	**17.1p**	7.7p

All of the Group activities are classed as continuing and there were no comprehensive gains or losses in the period other than those included in the statement of comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

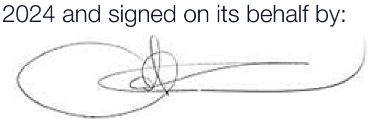
As at 30 June 2024

Company No. 10638461

	Note	**30 June 2024 £'000**	30 June 2023 £'000
ASSETS			
Non-current assets			
Investment property	18	**1,139,823**	1,034,732
		1,139,823	1,034,732
Current assets			
Trade and other receivables	20	**6,817**	7,066
Cash and cash equivalents	21	**18,053**	13,198
		24,870	20,264
Total assets		**1,164,693**	1,054,996
LIABILITIES			
Non-current liabilities			
Accruals and deferred income	22	**1,073**	2,081
Interest bearing loans and borrowings	24	**385,003**	248,441
		386,076	250,522
Current liabilities			
Trade and other payables	22	**15,182**	17,076
Provisions	23	**77**	934
Interest bearing loans and borrowings	24	**31,933**	126,745
		47,192	144,755
Total liabilities		**433,268**	395,276
Net assets		**731,425**	659,720
EQUITY			
Called up share capital	26	**5,493**	5,493
Share premium account	27	**298,974**	298,974
Capital reduction reserve	28	**113,092**	118,584
Retained earnings		**313,866**	236,669
Total equity attributable to the equity holders of the Company		**731,425**	659,720
IFRS net asset value per share (basic and diluted)	29	**133.2p**	120.1p

As at 30 June 2024, there is no difference between IFRS NAV per share and the EPRA NTA per share.

These consolidated group financial statements were approved by the Board of Directors and authorised for issue on 7 October 2024 and signed on its behalf by:



Steve Smith
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITIY

For the year ended 30 June 2024

Attributable to equity holders of the Company

Attributable to equity holders of the Company	Share capital £'000	Share premium account £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
At 30 June 2022	5,493	298,974	140,554	194,217	639,238
Comprehensive income					
Profit for the year	–	–	–	42,452	42,452
Transactions with owners					
Dividends paid	–	–	(21,970)	–	(21,970)
At 30 June 2023	5,493	298,974	118,584	236,669	659,720
Comprehensive income					
Profit for the year	**–**	**–**	**–**	**93,675**	**93,675**
Transactions with owners					
Dividends paid	**–**	**–**	**(5,492)**	**(16,478)**	**(21,970)**
At 30 June 2024	**5,493**	**298,974**	**113,092**	**313,866**	**731,425**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	**30 June 2024 £'000**	30 June 2023 £'000
Cash flows from operating activities			
Profit before tax		**93,675**	42,452
Finance income	13	**(188)**	(49)
Finance costs	14	**18,225**	16,478
Fair value adjustment on investment property	18	**(73,412)**	(25,353)
Cash generated by operations		**38,300**	33,528
Increase in trade and other receivables		**(8)**	(578)
Decrease in trade and other payables		**(3,117)**	(1,640)
Net cash generated from operating activities		**35,175**	31,310
Cash flows from investing activities			
Purchase of investment property		**(9,100)**	–
Development expenditure on investment properties*		**(22,084)**	(47,458)
Decrease in capital trade and other payables		**–**	(10,255)
Finance income		**188**	49
Net cash used in investing activities		**(30,996)**	(57,664)
Cash flows from financing activities			
Bank and other loans advanced	24	**151,957**	49,801
Bank and other loans repaid	24	**(110,229)**	(23,304)
Finance costs		**(19,082)**	(13,657)
Dividends paid	17	**(21,970)**	(21,970)
Net cash generated from / (used in) financing activities		**676**	(9,130)
Net increase / (decrease) in cash and cash equivalents		**4,855**	(35,484)
Cash and cash equivalents at beginning of year		**13,198**	48,682
Cash and cash equivalents at end of year	21	**18,053**	13,198

* Includes capitalised interest of £1.9 million (2023: £0.9 million).

The accompanying notes are an integral part of this cash flow statement.

Total interest paid in the year was £16.6 million (2023: £12.0 million).

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2024
Company No. 10638461

	Note	30 June 2024 £'000	30 June 2023 £'000
ASSETS			
Non-current assets			
Investment in subsidaries	19	**75,425**	75,425
Other receivables	20	**334,513**	346,540
		409,938	421,965
Current assets			
Other receivables	20	**112**	263
Cash and cash equivalents	21	**13,623**	8,044
		13,735	8,307
Total assets		**423,673**	430,272
Current liabilities			
Trade and other payables	22	**2,090**	1,655
Total liabilities		**2,090**	1,655
Net assets		**421,583**	428,617
EQUITY			
Called up share capital	26	**5,493**	5,493
Share premium account	27	**298,974**	298,974
Capital reduction reserve	28	**113,092**	118,584
Retained earnings		**4,024**	5,566
Total equity attributable to the equity holders of the Company		**421,583**	428,617

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The profit attributable to the Parent Company for the year ended 30 June 2024 amounted to £14.9 million (2023: profit of £32.9 million).

These financial statements were approved by the Board of Directors on 7 October 2024 and signed on its behalf by:

Steve Smith
Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Share capital £'000	Share premium account £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
At 30 June 2022	5,493	298,974	140,554	(27,293)	417,728
Comprehensive income					
Profit for the year	–	–	–	32,859	32,859
Transactions with owners					
Dividends paid	–	–	(21,970)	–	(21,970)
At 30 June 2023	5,493	298,974	118,584	5,566	428,617
Comprehensive income					
Profit for the year	**–**	**–**	**–**	**14,936**	**14,936**
Transactions with owners					
Dividends paid	**–**	**–**	**(5,492)**	**(16,478)**	**(21,970)**
At 30 June 2024	**5,493**	**298,974**	**113,092**	**4,024**	**421,583**

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	30 June 2024 £'000	30 June 2023 £'000
Cash flows from operating activities			
Profit before tax		**14,935**	32,859
Dividends received from subsidiary undertakings		**(23,700)**	(40,850)
Finance income		**(153)**	(46)
Cash used in operations		**(8,918)**	(8,037)
Decrease / (Increase) in other receivables		**151**	(22)
Increase / (Decrease) in trade and other payables		**434**	(861)
Net cash used in operating activities		**(8,333)**	(8,920)
Cash flows from investing activities			
Decrease in other receivables		**35,729**	10,242
Finance income		**153**	46
Net cash generated from investing activities		**35,882**	10,288
Cash flows from financing activities			
Dividends paid	17	**(21,970)**	(21,970)
Net cash used in financing activities		**(21,970)**	(21,970)
Net increase / (decrease) in cash and cash equivalents		**5,579**	(20,602)
Cash and cash equivalents at beginning of year		**8,044**	28,646
Cash and cash equivalents at end of year	21	**13,623**	8,044

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2024

1. General information

The PRS REIT plc (the "**PRS REIT**", the "**Company**" or the "**Group**") is a public limited company incorporated on 24 February 2017 in England and having its registered office at Floor 3, 1 St. Ann Street, Manchester, M2 7LR with Company Number 10638461. The Company did not commence trading until 31 May 2017 when the IPO was completed. The Company was quoted on the Specialist Fund Segment of the Main Market of the London Stock Exchange until 2 March 2021 when it migrated to the Premium Segment of the Main Market of the London Stock Exchange. The nature of the Group's operations and its principal activities are set out in the Chairman's statement.

2. Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with UK-adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006 ("**IFRS**").

The financial statements are prepared on the historical cost basis, except where IFRS requires or permits an alternative treatment. The principal variations from historical cost relate to investment properties (IAS40) which are measured as fair value through profit or loss.

The financial statements are presented in Pounds Sterling, which is also the functional currency, and all values are rounded to the nearest thousand pounds except where otherwise stated.

3. Going concern

The consolidated and Company financial statements have been prepared on a going concern basis. The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance with sensitivity testing undertaken to replicate plausible downside scenarios related to the principal risks and uncertainties associated with the business. As interest rate exposure has largely been mitigated with 82% of the investment debt in the portfolio at fixed rates, the Directors paid particular attention to the risk of a deterioration in the forecast rental growth over the review period which would have a negative impact on both forecast valuations and cashflows. The outcome of this stress testing indicated that covenants on existing facilities would not be breached. As part of the review, the Group has considered its cash balances, and its debt maturity profile, including undrawn facilities. The Group had net current liabilities of £22.3 million as at 30 June 2024 (2023: net current liabilities £124.5 million). The decrease in net current liabilities reflects the refinancing of the LBG / RBS debt facility (refinanced on maturity in July 2024), and the new LGIM long term investment debt facility (£101.9 million). The current drawn Barclays development loan of £32.6 million is expected to be repaid within the next 12 months as longer term investment debt is drawn against completed sites reducing net current liabilities further. The Group's cash balances at 30 June 2024 were £18.1 million (2023: £13.2 million), of which £4.2 million was restricted but released within 3 months. The Group had debt borrowing as at 30 June 2024 of £415.3 million (2023: £374.1 million). A portion of the development debt facilities were utilised subsequent to the year-end to enable the Group to continue to develop assets to completion and enabling the letting of these to tenants. Following stabilisation on a site, which comprises practical completion and substantial letting, investment debt is drawn down to replace the development debt facilities utilised.

Capital commitments outstanding as at 30 June 2024 were £6.4 million (2023: £27.3 million). The Group's current ERV as at 30 June 2024, was £65.1 million from 5,396 homes and has increased to £67.5 million from 5,425 homes as at 30 September 2024. This has increased the Company's recurring income which at this level is more than sufficient to cover monthly cash costs. Based on the prevailing run-rate of monthly cash costs and average rent levels, approximately 2,800 homes are required to generate income to cover monthly cash outlays.

The current market volatility is being monitored by the Board however, the strong income performance and high proportion of fixed rate debt puts the Group in a good position.

Therefore, the Directors believe the Group and Company are well placed to manage their business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of the approval of the Group's consolidated financial statements and the Company's financial statements for the year ended 30 June 2024.

4. Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements comprise of the financial statements of The PRS REIT plc and its subsidiary undertakings. Subsidiaries are all entities over which the Group has control. The results of subsidiaries are included in the consolidated financial statements from the date that control commences. All intra group transactions are eliminated on consolidation.

Segmental reporting

For the current year and prior year, the Directors regard the Group as having just one reportable segment, Property, and the business only operates in the United Kingdom. Segmental information is not therefore disclosed in these financial statements.

Business combinations

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the investment properties.

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Subsidiaries

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the Income Statement. The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property under IAS 40. Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at fair value. Investment properties under construction are initially recognised at cost including related transaction costs. Subsequently, the assets are re-measured at fair value at each reporting date where:

- Fair value (at the date of valuation) = total development cost plus expected final uplift in valuation multiplied by % of site development completed; where
- Expected final uplift = Expected investment value on completion less gross development cost

The investment properties are externally valued by Savills. Savills are qualified external valuers who hold a recognised and relevant professional qualification. Gains or losses arising from changes in the fair value of the Group's investment properties are included in profit from operations in the income statement of the period in which they arise. Investment property falls within level 3 of the fair value hierarchy as defined by IFRS 13. Further details are provided in note 18.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently carried at amortised cost less provision for impairment. Where the time value of money is material, receivables are carried at amortised cost using the effective interest method. Impairment provisions are recognised based on the expected credit loss model detailed within IFRS 9. The expected credit losses on financial assets are estimated on a lifetime basis on the Group's historical credit loss experience adjusted for factors that are specific to the debtors, including general and, where material, local economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

We have engaged with tenants who have encountered financial difficulties, and entered into payment plans where appropriate. Rent and legal insurance policies are in place and we currently consider the risk of bad debts to be immaterial, although the situation remains under constant review. As at 30 June 2024 the Group's loss allowance for expected credit losses on trade receivables was £691,000 (2023: £453,000).

The receivables due to the Company from subsidiaries are non-interest bearing loans, repayable on demand. These are stated at cost less any allowance for expected credit losses ("**ECL**"). The Company measures the loss allowance for intra-Group receivables over lifetime ECL, this was immaterial in the current year and prior year.

Cash

Cash and cash equivalents comprise cash in hand, cash at bank, cash held in treasury deposits and restricted cash. Further details are provided in note 21.

Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently measured at their amortised cost.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently at amortised cost.

Leases

As a lessor
The Group leases residential property to individual qualifying tenants on assured short-hold tenancies which are no longer than twelve months. The tenancy agreements do not contain any non-lease elements such as insurance or common area maintenance.

As a lessee
The Group has entered into ground leases on some of its sites. 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 incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, lease payments are allocated between the liability and finance cost with the amount of the lease liability being 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, change in the lease term or change in the in-substance fixed lease payments.

Right-of-use ("ROU") assets
A right-of-use asset is recognised at the commencement date of a lease. The ROU asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are subsequently measured at fair value and classified within investment properties.

Impairment of assets

At each balance sheet date, the Directors review the carrying amounts of the Company's non-current assets, which aren't measured at fair value, 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 in its current condition is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less cost to sell and value in use.

Provisions

Onerous contracts – A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract.

Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations is comprised of current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised as a direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be recognised.

Deferred tax is calculated at the rates that are substantively enacted at the reporting date. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Rental income arises from assured shorthold tenancies on investment properties with a period no longer than 12 months and is accounted for on an accruals basis and is recognised over the contractual period which does not exceed 12 months.

Expenses

All expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

Finance income

Finance income is recognised as it accrues on cash balances and treasury deposits held by the Group.

Finance costs

Interest is accrued using the effective interest rate method on bank loans held by the Group.

Capitalised interest

During the development phase where funds from a development loan facility are drawn down to fund an asset, the interest payable is capitalised as a cost of development of that asset. The amount capitalised in the year to 30 June 2024 was £1.9 million (2023: £0.9 million). The weighted capitalisation rate for the year to 30 June 2024 was 8.5% (2023: 5.8%), and is determined by the margin rate plus compounded SONIA rate, per the Barclays development debt facility.

Costs of borrowing

Borrowing costs, including legal and professional fees, are recognised in the income statement over the period of the borrowings using the effective interest method.

Dividends

Dividends on equity shares are recognised when they become legally payable.

Share issue costs

The costs of issuing equity instruments are accounted for as a deduction from equity.

Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates
In the process of applying the Group's accounting policies, the Directors have made the following estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Fair value of investment property
The fair value of any property, including investment property under construction, is determined by an independent property valuation expert to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. The valuation experts use recognised valuation techniques applying principles of both IAS40 and IFRS13.

The Group values its investment properties using the investment approach to valuation. Principal assumptions and management's underlying estimations that are used in the fair value assessment of completed assets relate to estimated rental value, net investment yield and gross to net deductions. Principal assumptions and management's underlying estimations that are used in the fair value assessment of assets under construction are investment value on completion and gross development costs, taking into account construction costs spent and forecast costs to completion. There are inter-relationships between the valuation inputs and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions. Other Special Assumptions applied in addition to the key unobservable inputs identified above, and used since inception include: all individual site valuations have been treated assuming part of a larger portfolio (in excess of £50 million); and an indirect purchase of a special purpose vehicle holding title to the asset, so stamp duty is assessed on a share purchase basis rather than as property. Further details on the valuation of the investment properties, including sensitivities, are disclosed in note 18.

Judgements
In the process of applying the Group's accounting policies, the Directors have made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Acquisition of subsidiaries – as a group of assets and liabilities
During the period, the Group acquired a property owning special purpose vehicle. The Directors considered whether this acquisition met the definition of the acquisition of a business or the acquisition of a group of assets and liabilities. Applying the Concentration test, it was concluded that the acquisition did not meet the criteria for the acquisition of a business as outlined in IFRS 3 as substantially all of the fair value of the gross asset acquired was concentrated in a single identifiable asset. The Directors have reviewed the fair value of the assets and liabilities as at the date of the acquisition which were as follows:

	Sigma PRS Investments (Hexthorpe Phase 3) Limited £'000
Investment properties acquired	**9,100**
Other receivables	**55**
Other payables	**(27)**
Total consideration paid	**9,128**

> Investment property is measured at fair value as at the date of the acquisition of the subsidiary by an independent valuation expert.

> Other receivables are taken as being the value recorded in the accounts of the Company acquired, being the best estimate of the amounts actually recoverable.

> Other payable balances are measured at the amounts actually payable.

Non-GAAP financial information

The Directors have identified certain measures that they believe will assist the understanding of the performance of the business. The measures are not defined under IFRS and they may not be comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but they have been included as the Directors consider them to be important comparable and key measures used within the business for assessing performance. The key non-GAAP measures identified by the Group are set out on pages 141 to 143.

Adoption of new and revised standards

Other than as disclosed below, the accounting policies applied are the same as those applied in the financial statements for the year ended 30 June 2023.

A number of new standards and amendments to standards and interpretations have been issued for the current accounting year. The Group has adopted the following new standards and amendments for the first time for the year ended 30 June 2024, none of which have had a material impact on the Group.

- IFRS 17 'Insurance Contracts';
- amendments to IAS 8 impacting the definition of accounting estimates;
- Pillar Two model rules and associated IAS 12 amendments;
- amendments to IAS 12 impacting deferred tax related to assets and liabilities arising from a single transaction; and
- amendments to IAS 1 and IFRS Practice Statement 2 impacting the disclosure of accounting policies.

Standards and interpretations in issue but not yet effective

The following standards and interpretations which have been issued but are not yet effective include:

- IAS 1 'Presentation of Financial Statements' on the classification of liabilities and non-current liabilities with covenants;
- IFRS 16 'Leases' on sale and leaseback arrangements;
- limited scope amendments to both IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' in respect of sale or contribution of assets between an investor and its associates or joint ventures; and
- IFRS 18 'Presentation and Disclosure in Financial Statements'.

With the exception of IFRS 18, these amendments to standards that are not yet effective are not expected to have a material impact on the Group's results. These have not yet been adopted by the Group.

5. Financial risk management

The Group's business activities are set out in the Strategic Report on pages 9 to 12. These activities expose the Group and Company to a number of financial risks. The following describes the Group's and Company's objectives, policies and processes for managing these risks and the methods used to measure them. The Board of Directors oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks that are summarised below. The Group only operates in the UK and transacts in sterling. It is therefore not directly exposed to any foreign currency exchange risk.

Capital risk management

The capital of the Group is managed in accordance with its investment policy. The Group's and Company's objectives for managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. The capital structure of the Group and Company consists of equity and debt. The Group and Company meet their objectives by aiming to achieve a steady growth by mitigating risk, which will generate regular and increasing returns to the shareholders. The Group and Company also seeks to minimise the cost of capital and optimise its capital structure. At 30 June 2024 the Group had short term debt of £32.6 million (2023: £126.7 million) and cash at bank of £18.1 million (2023: £13.2 million). At 30 June 2024 the Company had no short term debt (2023: £nil) and cash at bank of £13.6 million (2023: £8.0 million). There were no changes in the Group's and Company's approach to capital management during the year.

The Group's capital is represented by the Ordinary Shares, share premium, capital reduction reserve and retained earnings reserve. The Group is not subject to any externally-imposed capital requirements except for the requirement as a REIT to distribute at least 90% of its tax-exempt rental business profits.

Financial instruments

The Group's financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash and cash equivalents. The Group's other financial liabilities are loans and borrowings, the main purpose of which is to finance the acquisition and development of the Group's investment property portfolio.

Group	Amortised cost 2024 £'000	2023 £'000
Financial assets		
Trade and other receivables	**2,150**	1,899
Cash and other cash equivalents	**18,053**	13,198
Total financial assets	**20,203**	15,097
Financial liabilities		
Trade and other payables	**16,332**	20,091
Interest bearing loans and borrowings	**416,935**	375,185
Total financial liabilities	**433,267**	395,276

The Company's principal financial assets and liabilities are those that arise directly from its activities as a holding company: trade and other receivables, trade and other payables and cash and cash equivalents.

Company	Amortised cost 2024 £'000	2023 £'000
Financial assets		
Trade and other receivables	**334,513**	346,803
Cash and other cash equivalents	**13,623**	8,044
Total financial assets	**348,136**	354,847
Financial liabilities		
Trade and other payables	**2,090**	1,649
Total financial liabilities	**2,090**	1,649

Market risk

Risk relating to investment property
Investment in property is subject to varying degrees of risk. Some factors that affect the value of the investment in property include:

> changes in the general economic climate;

> competition for available properties; and

> government regulations, including planning, environmental and tax laws.

The Company holds no investment property directly (2023: nil).

Interest rate risk
The Group has mitigated interest rate risk on its investment and development loans due to the majority of long-term loan facilities being fixed rate and therefore not subject to variation. Derivatives may be used when considered appropriate to mitigate interest rate risk. Based on the debt profile at the year-end, a 1% change in variable interest rates would result in an income statement adjustment of £0.7 million (2023: £1.3 million).

Lender	Balance as at 30 June 2024	Loan period	Interest rate (all in)	Loan Type	Maturity
Scottish Widows	£100.0 million	15 years	3.14%	Fixed	June 2033
Scottish Widows	£150.0 million	25 years	2.76%	Fixed	June 2044
Legal and General Investment Management	£101.9 million	15 years	6.04%	Fixed	July 2038
RBS	£34.3 million	2 years	6.95%	Variable	July 2025
Barclays Bank PLC	£32.6 million	3 years	8.55%	Variable	September 2025

From time to time, certain of the Group's cash resources are placed on short-term fixed deposits or on short-term notice accounts to take advantage of preferential rates, otherwise cash resources are held in current, floating rate accounts.

The Company had no external loans as at 30 June 2024 (2023: nil).

Credit risk

Credit risk is that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk both from its property activities and financing activities.

Credit risk relating to property activities
The Group receives property rental income from its investments in PRS assets. Risk is mitigated as PRS assets consist of residential family housing with multiple tenants in multiple locations. Rental income is paid monthly in advance. Gross rental income outstanding and due to the Group as at 30 June 2024 amounted to £1.7 million (2023: £1.0 million).

As at 30 June 2024 the Group's loss allowance for expected credit losses on these trade receivables was £691,000 (2023: £453,000). The Group's loss allowance is assessed based on the ageing of individual debts, as well as current occupancy of each individual property. Amounts are only written off when there is no expectation of recovery. As at 30 June 2024, net trade receivables were 1.6% (2023: 1.0%), and total arrears over 30 days were 1.4% (2023: 1.2%) of the estimated rental value ("**ERV**") of the portfolio.

Credit risk arising related to financial instruments including cash deposits
Risk arises as a result of the cash deposits with banks and financial institutions. The Board of Directors believe the credit risk on short-term deposits and current account balances is limited as they are held with banks with high credit ratings. As at 30 June 2024, short-term deposits and current account balances were held with the following banks:

Royal Bank of Scotland plc
Barclays Bank PLC
Lloyds Banking Group plc

Company credit risk relating to amounts due from Group undertakings
All balances are considered to be recoverable and are not past due. The total expected credit loss ("**ECL**") provision relating to loans and receivables for the Company is £nil (2023: £nil).

Liquidity risk

The Group and Company seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure that there are sufficient resources for capital expenditure and working capital requirements.

As at 30 June 2024, the Group had net current liabilities of £22.2 million (2023: net current liabilities of £111.4 million). The table below summarises the undiscounted maturities of the Group's non-derivative financial liabilities as at 30 June 2024 and 30 June 2023:

Group	On demand £'000	< 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
2024						
Trade and other payables	**–**	**2,001**	**13,258**	**1,073**	**–**	**16,332**
Loans and borrowings	**–**	**30,375**	**14,716**	**64,145**	**489,487**	**598,723**
	–	**32,376**	**27,974**	**65,218**	**489,487**	**615,055**
2023						
Trade and other payables	–	4,003	14,007	2,081	–	20,091
Loans and borrowings	–	123,823	11,521	30,227	332,969	498,540
	–	127,826	25,528	32,308	332,969	518,631

For the majority of borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Material differences are identified only for the following borrowings:

	2024 Carrying amount £'000	2024 Fair value £'000	2023 Carrying amount £'000	2023 Fair value £'000
Bank loans (long-term, fixed interest)	**352,000**	**282,477**	250,000	166,511

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate.

As at 30 June 2024, the Company had net current assets of £11.6 million (2023: £6.7 million). The table below summarises the maturities of the Company's non-derivative financial liabilities as at 30 June 2024 and 30 June 2023:

Company	On demand £'000	< 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
2024						
Trade and other payables	**–**	**2,090**	**–**	**–**	**–**	**2,090**
	–	**2,090**	**–**	**–**	**–**	**2,090**
2023						
Trade and other payables	–	1,655	–	–	–	1,655
	–	1,655	–	–	–	1,655

6. Rental income

	2024 £'000	2023 £'000
Gross rental income from investment property	**58,231**	49,701

The Group's investment property consists of residential housing for the private rented sector and therefore has multiple tenants across multiple sites. As a result, it does not have any individually significant customers.

7. Non-recoverable property costs

	2024 £'000	2023 £'000
Property expenses and irrecoverable costs	**10,940**	9,551

Non-recoverable property costs represent direct operating expenses in relation to rental income arising on investment properties. The impairment charge to the income statement in relation to trade receivables was £313,000 (2023: £161,000).

8. Other income

	2024 £'000	2023 £'000
Other income	**194**	1,646

Other income represents amounts payable by partners in respect of later than expected delivery of assets where the delay is attributable to the partner.

9. Directors' remuneration

	2024 £'000	2023 £'000
Directors' emoluments	**213**	180

The Directors are remunerated for their services at such rate as the Board shall from time to time determine. Further details of the Directors' remuneration are disclosed on pages 91 to 94.

10. Particulars of employees

The Group had no employees during the year or prior year other than the Directors.

11. Asset management fees

	2024 £'000	2023 £'000
Asset management fee	**6,051**	5,788

Sigma PRS Management Ltd is appointed as the Investment Adviser of the Company.

The Asset Management Fee (the "**Asset Management Fee**") payable to the Investment Adviser is payable monthly in arrears, and the rates used to calculate the Asset Management Fee are as follows:

(i) 1.00% per annum of the Adjusted NAV up to, and including, £250 million;*
(ii) 0.90% per annum of the Adjusted NAV in excess of £250 million and up to, and including, £500 million;
(iii) 0.75% per annum of the Adjusted NAV in excess of £500 million and up to, and including, £1 billion;
(iv) 0.50% per annum of the Adjusted NAV in excess of £1 billion and up to, and including, £2 billion; and
(v) 0.40% per annum of the Adjusted NAV in excess of £2 billion.

The asset management fee payable to the Investment Adviser (the "**Asset Management Fee**") was revised with effect from 1 July 2024 such that the Company will pay a reduced fee for Adjusted Net Asset Values* ("**Adjusted NAV**") as follows:

(i) 0.90 per cent. (previously 1.00%) per annum of the Adjusted Net Asset Value up to, and including, £250 million;
(ii) 0.85 per cent. (previously 0.90%) per annum of the Adjusted Net Asset Value in excess of £250 million and up to, and including, £500 million;
(iii) 0.70 per cent. (previously 0.75%) per annum of the Adjusted Net Asset Value in excess of £500 million and up to, and including, £1 billion;
(iv) 0.40 per cent. (previously 0.50%) per annum of the Adjusted Net Asset Value in excess of £1 billion and up to, and including, £2 billion; and
(v) 0.30 per cent. (previously 0.40%) per annum of the Adjusted Net Asset Value in excess of £2 billion.

The appointment of the Investment Adviser shall continue in force unless and until terminated by either party giving to the other not less than 12 months' written notice, such notice not to expire earlier than 30 June 2029.

* Adjusted Net Asset Value: the Net Asset Value, less an amount equal to the Development Cost incurred in relation to the PRS Development Sites under construction at the relevant time by the Company and its subsidiaries, calculated in accordance with the Investment Advisory Agreement.

12. Administrative expenses

	2024 £'000	2023 £'000
Legal and professional fees*	**553**	352
Administration and secretarial fees	**162**	175
Audit, accounting, and tax fees	**467**	361
Valuation fees	**337**	333
Depositary fees	**45**	43
Financial adviser and broker fees	**204**	201
Insurance	**53**	59
Public relations	**246**	102
Regulatory fees	**212**	165
Subscriptions and donations	**234**	114
Disallowed VAT	**408**	395
	2,921	2,300

* Includes a one-off incentive payment of £0.4 million (net) to the lettings management agent in respect of substantial rental growth (2023: £nil). This incentive has been removed moving forward.

Services provided by the Group's Auditor and its associates

The Group has obtained the following services from its Auditor and its associates:

	2024 £'000	2023 £'000
Audit of the Group financial statements	**150**	140
Audit of the subsidiary financial statements	**170**	148
Agreed upon procedures on the half year report	**25**	23
	345	311

13. Finance income

	2024 £'000	2023 £'000
Interest on short term deposits	**188**	49

14. Finance cost

	2024 £'000	2023 £'000
Amortisation of debt legal costs and arrangement fees	**2,817**	4,315
Interest on bank loans	**15,408**	12,163
	18,225	16,478

15. Taxation

As a UK REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business, provided it meets certain conditions as set out in the UK REIT regulations. For the current year and prior year, the Group did not have any non-qualifying profits and accordingly there is no tax charge in the period. If there were any non-qualifying profits and gains, these would be subject to corporation tax.

It is assumed that the Group will continue to be a UK REIT for the foreseeable future, such that deferred tax has not been recognised on temporary differences relating to the property rental business. No deferred tax asset has been recognised in respect of the unutilised residual current period losses from non-qualifying activities as it is not anticipated that sufficient residual profits will be generated from these in the future.

	2024 £'000	2023 £'000
Current and deferred tax		
Corporation tax charge/(credit) for the period	**–**	–
Total current income tax charge/(credit) in the income statement	**–**	–

The tax charge for the period is less than the standard rate of corporation tax in the UK of 25% (2023: 20.5%). The differences are explained below.

	2024 £'000	2023 £'000
Profit before tax	**93,675**	42,452
Tax at UK corporation tax standard rate of 25% / 20.5%	**23,419**	8,703
Change in value of exempt investment properties	**(18,353)**	(5,189)
Exempt REIT income	**(5,507)**	(3,723)
Amounts not deductible for tax purposes	**110**	16
Unutilised residual current period tax losses not recognised in deferred tax	**862**	418
Capital allowances claimed against exempt REIT income	**(49)**	(40)
Capitalised interest claimed against exempt REIT income	**(482)**	(185)
	–	–

From 1 April 2017 to 31 March 2023, the standard rate of corporation tax in the UK was 19%, from 1 April 2023 the standard rate of corporation tax in the UK was 25%.

REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of CTA 2010.

16. Earnings per share

Earnings per share ("**EPS**") amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. As there are no dilutive instruments, basic and diluted earnings per share are the same for both the current and prior periods.

The calculation of basic and diluted earnings per share is based on the following:

	2024 £'000	2023 £'000
Earnings per IFRS income statement	**93,675**	42,452
Adjustments to calculate EPRA Earnings:		
Changes in value of investment properties (Note 18)	**(73,412)**	(25,353)
EPRA Earnings	**20,263**	17,099
Weighted average number of ordinary shares (Note 26)	**549,251,458**	549,251,458
IFRS EPS (pence)	**17.1**	7.7
EPRA EPS (pence)	**3.7**	3.1

Further details of the EPRA performance measure are given on page 13.

17. Dividends

The following dividends were paid during the current year and prior year:

	2024 £'000	2023 £'000
Dividends on ordinary shares declared and paid:		
Dividend of 1.0p for the 3 months to 30 June 2022	**–**	5,493
Dividend of 1.0p for the 3 months to 30 September 2022	**–**	5,493
Dividend of 1.0p for the 3 months to 31 December 2022	**–**	5,492
Dividend of 1.0p for the 3 months to 31 March 2023	**–**	5,492
Dividend of 1.0p for the 3 months to 30 June 2023	**5,492**	–
Dividend of 1.0p for the 3 months to 30 September 2023	**5,493**	–
Dividend of 1.0p for the 3 months to 31 December 2023	**5,493**	–
Dividend of 1.0p for the 3 months to 31 March 2024	**5,492**	–
	21,970	21,970
Proposed dividends on ordinary shares:		
3 months to 30 June 2023: 1.0p per share	**–**	5,493
3 months to 30 June 2024: 1.0p per share	**5,493**	–
	5,493	5,493

18. Investment property

The freehold/heritable, leasehold and part freehold part leasehold interests in the properties held within the PRS REIT were independently valued as at 30 June 2024 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the PRS REIT as defined by the Alternative Investment Fund Managers Regulations 2013). The valuations accord with the requirements of IFRS 13 and the Royal Institution of Chartered Surveyors' ("**RICS**") Valuation – Global Standards, incorporating the IVSC International Valuation Standards effective from 31 January 2022, together, where applicable, with the UK National Supplement effective 14 January 2019, (together the "**RICS Red Book**"). The valuations were arrived at predominantly by reference to market evidence for comparable property.

Savills (UK) Limited are an accredited External Valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

	Completed Assets £'000	Assets under Construction £'000	Total £'000
At 30 June 2022	840,355	121,560	961,915
Property additions - subsequent expenditure	–	47,464	47,464
Change in fair value	26,963	(1,600)	25,353
Transfers to completed assets	80,419	(80,419)	–
At 30 June 2023	947,727	87,005	1,034,732
Properties acquired on acquisition of subsidiaries	**9,100**	**–**	**9,100**
Property additions - subsequent expenditure	**–**	**22,083**	**22,083**
Right of use asset movement during the year	**496**	**–**	**496**
Change in fair value	**68,095**	**5,317**	**73,412**
Transfers to completed assets	**58,660**	**(58,660)**	**–**
At 30 June 2024	**1,084,078**	**55,745**	**1,139,823**

The historic cost of completed assets and assets under construction as at 30 June 2024 was £863.8 million (2023: £831.8 million).

The carrying amount of investment property pledged as security as at 30 June 2024 was £1.1 billion (2023: £952.5 million).

The Group has recognised a right-of-use ("**ROU**") asset within investment property in relation to ground rents payable on certain investment property sites. The net book value of the ROU asset was £1.5 million as at 30 June 2024 (2023: £1.0 million).

The PRS REIT acquired a site at Coppenhall Place, Crewe, with planning consent during the year ended 30 June 2019. At the same time, the Company also entered into a fixed price design and build contract with one of its principal house building partners to complete 131 units. This represented approximately 50% of the entire Coppenhall Place site with the balance being developed by the house builder as market for sale units. The design and build contract contained standard clauses making the house builder responsible for delivering the site and doing so in compliance with the requirements of the original planning consent.

Shortly after physical completion and letting of more than 95% of the units on the site acquired by the PRS REIT, a dispute arose between the respective Council and the house builder regarding compliance with the original planning consent. After consultation between these two parties, the house builder submitted a further planning application with a view to resolving the areas of dispute. The submission was recommended to the Elected Council Members ("Members") by the Council Executive but a decision was deferred at the hearing in order that the Members could obtain additional information on viability, a peer review to clarify on-site ventilation and clarification on queries regarding potential soil contamination in certain areas of the whole site. As at the date of approval of these financial statements the house building partner continues to work with the Council Executive to address outstanding matters before reverting to the Members for approval. The Investment Adviser is closely monitoring progress. The Board of the PRS REIT is of the view that remaining areas of work will be completed and the planning issues ultimately finalised to the satisfaction of all parties, including the private owners of the market for sale units. The house builder continues to have dialogue with the Council Executive and is currently hopeful of going back to the Members for approval in November 2024.

The financial statements include an investment value for the Coppenhall Place asset of £25.4 million as at 30 June 2024 on the assumption that the planning matters are resolved. The value of the site represents approximately 2.2% of the balance sheet investment value of assets as at the year-end date. Given the contractual protections, the risk of any potential impact to the Group is considered highly unlikely, and given the value of the site relative to the overall balance sheet, the risk of any potential impact to the Group is considered to be immaterial.

Fair Values

IFRS 13 sets out a three-tier hierarchy for assets and liabilities valued at fair value. These are as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 unobservable inputs for the asset or liability.

Investment property falls within Level 3.

The investment valuations provided by the external valuation expert are based on RICS Professional Valuation Standards but include a number of unobservable inputs and other valuation assumptions. The significant unobservable inputs and the range of values used are:

Type	**Range 2024**	**Average 2024**	Range 2023	Average 2023
ERV per unit	**£11k - £23k**	**£13k**	£10k - £22k	£12k
Investment yield	**4.25% to 5.25%**	**4.59%**	4.10% to 5.00%	4.47%
Gross to net assumption	**22.5% to 25.0%**	**22.9%**	22.5% to 25.0%	22.9%

The following descriptions and definitions relate to key unobservable inputs made in determining fair values:

> ERV (Estimated Rental Value) per unit: the estimated annual market rental value that could be earned on a unit basis annually;

> Investment yield: the net income earned as a percentage of the investment value; and

> Gross to net assumption: the non-recoverable property costs expected to be incurred on a rental property as a percentage of rental income.

Development assets are valued based on total development cost plus expected final uplift in valuation multiplied by % of site development completed. The range of % completions as at 30 June 2024, was from 29% to 97% (2023: 29% to 99%). The final investment value uses the assumptions stated above. An increase of 2% in the gross development cost would reduce the fair valuation of these assets by c.£1.1 million.

Other Special Assumptions applied in addition to the key unobservable inputs identified above, and used since inception include:

> All individual site valuations have been treated assuming part of a larger portfolio (in excess of £50 million); and

> An indirect purchase of a special purpose vehicle holding title to the asset, so stamp duty is assessed on a share purchase basis rather than as property.

The impact of changes to the significant unobservable inputs for completed and development assets are:

	2024 Impact on statement of comprehensive income £'000	**2024 Impact on statement of financial position £'000**	2023 Impact on statement of comprehensive income £'000	2023 Impact on statement of financial position £'000
Improvement in ERV by 5%	**57,821**	**57,821**	52,650	52,650
Worsening in ERV by 5%	**(56,595)**	**(56,595)**	(51,303)	(51,303)
Improvement in yield by 0.125%	**32,232**	**32,232**	30,078	30,078
Worsening in yield by 0.125%	**(30,560)**	**(30,560)**	(28,407)	(28,407)
Improvement in gross to net by 1%	**15,486**	**15,486**	14,192	14,192
Worsening in gross to net by 1%	**(14,153)**	**(14,153)**	(12,738)	(12,738)

The rates of sensitivity reflected in the above table have been selected as being reflective of movements experienced in ERV, yields and gross to net expenses.

19. Investment in subsidiaries

Company

	2024 £'000	2023 £'000
Cost at the start of the year	**75,425**	75,425
Cost at the end of the year	**75,425**	75,425

The Group comprises a number of companies, all subsidiaries included within these financial statements are noted below:

Directly held:

Name of Entity	Company number	Principal Activity	Country of Incorporation	% ownership
The PRS REIT Holding Company Limited	10695914	Investment Holding Company	England	100%

Indirectly held:

Name of Entity	Company number	Principal Activity	Country of Incorporation	% ownership
*The PRS REIT Development Company Limited	10721759	Property Investment	England	100%
The PRS REIT Development Company II Limited	12298358	Property Investment	England	100%
The PRS REIT Property Investments Limited	12309160	Property Investment	England	100%
*The PRS REIT Investments LLP	OC418251	Property Investment	England	100%
The PRS REIT Investments II LLP	OC429585	Property Investment	England	100%
*The PRS REIT Memberco Limited	10854481	Property Investment	England	100%
The PRS REIT Memberco II Limited	12298381	Investment Holding Company	England	100%

Name of Entity	Company number	Principal Activity	Country of Incorporation	% ownership
The PRS REIT (LBG) Borrower Limited	11392913	Property Investment	England	100%
The PRS REIT (LBG) Holding Company Limited	11385652	Investment Holding Company	England	100%
The PRS REIT (LBG) Investments LLP	OC422964	Property Investment	England	100%
The PRS REIT (LBG) Memberco Limited	11409586	Investment Holding Company	England	100%
*The PRS REIT (SW) Borrower Limited	11393311	Property Investment	England	100%
The PRS REIT (SW) Holding Company Limited	11385650	Investment Holding Company	England	100%
*The PRS REIT (SW) Investments LLP	OC422966	Property Investment	England	100%
*The PRS REIT (SW) Memberco Limited	11409522	Investment Holding Company	England	100%
The PRS REIT (SW II) Holding Company Limited	12046818	Investment Holding Company	England	100%
*The PRS REIT (SW II) Borrower Limited	12049318	Property Investment	England	100%
*The PRS REIT (SW II) Investments LLP	OC427782	Property Investment	England	100%
*The PRS REIT (SW II) Memberco Limited	12052213	Investment Holding Company	England	100%
The PRS REIT (Bluebird) Memberco Limited	12616572	Investment Holding Company	England	100%
The PRS REIT (Bluebird) Holding Company Limited	12598004	Investment Holding Company	England	100%
The PRS REIT (Bluebird) Borrower Limited	12599502	Property Investment	England	100%
The PRS REIT (Bluebird) Investments LLP	OC432893	Property Investment	England	100%
*The PRS REIT (LGIM) Memberco Limited	14903396	Investment Holding Company	England	100%
The PRS REIT (LGIM) Holding Company Limited	14903127	Investment Holding Company	England	100%
*The PRS REIT (LGIM) Borrower Limited	14903337	Property Investment	England	100%
*The PRS REIT (LGIM) Investments LLP	OC447554	Property Investment	England	100%
*Sigma PRS Investments I Limited	SC522680	Property Investment	Scotland	100%
*Sigma PRS Investments II Limited	10128422	Property Investment	England	100%
*Sigma PRS Investments VI Limited	10467369	Property Investment	England	100%
*Sigma PRS Investments IV Limited	10383849	Property Investment	England	100%
*Sigma PRS Investments VIII Limited	10571586	Property Investment	England	100%
*Sigma PRS Investments (Brackenhoe) Limited	12026470	Property Investment	England	100%
*Sigma PRS Investments (Bury St Edmunds) Limited	11721278	Property Investment	England	100%
Sigma PRS Investments (Dawley Road II) Limited	12064750	Property Investment	England	100%
*Sigma PRS Investments (Our Lady's) Limited	10684675	Property Investment	England	100%
*Sigma PRS Investments (Owens Farm) Limited	11207716	Property Investment	England	100%
*Sigma PRS Investments (Houghton Regis) Limited	11673725	Property Investment	England	100%

Name of Entity	Company number	Principal Activity	Country of Incorporation	% ownership
*Sigma PRS Investments (Houghton Regis II) Limited	11676096	Property Investment	England	100%
Sigma PRS Investments (Houghton Regis Parcel 8II) Limited	11892855	Property Investment	England	100%
Sigma PRS Investments (Houghton Regis Parcel 8A II) Limited	12169553	Property Investment	England	100%
*Sigma PRS Investments (Lea Hall) Limited	11726223	Property Investment	England	100%
*Sigma PRS Investments (Newhall) Limited	11521411	Property Investment	England	100%
*Sigma PRS Investments (Bury St Edmunds Parcel D) Limited	11934752	Property Investment	England	100%
The PRS REIT (Drakelow Park) Limited	13572147	Property Investment	England	100%
The PRS REIT (Drakelow Park Phase 2) Limited	13985378	Property Investment	England	100%
*Sigma PRS Northern (Bertha Park) Limited	12323666	Property Investment	England	100%
*Sigma PRS Investments (Plough Hill Road) Limited	11362082	Property Investment	England	100%
Sigma PRS Investments (Fishmoor Parcel 1) Limited	13522429	Property Investment	England	100%
Sigma PRS Investments (Fishmoor Parcel 2) Limited	13522386	Property Investment	England	100%
**Sigma PRS Investments (Hexthorpe Phase 3) Limited	13490582	Property Investment	England	100%
**Sigma PRS Investments (Hexthorpe Phase 3 II) Limited	13496367	Property Investment	England	100%
The PRS REIT (Accrington) Limited	12936087	Property Investment	England	100%
*The PRS REIT (Airfields) Limited	12225418	Property Investment	England	100%
*The PRS REIT (Beehive) Limited	12299354	Property Investment	England	100%
*The PRS REIT (Bilston Urban Village) Limited	12299875	Property Investment	England	100%
The PRS REIT (Bombardier) Limited	12269588	Property Investment	England	100%
*The PRS REIT (Brickkiln Place) Limited	12342184	Property Investment	England	100%
*The PRS REIT (Cable Street) Limited	12300415	Property Investment	England	100%
*The PRS REIT (Durham Street) Limited	12299887	Property Investment	England	100%
*The PRS REIT (East Hill) Limited	12299857	Property Investment	England	100%
*The PRS REIT (Eaton Works) Limited	12299949	Property Investment	England	100%
*The PRS REIT (Entwistle Road) Limited	12300010	Property Investment	England	100%
*The PRS REIT (Harlow Phase II) Limited	12303917	Property Investment	England	100%
*The PRS REIT (Heathfield Lane) Limited	12300254	Property Investment	England	100%
The PRS REIT (Hexthorpe Phase A) Limited	12340014	Property Investment	England	100%
The PRS REIT (Hexthorpe Phase B) Limited	12340826	Property Investment	England	100%
*The PRS REIT (Hilton Park) Limited	12300173	Property Investment	England	100%
*The PRS REIT (Holyoake Memberco) Limited	12888895	Investment Holding Company	England	100%
*The PRS REIT (Holyoake) Limited	12882087	Property Investment	England	100%
*The PRS REIT (LB 5) Limited	12300657	Property Investment	England	100%
*The PRS REIT (Manor Boot) Limited	12300405	Property Investment	England	100%

Name of Entity	Company number	Principal Activity	Country of Incorporation	% ownership
*The PRS REIT (Newhaven) Limited	12301039	Property Investment	England	100%
*The PRS REIT (Norwich Street) Limited	12301118	Property Investment	England	100%
*The PRS REIT (Potteries) Limited	12279694	Property Investment	England	100%
*The PRS REIT (QVS) Limited	12303609	Property Investment	England	100%
The PRS REIT (Redcar) Limited	12338568	Property Investment	England	100%
*The PRS REIT (Reginald Road) Limited	12301641	Property Investment	England	100%
*The PRS REIT (Riverside College) Limited	12301225	Property Investment	England	100%
*The PRS REIT (Roch Street) Limited	12301230	Property Investment	England	100%
*The PRS REIT (Romanby Shaw) Limited	12301554	Property Investment	England	100%
*The PRS REIT (Station Road) Limited	12279470	Property Investment	England	100%
*The PRS REIT (Sutherland School) Limited	12301839	Property Investment	England	100%
*The PRS REIT (Tower Hill 3) Limited	12303826	Property Investment	England	100%
*The PRS REIT (Whitworth Way) Limited	12301879	Property Investment	England	100%
*The PRS REIT Holyoake General Partner Ltd	10809976	Property Investment	England	100%
The PRS REIT (Wolvey Campus) Limited	14188354	Property Investment	England	100%
The PRS REIT (Charlton Gardens) Limited	14229875	Property Investment	England	100%
The PRS REIT (Werrington) Limited	14231085	Property Investment	England	100%
The PRS REIT (Hexthorpe Phase 4) Limited	14230128	Property Investment	England	100%
Sigma PRS Investments (Cable Street II) Limited	11086887	Dormant	England	100%
Sigma PRS Investments (Carr Lane II) Limited	11054232	Dormant	England	100%
Sigma PRS Investments (Dawley Road) Limited	12026449	Dormant	England	100%
Sigma PRS Investments (Darlaston II) Limited	11028091	Dormant	England	100%
Sigma PRS Investments (Darlaston Phase 2 II) Limited	11159344	Dormant	England	100%
Sigma PRS Investments (Houghton Regis Parcel 8) Limited	11875798	Dormant	England	100%
Sigma PRS Investments (Houghton Regis Parcel 8A) Limited	12168751	Dormant	England	100%
Sigma PRS Investments (Newton Le Willows II) Limited	11009678	Dormant	England	100%
Sigma PRS Investments (Owens Farm II) Limited	11241786	Dormant	England	100%
Sigma PRS Investments (Sutherland School II) Limited	11382818	Dormant	England	100%
Sigma PRS Investments (Whitworth Way II) Limited	11086856	Dormant	England	100%
Sigma PRS Investments III Limited	10140376	Dormant	England	100%
Sigma PRS Investments V Limited	10385618	Dormant	England	100%
Sigma PRS Investments VII Limited	10462287	Dormant	England	100%
Sigma PRS Investments IX Limited	10573603	Dormant	England	100%
*Sigma PRS Investments (Bury St Edmunds II) Limited	11723358	Dormant	England	100%
Sigma PRS Investments (Lea Hall II) Limited	11723562	Dormant	England	100%

Name of Entity	Company number	Principal Activity	Country of Incorporation	% ownership
Sigma PRS Investments (Newhall II) Limited	11523248	Dormant	England	100%
Sigma PRS Investments (Bury St Edmunds Parcel D II) Limited	11939076	Dormant	England	100%
Sigma PRS Investments (Plough Hill Road II) Limited	11365306	Dormant	England	100%
The PRS REIT Investments Holding Company Limited	12302557	Dormant	England	100%
The PRS REIT (Airfields II) Limited	12227845	Property Investment	England	100%

* Exempt from the requirement of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A of the Act.
** Acquired in December 2023, see note 4 for further information.

The following wholly owned subsidiaries were struck off during the year:

The The PRS REIT (North Leigh Park) Limited	13699019
Sigma PRS Investments (Houghton Regis Parcel 8) Limited	11875798
Sigma PRS Investments (Houghton Regis Parcel 8A) Limited	12168751

The registered office for the subsidiaries across the Group is: Floor 3, 1 St. Ann Street, Manchester, M2 7LR, except for Sigma PRS Investments I Limited whose registered office is: 18 Alva Street, Edinburgh, EH2 4QG.

20. Trade and other receivables

Current	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Trade receivables	1,015	–	565	–
Accrued income	1,018	–	946	5
Social security and other taxes	39	–	1,216	–
Prepayments and other receivables	4,745	112	4,339	258
	6,817	112	7,066	263

Non-Current – Company	2024 £'000	2023 £'000
Receivables from group undertakings	334,513	346,540
	334,513	346,540

Movements in the loss allowance of trade receivables are as follows:

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Gross receivables being financial assets	2,841	334,513	2,352	346,803
Provisions for receivables impairment	(691)	–	(453)	–
Net receivables being financial assets	2,150	334,513	1,899	346,803
Receivables written-off during the year as uncollectable	85	–	161	–

The provision is calculated as an expected credit loss on trade and other receivables in accordance with IFRS 9. Trade receivables are written off when there is no reasonable expectation of recovery, based on historical loss experience and a forward-looking assessment.

Receivables from group undertakings have been issued without terms and are interest free. These have been considered for impairment using the 12 months expected credit loss model because there have been no changes in credit risk since initial recognition. The expected credit losses on amounts owed by Group companies is insignificant (2023: insignificant). The individual companies comprising this balance hold sufficient net assets which could be used to repay the amount owed.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group's maximum exposure on credit risk is the carrying value of trade receivables as presented above. As at 30 June 2024, £196,000 of trade receivables are more than thirty days old and not provided for (2023: £248,000).

21. Cash and cash equivalents

	Group 2024 £'000	**Company 2024 £'000**	Group 2023 £'000	Company 2023 £'000
Restricted cash	**4,185**	**–**	3,540	–
Cash at bank	**13,868**	**13,623**	9,658	8,044
	18,053	**13,623**	13,198	8,044

Restricted cash comprises £4.2 million (2023: £3.5 million) in funds held in rent accounts which are released to free cash once certain loan conditions are met.

22. Trade and other payables

	Group 2024 £'000	**Company 2024 £'000**	Group 2023 £'000	Company 2023 £'000
Current liabilities				
Trade payables	**1,988**	**1,026**	4,003	750
Accruals and deferred income	**13,187**	**1,057**	13,067	899
Social security and other taxes	**7**	**7**	6	6
	15,182	**2,090**	17,076	1,655
Non-current liabilities				
Accruals and deferred income	**1,073**	**–**	2,081	–
	16,255	**2,090**	19,157	1,655

Accruals and deferred income are principally comprised of financial retentions with housebuilders, generally held for one year after completion of a full site. These totalled £7.5 million as at 30 June 2024 (2023: £8.8 million).

The fair values approximate the carrying values.

23. Provisions

	Group 2024 £'000	**Company 2024 £'000**
Current liabilities		
Provision brought forward	**934**	**–**
Provision in the year	**–**	**934**
Provision released in the year	**(857)**	**–**
As at 30 June	**77**	**934**

A provision for onerous contracts on three development sites was made during the prior year. This reflected the increase in yields over the year, with investment values moving inversely in relation to yields. These provisions have been released over the current financial year as the development sites are completed, the remaining provision will be released in the next financial year.

24. Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

	Group 2024 £'000	**Company 2024 £'000**	Group 2023 £'000	Company 2023 £'000
Current liabilities				
Bank loans at 1 July	**126,713**	**–**	99,941	–
Loans advanced in the year	**28,859**	**–**	49,801	–
Loans repaid in the year	**(110,225)**	**–**	(23,304)	–
Loan term extended	**(13,101)**	**–**	–	–
Capitalised loan costs	**(345)**	**–**	275	–
Bank loans at 30 June	**31,901**	**–**	126,713	–
Lease liability (Note 25)	**32**	**–**	32	–
Total loans and borrowings	**31,933**	**–**	126,745	–
Non-current liabilities				
Bank loans at 1 July	**247,432**	**–**	245,684	–
Loans advanced in the year	**123,098**	**–**	–	–
Loan term extended	**13,101**	**–**	–	–
Capitalised loan costs	**(273)**	**–**	1,748	–
Bank loans at 30 June	**383,358**	**–**	247,432	–
Lease liability (Note 25)	**1,645**	**–**	1,008	–
Total loans and borrowings	**385,003**	**–**	248,440	–

The fair value of loans and borrowings at year end totalled £349.7 million (2023: £300.2 million).

Bank loans

Through its subsidiaries the Company has granted fixed and floating charges over certain investment property assets to secure the loans.

The Group's borrowing facilities are with Scottish Widows, Legal and General Investment Management, RBS plc and Barclays Bank PLC. At 30 June 2024, these comprised the following:

Lender	**Loan facility**	**Balance drawn 30 June 2024**	**Loan period**	**Interest rate (all in)**	**Loan Type**	**Maturity**
Scottish Widows	£100 million	£100 million	15 years	3.14%	Fixed	June 2033
Scottish Widows	£150 million	£150 million	25 years	2.76%	Fixed	June 2044
Legal and General Investment Management	£102 million	£102 million	15 years	6.04%	Fixed	July 2038
RBS	**£75 million**	£34 million	2 years	6.95%	Variable	July 2025
Barclays Bank PLC	£33 million	£33 million	3 years	8.55%	Variable	September 2025

As determined by the Company's Investment Policy, the Group's maximum loan to value ratio can be no more than 45%. As at 30 June 2024 the Group's EPRA loan to value was 36% (2023: 37%).

Reconciliation of movements of borrowings to cash flows arising from financing activities:

	2024 £'000	2023 £'000
Balance as at 1 July	**374,145**	345,625
Cash movements		
Proceeds from borrowings	**151,957**	49,801
Borrowings repaid	**(110,225)**	(23,304)
Interest paid	**(16,640)**	(11,957)
Non-utilisation fees paid	**(439)**	(703)
Arrangement and commitment fees paid	**(3,529)**	(932)
Non-Cash movements		
Finance costs	**19,989**	15,615
Balance as at 30 June	**415,258**	374,145

Debt refinancing
At the beginning of July 2023, the Company completed the refinancing of its £150 million revolving credit facility ("**RCF**") provided by RBS and Lloyds Banking Group plc. The Group secured a £102 million facility of fixed-rate debt for 15 years with Legal and General Investment Management, together with a further £75 million of floating-rate debt agreed for two years with RBS.

25. Leases

Lease liabilities as lessee
The lease liabilities recognised are shown in the table below, the Group has no other leases.

	Group 2024 £'000	Group 2023 £'000
Lease liabilities	**1,677**	1,040
Amounts recognised in the income statement in non-recoverable property costs	**140**	5

Lease receivables as lessor
The future minimum lease payments receivable under non-cancellable operating leases in respect of the Group's property portfolio are as follows:

	Group 2024 £'000	Group 2023 £'000
Receivable within 1 year	**19,149**	27,784

The Group's receivable leases are assured shorthold tenancies usually for periods for up to one year.

The Company had no leases in either the current or prior period.

26. Share capital

Share capital represents the nominal value of consideration received by the Company for the issue of 1p Ordinary Shares.

Group and Company	**2024 No. of shares**	**2024 Share capital £'000**	2023 No. of shares	2023 Share capital £'000
Balance at the beginning of year	**549,251,458**	**5,493**	549,251,458	5,493
Balance at end of year	**549,251,458**	**5,493**	549,251,458	5,493

The Company was admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange on 31 May 2017 and migrated to the Premium Segment of the Main Market of the London Stock Exchange on 2 March 2021.

27. Share premium reserve

The share premium relates to amounts subscribed for share capital in excess of nominal value.

Group and Company	**2024 £'000**	2023 £'000
Balance at beginning of year	**298,974**	298,974
Balance at end of year	**298,974**	298,974

28. Capital reduction reserve

The capital reduction reserve is a distributable reserve to which the value of share premium, as a result of the IPO, has been transferred. Dividends can be paid from this reserve.

	2024 £'000	2023 £'000
Balance at beginning of year	**118,584**	140,554
Final dividend paid of 1.0p per share for the year ended 30 June 2022	**–**	(5,493)
Dividend paid of 1.0p per share for the period ended 30 September 2022	**–**	(5,493)
Dividend paid of 1.0p per share for the period ended 31 December 2022	**–**	(5,492)
Dividend paid of 1.0p per share for the period ended 31 March 2023	**–**	(5,492)
Final dividend paid of 1.0p per share for the year ended 30 June 2023	**(5,492)**	–
Balance at end of year	**113,092**	118,584

29. Net Asset Value

EPRA NTA is considered to be the most relevant measure for the Group. The underlying assumption behind the EPRA NTA calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Due to the PRS REIT's tax status, deferred tax is not applicable and therefore there is no difference between IFRS NAV and EPRA NTA.

Basic IFRS NAV per share is calculated by dividing net assets in the Statement of Financial Position attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the year. As there are no dilutive instruments, only basic NAV per share is quoted below.

Net asset values have been calculated as follows:

	2024	2023
IFRS Net assets at 30 June (£'000)	**731,425**	659,720
EPRA adjustments to NTA	**–**	–
EPRA NTA at 30 June	**731,425**	659,720
Shares in issue at end of year	**549,251,458**	549,251,458
Basic IFRS NAV per share (pence)	**133.2**	120.1
EPRA NTA per share (pence)	**133.2**	120.1

The NTA per share calculated on an EPRA basis is the same as the IFRS NAV per share for the year ended 30 June 2024 and the year ended 30 June 2023.

30. Controlling parties

As at 30 June 2024 and 30 June 2023, there was no ultimate controlling party.

31. Consolidated entities

The Group consists of a parent company, The PRS REIT plc, incorporated in the UK and a number of subsidiaries held directly and indirectly by The PRS REIT plc, which operate and are incorporated in the UK.

The Group owns 100% equity shares of all subsidiaries as listed in note 19 and has the power to appoint and remove the majority of the Board of Directors of those subsidiaries. The relevant activities of the subsidiaries are determined by the Board of Directors based on simple majority votes. Therefore the Directors of the Group concluded that the Group has control over all these entities and all these entities have been consolidated within the financial statements.

32. Capital commitments

The Group has entered into contracts with unrelated parties for the construction of residential housing with a total value of £712.5 million (2023: £712.5 million). As at 30 June 2024, £6.4 million (2023: £27.3 million) of such commitments remained outstanding.

33. Related party disclosure

The number of shares owned by the Directors of the Company as at 30 June 2024 along with dividends they received during the period is as follows:

Company Director	No. of shares held		Dividends received	
	2024	2023	**2024**	2023
Rod MacRae	**125,000**	125,000	**£5,000**	£4,750
Steffan Francis	**125,000**	125,000	**£5,000**	£4,800
Steve Smith	**446,577**	305,000	**£13,832**	£9,300
Geeta Nanda	**–**	–	**–**	–
Karima Fahmy	**–**	–	**–**	–

The Group and the Company have no key management personnel, other than the Non-Executive Directors. For the current financial year, Directors' fees of £213,000 (2023: £180,000) were incurred.

34. Transactions with Investment Adviser

On 31 March 2017, Sigma PRS was appointed the Investment Adviser of the Company. A new Investment Adviser Agreement with Sigma PRS was signed in July 2024 (see Note 35 for further information).

For the year ended 30 June 2024, fees of £6.1 million (2023: £5.8 million) were incurred and payable to Sigma PRS in respect of asset management fees. At 30 June 2024, £0.5 million (2023: £0.5 million) remained unpaid.

For the year ended 30 June 2024, development management fees of £0.8 million (2023: £1.8 million) were incurred and payable to Sigma PRS. At 30 June 2024, £0.03 million (2023: £0.2 million) remained unpaid. Development management fees were capitalised as development costs during the year and prior year.

For the year ended 30 June 2024, administration and secretarial services of £70,000 (2023: £70,000) were incurred and payable to Sigma Capital Property Ltd, a fellow subsidiary of the ultimate holding company of the Investment Adviser. At 30 June 2024, £18,000 (2023: £9,000) remained unpaid.

Sigma PRS's shareholding as at 30 June 2024 was 5,889,852 (2023: 5,889,852), which represents 1.07% (2023: 1.07%) of the issued share capital in the Company. All the shares acquired were in accordance with the Development Management Agreement between the Company and Sigma PRS.

For the year ended 30 June 2024, Sigma PRS received dividends from the Company of £236,000 (2023: £236,000).

During December 2023, the Group acquired Sigma PRS Investments (Hexthorpe Phase 3) Limited, a subsidiary from Sigma Capital Group Limited, for consideration of £9.1 million.

35. Post balance sheet events

Dividends

On 1 August 2024, the Company declared a dividend of 1.0p per ordinary share in respect of the fourth quarter of the current financial year. The dividend was paid on 30 August 2024, to shareholders on the register as at 9 August 2024.

Related party transaction

Investment Advisory & Development Management Agreements - New Terms Signed
At the beginning of July 2024, the Company extended its existing Investment Advisory Agreement and Development Management Agreement (together, the "Agreements") with Sigma PRS Management Ltd, the Company's Investment Adviser and Development Manager (together, the "Investment Adviser"). At the same time, it agreed improved fee structures in both the Agreements. The contract changes apply from 1 July 2024. Both Agreements were extended to 30 June 2029, an extension of 2.5 years from the end of the previous term, and the revised fee rates are set out below and, as stated, take effect from 1 July 2024.

Extension of Agreements
The Agreements took effect from 1 January 2021 and provided for a minimum contracted term of five years to 31 December 2026 (inclusive of a one-year notice period). In connection with the reduction in the Investment Adviser and Development Management fees, the contracted term for the Agreements has been extended by 2.5 years, to 30 June 2029 (inclusive of a one-year notice period).

Revised Investment Adviser & Development Management Fees

(a) The Investment Adviser fee has been revised as follows and remains payable monthly in arrears:

(i) 0.90 per cent. (previously 1.00%) per annum of the Adjusted Net Asset Value up to, and including, £250 million;

(ii) 0.85 per cent. (previously 0.90%) per annum of the Adjusted Net Asset Value in excess of £250 million and up to, and including, £500 million;

(iii) 0.70 per cent. (previously 0.75%) per annum of the Adjusted Net Asset Value in excess of £500 million and up to, and including, £1 billion;

(iv) 0.40 per cent. (previously 0.50%) per annum of the Adjusted Net Asset Value in excess of £1 billion and up to, and including, £2 billion; and

(v) 0.30 per cent. (previously 0.40%) per annum of the Adjusted Net Asset Value in excess of £2 billion.

(b) The Development Management fee has been reduced to 3% on land and to 3.5% on construction (previously 4% on both land and construction) components of the Development Cost. The fee remains payable monthly in arrears, with 50% of the fee used to subscribe for ordinary shares in the Company bi-annually as previously.

The Company's contractual arrangements retain important and valuable contractual protections, including the Company's right of first refusal to acquire single family housing development opportunities introduced by Sigma. They result in immediate cost savings and the Board believed the terms of the contract extension provided appropriate incentivisation for Sigma to continue to deliver for the Company. Sigma has delivered and manages a highly granular portfolio for the Company, which the Board considers to be best-in-class.

Requisition Event and Board Changes

As previously reported, the Board received a Requisition Notice on 29 August 2024 from Requisitioning Shareholders. The Requisition proposed Board changes, including the appointment of Robert Naylor and Christopher Mills as Non-executive Directors, with a view to the new Directors working with the remaining Board members to undertake a review of options to return value to shareholders.

Following a consultation process with both major shareholders and Requisitioning Shareholders, undertaken by a Sub-Committee of independent non-executive Directors not subject to the Requisition, the Company announced on 13 September 2024, that the Requisition Notice had been withdrawn and that the following changes will be taking place:

> Steve Smith will step down as Non-executive Chairman at the Company's forthcoming AGM. Steve is nearing the end of his term and this change helped to facilitate a near-term resolution;

> Geeta Nanda, Senior Independent Director, will become Interim Chair at the AGM and lead the appointment process for a new permanent, independent, non-executive Chair;

> the Board will launch the appointment process immediately, with support from external consultants to identify and appoint a non-executive Chair with relevant experience; and

> Robert Naylor and Christopher Mills will be appointed to the Board as non-executive Directors and proposed for election at the AGM.

Steffan Francis will remain as a non-Executive Director, ensuring continuity of property experience. The succession plan for Steffan Francis and Rod MacRae, currently scheduled for 2025 with their tenure coming up to nine years of service, will be conducted in accordance with the AIC Code of Corporate Governance and will balance the appropriate skills required.

The Board had originally expected to provide an update on Strategy with these results. However, given the above changes to the Board, the Strategy will now be reviewed by the newly-constituted Board and an update will be given when appropriate.

As we stated previously on 13 September 2024, the Board believes the agreement and changes announced reflect a balance of the views of all shareholders. They also respect the principles of good governance in orderly succession planning, and help to ensure that a new independent Chair and any future Board directors have the appropriate blend of skills and expertise. In addition, the Board believes the agreement will allow the Company to move forward and focus on value maximisation for all shareholders.

SUPPLEMENTARY INFORMATION

I. EPRA Performance Measures Summary

	Notes	2024	2023
EPRA earnings per share	**II**	**3.7p**	3.1p
EPRA net tangible asset value (EPRA NTA)	**III**	**133.2p**	120.1p
EPRA cost ratio (including vacant property costs)	**IV**	**34.6%**	35.9%
EPRA cost ratio (excluding vacant property costs)	**IV**	**34.4%**	35.6%
EPRA Net Initial Yield	**V**	**4.2%**	4.1%
EPRA loan to value	**VI**	**35.7%**	36.6%

The Group considers EPRA NTA to be the most relevant measure for its operating activities and has therefore adopted this as the Group's primary measure of net asset value.

II. Income Statement

	2024 £'000	2023 £'000
Rental income	**58,231**	49,701
Non-recoverable property costs	**(10,940)**	(9,551)
Net rental income	**47,291**	40,150
Other income	**194**	1,646
Administrative expenses	**(9,185)**	(8,268)
Operating profit before interest and tax	**38,300**	33,528
Net finance costs	**(18,037)**	(16,429)
Profit before taxation	**20,263**	17,099
Taxation on EPRA earnings	**–**	–
EPRA earnings	**20,263**	17,099
Weighted average number of Ordinary Shares	**549,251,458**	549,251,458
EPRA earnings per share	**3.7p**	3.1p

III. Statement of Financial Position

	2024 £'000	2023 £'000
Investment properties	**1,139,823**	1,034,732
Other net assets	**8,538**	173
Net borrowings	**(416,936)**	(375,185)
Total shareholders' equity	**731,425**	659,720
Adjustments to calculate EPRA NTA:		
	–	–
EPRA net tangible assets	**731,425**	659,720
Ordinary Shares in issue at year end	**549,251,458**	549,251,458
EPRA NTA per share	**133.2p**	120.1p

IV. EPRA Cost Ratio

	2024 £'000	2023 £'000
Property operating expenses	**10,940**	9,551
Administrative expenses	**9,185**	8,268
EPRA costs (including vacant property expenses) (A)	**20,125**	17,819
Vacant property costs	**(102)**	(114)
EPRA costs (excluding vacant property expenses) (B)	**20,023**	17,705
Gross Rental income (C)	**58,231**	49,701
EPRA Cost Ratio (including vacant property expenses) (A/C)	**34.6%**	35.9%
EPRA Cost Ratio (excluding vacant property expenses) (B/C)	**34.4%**	35.6%

V. EPRA Net Initial Yield ("NIY")

	2024 £'000	2023 £'000
Total investment property	**1,139,823**	1,034,732
Less: development properties	**(55,745)**	(87,043)
Less: right of use asset	**(1,536)**	(1,040)
Completed property portfolio	**1,082,542**	946,649
Allowance for estimated purchasers' costs	**24,898**	21,773
Gross up completed property portfolio valuation (B)	**1,107,440**	968,422
Annualised cash passing rental income	**60,644**	51,264
Property outgoings	**(13,645)**	(11,534)
Annualised net rents (A)	**46,999**	39,730
Add: notional rent expiration of rent free periods or other lease incentives	**–**	–
Topped-up net annualised rent (C)	**46,999**	39,730
EPRA NIY (A/B)	**4.2%**	4.1%
EPRA 'topped up' NIY* (C/B)	**4.2%**	4.1%

* This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents) of which there were none (2023: nil).

VI. EPRA Loan to Value ("LTV")

	2024 £'000	2023 £'000
Borrowings (net)	**415,259**	374,145
Net payables	**9,515**	20,091
Less: Cash and cash equivalents	**(18,053)**	(13,198)
Net Debt (a)	**406,721**	381,038
Investment properties at fair value	**1,139,823**	1,034,732
Right of use asset / Net receivables	**(1,536)**	6,026
Total Property Value (b)	**1,138,287**	1,040,758
EPRA LTV (a / b)	**35.7%**	36.6%

The PRS REIT plc

Floor 3, 1 St Ann Street
Manchester
M2 7LR
0333 999 9926
www.theprsreit.com